

CITY OF BIG SPRING, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2009

CAFR Prepared by the Finance Department

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

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INTRODUCTORY SECTION



April 27, 2010

Honorable Mayor, Members of the
City Council, and Citizens of the
City of Big Spring, Texas

State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended September 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. All amounts in this transmittal letter are in thousands of dollars, unless otherwise stated.

Bolinger, Segars, Gilbert & Moss, L.L.P., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Big Spring's financial statements for the year ended September 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Big Spring, Texas, incorporated in 1907, is the county seat and principal city of Howard County. The city is located 39 miles northeast of Midland, Texas at the intersection of Interstate Highway 20 and U.S Highway 87. The city currently occupies a land area of 18.89

square miles and serves a population of 25,233. 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 1927. 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's manager, attorney and municipal court judge. The city's 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. All council members are elected by district. The mayor is elected at large.

The city provides a full range of services to its citizens, including police and fire protection; construction and maintenance of highways, streets, and other infrastructure; and recreational and cultural activities. Certain water and wastewater services are provided and accounted for through a separate enterprise fund. The city is also financially accountable for a legally separate economic development corporation, which is reported separately within the city's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (See Note A.1).

The city council is required to adopt a final budget by no later than the close of each fiscal year. This annual budget serves as the foundation for the City of Big Spring's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department with the city manager's approval. Transfers between departments need special approval from the city council.

Economic Condition and Outlook

Major industries located within the government's boundaries or in close proximity include manufacturers of plastic bottles and hydraulic components, five prison facilities (four owned by the city and one federal institution), a large oil refinery, and several financial institutions and insurance companies. Both the state and federal governments are significant economic presences thanks to a major psychiatric hospital and a veteran's health care facility that provides employment to approximately 1,100 healthcare professionals and staff.

Volatility in the oil and gas markets, the completion of the Alon Refinery reconstruction after the 2008 explosion and resulting fire, completion of several wind energy generation projects, uncertainty in the nation's economy and lack of winter rains for the cotton crop generate both positive and negative impacts on the City's revenue streams for 2009-10. Capital expenses related to the 2007 bonds will continue in the current fiscal year, increasing overall capital spending. Construction of the sports complex was completed last summer and the downtown street reconstruction project is scheduled to be completed in 2010.

Unemployment rates for the last ten years have varied from a low of 4.4% in 2008 to a high of 7.5% in 2009. Trends in unemployment rates are one indicator of economic strength and the City's rates for the past ten years are presented in Table E-14 in the statistical section.

Property tax revenue (using the modified accrual basis of accounting) has risen by 80% in the last five years, from \$3,002 in 2005 to \$5,400 in 2009. This increase resulted primarily from additional levies for new bonded debt (24.6087¢ per \$100 valuation) and a new narcotics task force (7.9335¢ per \$100). Additionally, new construction and increases in appraised values added an additional 26.7% to total assessed values. Sales tax revenue has increased by 35.7% over the same five year period, indicating significant economic growth in the region. The city's hotel occupancy tax revenue has seen a major increase from 2005 to 2009, reflecting slightly more than a 67.5% increase. This growth can be explained primarily by two factors: newly constructed and recently renovated hotels along the interstate and new wind generation construction projects. Other revenue sources and expense categories have risen proportionally to inflation or to compensate for new or increased levels of service that are provided to our citizens.

Long-term Financial Planning

Unreserved fund balance in the General Fund (55.5% of total General Fund expenditures) is higher than the policy guidelines set by the council for budgetary and planning purposes (5% as defined by the city's master plan, which was adopted in 1995). Due to diligence in budgeting and monitoring, this balance has increased significantly over the past ten years. In 1997, General Fund's unreserved, undesignated fund balance represented 1.4% of total expenditures.

Total long-term debt related to governmental activities which is not due for a year or more, comprised of bonds, equipment leases and debt related to an energy conservation project, amounts to \$16,241. In 2009, the city issued new governmental activity debt in the form of capital leases in the amount of \$578. Business-type activities saw long-term debt increase by \$435 in new capital leases.

Relevant Financial Policies

The city anticipates opening a new section of the current City/County landfill within the next few years, with an anticipated cost of approximately \$2 million. Additionally, the city has begun the planning process for the permitting and opening of a new landfill within the next ten to fifteen years. The cost associated with this process, as well as expenses associated with closure and post-closure of the current landfill, requires that the city begin accumulating funds to cover those expenses. To that end, revenues derived from recent fee increases in sanitation rates, gate fees and commercial tipping fees, as well as annual contributions from Howard County, are being placed in a cash/investment escrow account that the current council has designated for that purpose. At the end of 2009, the city has placed \$2,290 into the designated escrow account to cover this future liability.

The City of Big Spring has no material liability for other post-employment benefits. While retirees are allowed to remain on the City's health insurance plan, they are required to pay 100% of their premiums. Currently there are only two retirees who have elected to participate in this benefit.

Internal Controls

The City of Big Spring has established an internal control framework designed both to protect the City's assets from loss, theft, or misuse and provide reasonable, but not absolute, assurance of the safeguarding of assets against loss from unauthorized use or disposition. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. All internal control evaluations occur within the above frame work. We believe the city's internal controls adequately safeguard assets, ensure compliance with laws and regulations and provide reasonable assurance of proper recording of financial transactions.

Major Initiatives

The Colorado River Municipal Water District (CRMWD), located in Big Spring, provides raw water from three lakes and four well fields to three member cities (including Big Spring) and to several non-member cities. CRMWD, in conjunction with its member cities, has completed the feasibility phase and has almost finalized the design phase of a reclamation treatment project that will treat and reuse effluent water flowing from the City of Big Spring's wastewater treatment plant. The costs associated with this multi-million dollar project will be passed through to all purchasers of CRMWD's raw water supplies. It is anticipated that the majority of the treated effluent will be used by the Alon, USA oil refinery located on Interstate 20 just one mile east of Big Spring. This project is being hailed as very cutting-edge and forward-thinking as it will help preserve one of the scarcest and most essential natural resources in West Texas: water.

The most well-known landmark in Big Spring is the historic fifteen story Settles Hotel which has been vacant since 1984. In 2006, it was purchased by a former resident who has become independently wealthy and it is currently undergoing complete renovations. Upon completion, it will have retail space available on the first two or three floors, condominium-style living quarters on the top two floors, and fully restored hotel accommodations on the remaining floors. The anticipated opening of the Settles Hotel is Spring 2011. Additionally, the city is in the process of reconstructing streets and utility lines in the downtown and surrounding business districts. In conjunction with these projects, the city has begun the process of revitalizing its downtown area. We are in the process of creating an historic preservation committee that will be able to designate districts or landmarks of historic and cultural importance. We have also designated this area as a reinvestment zone and have the ability to offer additional tax incentives to entice retailers and businesses to locate in the downtown area.

The City of Big Spring swimming pool was closed in 2008 due to leaks, ADA compliance issues and the new requirements mandated by the new Virginia Graeme Baker Act. The cost to renovate the existing pool would be between \$2.0 and \$2.5 million. On March 8, 2010, the City

Council approved issuance of certificates of obligation in the amount of \$4.2 million to build a new family aquatic center at the site of the old swimming pool. The new aquatic center will include zero depth entry, interactive water play area, two slides, a lazy river, pavilions, sand play areas and concessions and is scheduled to open in the summer of 2011.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Big Spring for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2008. This was the twelfth consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

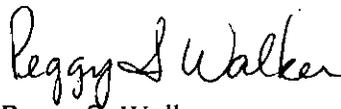
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration departments. We wish to express our appreciation to all members of these departments who assisted and contributed to the preparation of this report. Credit must also be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the city's finances.

Respectfully submitted,



Gary Fuqua
City Manager



Peggy S. Walker
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Big Spring
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

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



A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

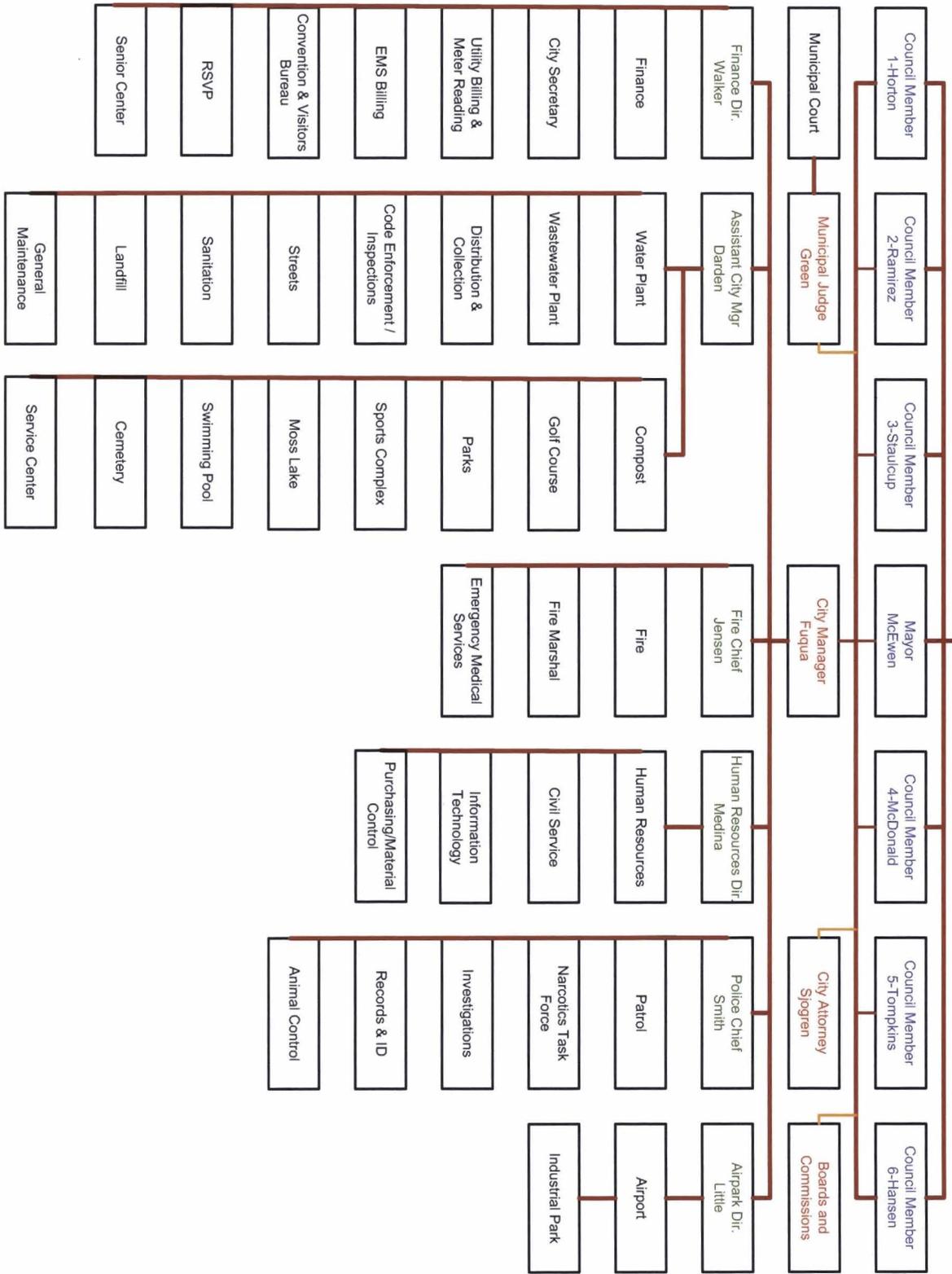
A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

Executive Director



Big Spring, Texas

Citizens of Big Spring



**CITY OF BIG SPRING
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2009**

Elected Officials

<u>Name</u>	<u>Office</u>
Russ McEwen	Mayor
Stephanie Horton	Mayor Pro Tem - District 1 Council Member
Manuel Ramirez, Jr.	District 2 Council Member
Jo Ann Staulcup	District 3 Council Member
Gloria McDonald	District 4 Council Member
Troy Tompkins	District 5 Council Member
Terry Hansen	District 6 Council Member

Appointed Officials

<u>Name</u>	<u>Position</u>
Gary Fuqua	City Manager
Todd Darden	Assistant City Manager
Peggy S. Walker	Director of Finance / City Secretary
Linda Sjogren	City Attorney
Lonnie Smith	Chief of Police
Brian Jensen	Fire Chief
Timothy Green	Municipal Judge
John Medina	Director of Human Resources
Jim Little	Airpark Director

FINANCIAL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

certified public accountants

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LUBBOCK, TEXAS 79423-1954

INDEPENDENT AUDITORS' REPORT

City Council
City of Big Spring, Texas
Big Spring, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Big Spring, Texas. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Big Spring Economic Development Corporation (the Corporation), component unit of the City, which statements reflect total assets and program revenues of \$6,365,340 and \$68,124, respectively, and represent 100% of the aggregate discretely presented component unit's total assets and program revenues at September 30, 2009 and for the year then ended. The financial statements of the Corporation were audited by other accountants whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Corporation, is based solely on the report of the other accountants.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component unit were 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of September 30, 2009, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 27, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and the budgetary information identified as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Big Spring, Texas' basic financial statements. The accompanying supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying information in the introductory and statistical sections as listed in the table of contents has not been subjected to the procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

April 27, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Big Spring, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Big Spring, we offer readers of our City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, the independent auditor's report, and the basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the City of Big Spring exceeded its liabilities at September 30, 2009, by \$122,723 (net assets). Of this amount, \$9,518 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$4,039. This increase is the net result of four primary factors: capital assets increased by \$6,576 as bond proceeds were spent on capital projects, restricted assets for debt service increased by \$38, the amount restricted for landfill closure and postclosure increased by \$253 as the City continues to prepare for this future liability, and unrestricted net assets decreased by \$2,829.
- At September 30, 2009, the City's governmental funds reported combined ending fund balances of \$16,695, a decrease of \$8,801 from the prior year. This decrease is the net result of two primary factors: fund balance reserved for capital projects decreased by \$9,642 as bond proceeds were expended during the year for scheduled capital projects and unreserved balances increased by \$822. There is \$8,608 available for spending at the government's discretion (unreserved, undesignated fund balance) in the major governmental funds and an additional \$4,875 in the nonmajor governmental funds.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$8,608, or 56% of total General Fund expenditures.
- Total liabilities for the primary government decreased by \$1,357 during fiscal year 2008-09, as a result of three primary reasons. Accounts payable decreased by \$639 as a result of payments made to various contractors related to the 2007 bond projects, current long-term debt decreased by \$121 and noncurrent long-term debt decreased by \$1,176.
- Resources available for appropriation in 2009-10 were \$436 more than anticipated in the final revised budget for the General Fund, due primarily to increases in sales tax revenue of \$184 and \$179 in charges for services. Additionally, expenditures were \$212 less than revised budget estimates.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the City were sold to departments within the City or to external customers and how the sales revenues covered the expenses of the goods or services.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's revenues are separated into two categories: those provided by outside parties who share the costs of some programs, such as the Department of Transportation's assistance in safe driving, and revenues provided by the taxpayers. All the City's assets are reported whether they serve the current year or future years. Liabilities are included regardless of whether they must be paid in the current or future years.

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

In the Statement of Net Assets and the Statement of Activities, the following activities are presented.

- Governmental activities – Most of the City's basic services are reported here, including general government, public safety, highways and streets, sanitation, and recreation and parks. Property taxes, sales taxes, user fees, and licenses and permits finance most of these activities.
- Business-type activities – The City accounts for business-type activities in its proprietary funds, where user fees and charges are intended to recover all or a significant portion of overall costs.
- Component unit – The City has one component unit which is funded primarily through sales tax revenue for the purpose of economic development, specifically the generation and retention of business activities and jobs.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Laws and contracts require the City to establish certain funds to account for specific activities, such as grants received through the Department of Justice. The City's administration establishes other funds to help it control and manage resources for particular purposes. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds – The City reports the activities for which it charges users (whether outside customers or other units of the City) in proprietary funds using the full accrual method, which is the same accounting method employed in the Statement of Net Assets and the Statement of Activities. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City of Big Spring adopts annual appropriated budgets for its general fund and correctional center fund (major funds). Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The City of Big Spring's assets exceeded liabilities by \$122,723 at September 30, 2009. The largest portion of the City's net assets (90%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment) less any related debt used to acquire these assets that is still outstanding. These assets are used to provide services to the citizens and are not available for future appropriation. 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.

Table I
City of Big Spring, Texas

NET ASSETS
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Assets:						
Cash and Cash Equivalents	\$ 16,371	\$ 25,398	\$ 2,149	\$ 4,791	\$ 18,520	\$ 30,189
Receivables	1,038	807	1,727	1,533	2,765	2,340
Internal Balances	1,866	2,122	(1,866)	(2,122)	0	0
Due from Other Governments	1,105	1,358	2	87	1,107	1,445
Capital Assets	89,191	80,701	42,173	36,390	131,364	117,091
Other Assets	163	146	385	412	548	558
Total Assets	<u>\$ 109,734</u>	<u>\$ 110,532</u>	<u>\$ 44,570</u>	<u>\$ 41,091</u>	<u>\$ 154,304</u>	<u>\$ 151,623</u>
Liabilities:						
Accounts Payable and Other Current Liabilities	\$ 2,185	\$ 2,741	\$ 1,069	\$ 940	\$ 3,254	\$ 3,681
Current Portion of Long-term Liabilities	1,237	1,435	832	755	2,069	2,190
Long-term Liabilities	20,031	20,363	6,226	6,704	26,257	27,067
Total Liabilities	<u>\$ 23,453</u>	<u>\$ 24,539</u>	<u>\$ 8,127</u>	<u>\$ 8,399</u>	<u>\$ 31,580</u>	<u>\$ 32,938</u>
Net Assets:						
Invested in Capital Assets, Net	\$ 74,732	\$ 74,073	\$ 35,568	\$ 29,651	\$ 110,300	\$ 103,724
Restricted	2,905	2,614			2,905	2,614
Unrestricted	8,644	9,306	875	3,041	9,519	12,347
Total Net Assets	<u>\$ 86,281</u>	<u>\$ 85,993</u>	<u>\$ 36,443</u>	<u>\$ 32,692</u>	<u>\$ 122,724</u>	<u>\$ 118,685</u>

An additional portion of the City's net assets (approximately two percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$9,519) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Big Spring is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an overall increase of \$6,576 in investment in capital assets (\$659 increase in governmental activities and \$5,917 increase in business-type activities) as capital improvements related to the 2007 general obligation bonds and the reconstruction of the airport runway were recorded as construction in progress. Unrestricted net assets of governmental activities decreased by \$662, due primarily to the completion of a pro shop for which loan proceeds had been recorded in a prior year.

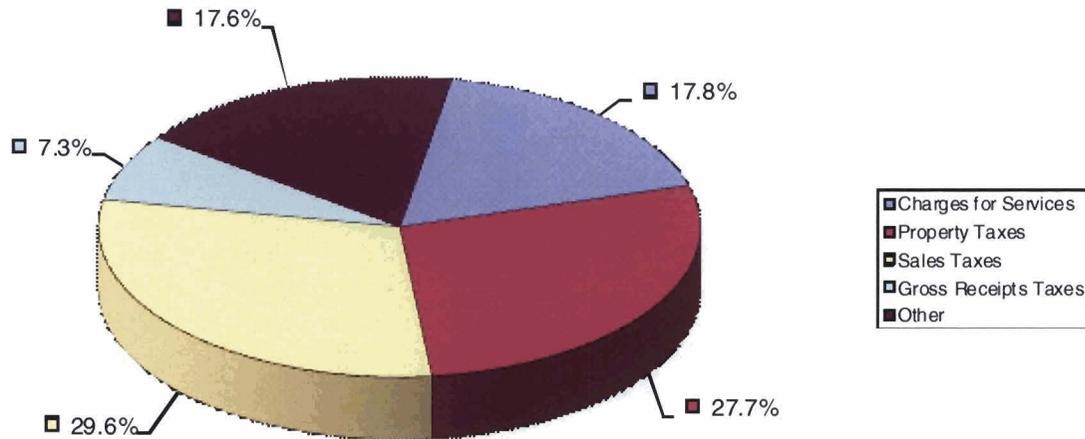
Governmental Activities. Governmental activities resulted in an increase of \$288 in the City's net assets. Key elements of this increase are as follows:

- Total revenues decreased by \$474, which is the net result of increases in charges for services and property taxes and decreases in sales tax and investment earnings.
- Expenses were higher than the prior year by \$1,666 and reflect an increase in almost every category. Increases in capital expenditures related to the bond projects, increases in public safety related to the narcotics task force, increases related to operation of the Senior Center and increases in salaries and benefits were the primary reasons for the overall increase in expenses.

Table II
City of Big Spring, Texas
CHANGES IN NET ASSETS
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,459	\$ 3,187	\$ 12,209	\$ 11,498	\$ 15,668	\$ 14,685
Operating Grants and Contributions	257	442	203		460	442
Capital Grants and Contributions	52	16	4,584		4,636	16
General Revenues						
Property Taxes	5,401	5,069			5,401	5,069
Sales Taxes	5,779	6,047			5,779	6,047
Gross Receipts Taxes	1,414	1,523			1,414	1,523
Grants and Contributions Not						
Restricted to Specific Programs	1,183	1,054		1,036	1,183	2,090
Unrestricted Investment Earnings	186	845	20	107	206	952
Miscellaneous	1,740	1,762	223	300	1,963	2,062
Total Revenues	<u>\$ 19,471</u>	<u>\$ 19,945</u>	<u>\$ 17,239</u>	<u>\$ 12,941</u>	<u>\$ 36,710</u>	<u>\$ 32,886</u>
Expenses:						
Water and Sewer			9,960	9,133	9,960	9,133
Airport/Industrial Park			1,536	1,473	1,536	1,473
Emergency Medical Services			1,992	2,048	1,992	2,048
General Government	\$ 1,824	\$ 1,794	\$	\$	\$ 1,824	\$ 1,794
Public Safety	8,224	7,500			8,224	7,500
Highways and Streets	2,142	1,851			2,142	1,851
Sanitation	2,260	1,776			2,260	1,776
Recreation and Parks	1,405	1,421			1,405	1,421
Economic Development	1,868	1,863			1,868	1,863
Other	1,460	1,313			1,460	1,313
Total Expenses	<u>\$ 19,183</u>	<u>\$ 17,518</u>	<u>\$ 13,488</u>	<u>\$ 12,654</u>	<u>\$ 32,671</u>	<u>\$ 30,172</u>
Increase in Net Assets	\$ 288	\$ 2,427	\$ 3,751	\$ 287	\$ 4,039	\$ 2,714
Net Assets at October 1, 2008	<u>85,993</u>	<u>83,566</u>	<u>32,692</u>	<u>32,405</u>	<u>118,685</u>	<u>115,971</u>
Net Assets at September 30, 2009	<u>\$ 86,281</u>	<u>\$ 85,993</u>	<u>\$ 36,443</u>	<u>\$ 32,692</u>	<u>\$ 122,724</u>	<u>\$ 118,685</u>

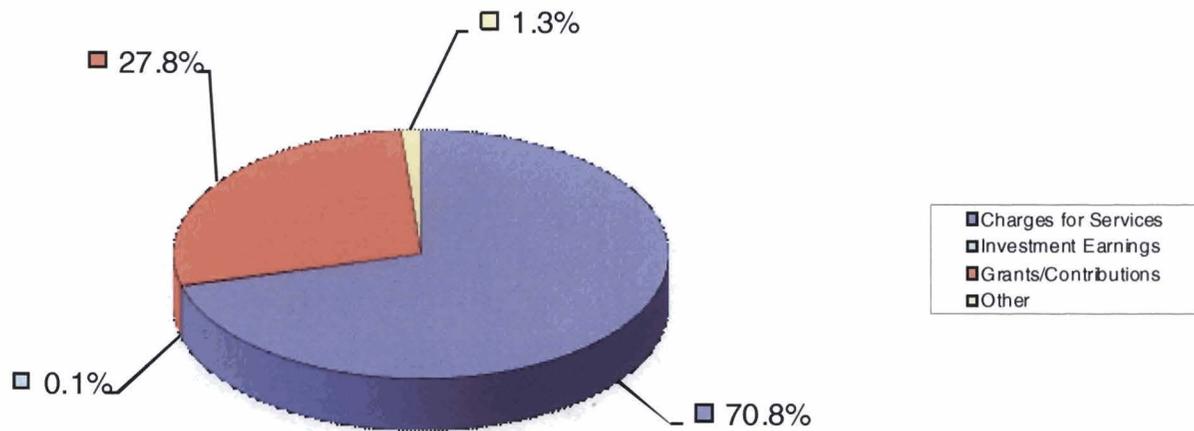
**Revenues by Source
Governmental Activities
Fiscal Year 2008-09**



Business-type Activities. Business-type activities increased the City of Big Spring’s total net assets by \$3,751 in the current fiscal year. Key elements of this increase are as follows.

- The key revenue source for business-type activities is the charge for service that is passed through to the users of the business. Charges for water and sewer service increased in the current fiscal year by \$281. Charges for services in the airpark fund decreased by \$28 and increased in the EMS fund by \$458 over the prior period.
- The water and sewer fund saw expenses increase by \$827, as capital expenses related to treatment facilities and distribution lines increased. The Airport/Industrial Park had a significant increase in federal grant funds which resulted in an increase in capital expenses of \$5,928 for runway improvements and the EMS fund saw a decrease in expenses of \$56.
- The majority of the increase in business-type net assets in the current year is attributable to a federal grant in the amount of \$4,584 for the construction of an 11” concrete primary runway at the municipal airport.
- It appears, based on relatively static current year net assets and prior year decreases in net assets, that the rates that have been established to cover the cost of operations for business-type activities do not fully recover operating and capital replacement costs. The City Council and management will need to review our current rate structure to determine if these charges need to be increased or if operational efficiencies can be achieved in order to reduce expenses.

**Revenues by Source
Business-type Activities
Fiscal Year 2008-09**



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Big Spring used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As the City completed the year, its governmental funds reported combined ending fund balances of \$16,695, representing a decrease of \$8,801 from the prior year's balance of \$25,496. Current year expenses related to general obligation bond projects accounted for a decrease of \$9,642 in fund balance reserved for capital projects. Unreserved, undesignated fund balance that is available for spending at the City's discretion amounts to \$13,483 (representing an increase of \$799 over the prior year) or 80.8% of total fund balances.

The General Fund is the major operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$8,608, while total fund balance reached \$8,626. However, it should be noted that \$2,290 of the unreserved, undesignated fund balance is in a restricted investment account that the current Council has set aside for future liabilities associated with the closure and post-closure of the City's landfill. This restriction of fund balance is based on a debt covenant with Texas Commission on Environmental Quality (TCEQ) as annually established through our financial assurance test. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total expenditures. Unreserved, undesignated fund balance represents almost 56% of total General Fund expenditures.

Fund balance in the City's General Fund increased by \$849 during fiscal year 2008-09. Key factors in this growth are as follows:

- Increases in appraised property values, the ad valorem tax rate and new construction caused general property taxes to increase by \$242 while charges for services increased by \$453.
- Recreation expenses increased by \$323 due to the opening of the rebuilt sports complex.
- Expenditures related to general government decreased by \$185 while expenditures for public safety increased by \$445, due primarily to increases in salaries and benefits.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of year amounted to \$63, and those for the Airport/Industrial Park Fund amounted to \$1,156. These balances represented a decrease of \$682 in the Water and Sewer Fund and a decrease of \$1,301 in the Airport/Industrial Park Fund. The decrease in the Water and Sewer Fund is a result of capital asset depreciation occurring at a faster pace than capital replacement. The decrease in the Airport/Industrial Park Fund was a result of the City's contribution to the reconstruction of the primary runway, which was funded primarily through a federal grant. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$128 decrease in appropriations between the original and final amended budget. The following details the main components of the decrease, which represents a decrease of less than one percent over the original budget:

- Appropriations for public safety increased by \$56, due primarily to increased overtime associated with understaffing.
- Appropriations increased by \$111 for the construction of a 6" water distribution line at the sports complex.
- The golf course saw a decrease in appropriations of \$250, as the majority of the budgeted expense related to a new pro shop was moved to the following fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Big Spring's investment in capital assets for its governmental and business-type activities as of September 30, 2009, amounts to \$131,362 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, water and sewer lines, and drainage improvements. The total increase in the City's investment in capital assets for the current fiscal year was \$14,271 or 12% (a 7% increase for governmental activities and an increase of 5% for business-type activities).

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

- Equipment was purchased for General Fund in the amount of \$579, which included police sedans, crew pickups, a sanitation truck, a dump truck, and mowing equipment.
- Major improvements and renovations were made to both the water and wastewater treatment plants, for a total cost of \$363.
- Governmental funds construction in progress increased by \$8,371 which included work on various bond projects: \$4,855 street reconstruction and \$3,686 sports complex.
- Construction in progress for business-type activities had a net increase of \$4,842, comprised of an increase of \$5,928 for the reconstruction of the primary runway at the McMahon-Wrinkle Airport and a decrease (transfer to finished asset) of \$1,229 for bond project water line replacement.
- Depreciation is generally occurring at a faster rate than replacements or renovations in both governmental and business-type activities.

Table III
City of Big Spring, Texas

CAPITAL ASSETS AT SEPTEMBER 30, 2009
(Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 72,836	\$ 72,836	\$ 5,595	\$ 5,595	\$ 78,431	\$ 78,431
Infrastructure	150	176			150	176
Buildings and Systems	739	233	27,617	27,184	28,356	27,417
Improvements Other Than Buildings	1,606	1,758	1,507	1,465	3,113	3,223
Machinery and Equipment	2,392	2,600	1,047	580	3,439	3,180
Construction in Progress	<u>11,468</u>	<u>3,097</u>	<u>6,407</u>	<u>1,565</u>	<u>17,875</u>	<u>4,662</u>
	<u>\$ 89,191</u>	<u>\$ 80,700</u>	<u>\$ 42,173</u>	<u>\$ 36,389</u>	<u>\$ 131,364</u>	<u>\$ 117,089</u>

Additional information regarding capital asset activity of the City can be found in Note D in the Notes to the Financial Statements.

Long-Term Debt

The City of Big Spring has anticipated the need for new bonded debt for the past several years. In November of 2006, the citizens approved both bond propositions presented to them. In March of 2007, the City sold \$14,285 General Obligation Bonds and an additional \$1,100 Certificates of Obligation. All debt service on the above bonds and certificates are being paid from property tax revenue, with the exception of \$640 of Certificates of Obligation which is funded from increases in user fees in the utility system.

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$17,130. The total outstanding debt is backed by the full faith and credit of the government, while a tax levy has been established for \$14,075 of the total and the remaining \$3,055 is business-type activity debt, supported by water and sewer system revenues.

The City of Big Spring's total bonded debt decreased by \$1,195 during the current fiscal year. Debt which is serviced by tax revenues decreased by \$735 and debt serviced by enterprise funds decreased by \$460.

The City of Big Spring carefully plans debt acquisition to fund only capital replacement and new construction. This process includes matching the maturity of the debt to the useful lives of the assets to be funded, as closely as possible. This allows for the use of debt to compliment operations by allowing for matching the cash flows of asset cost to the period deriving the benefit from the asset.

Table IV
City of Big Spring, Texas

OUTSTANDING BONDED DEBT AT SEPTEMBER 30, 2009
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds Serviced by Tax Revenues	\$ 14,075	\$ 14,810	\$	\$	\$ 14,075	\$ 14,810
General Obligation Bonds Serviced by Enterprise Fund Revenues	<u> </u>	<u> </u>	<u>3,055</u>	<u>3,515</u>	<u>3,055</u>	<u>3,515</u>
	<u>\$ 14,075</u>	<u>\$ 14,810</u>	<u>\$ 3,055</u>	<u>\$ 3,515</u>	<u>\$ 17,130</u>	<u>\$ 18,325</u>

Additionally, this allows the City to plan for and structure debt payments in such a manner that debt service tends to be generally declining across the years creating a known, decreasing demand upon resources for debt service and limiting the demand upon resources to a managed level. As a result of the development and refinement of this process, the impact of current debt upon present and future operations is minimized and annual operations can be based upon a known level of expendable, available resources to respond to the immediate needs of the City.

Additional information regarding long-term debt activity of the City can be found in Note F in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when adopting the 2010 budget and setting tax rates. One of those factors is the economy. The City's population growth as measured by the 2000 Census indicated no significant gain in population. Unemployment during 2009 rose significantly to 7.5% from the 2008 rate of 4.4% and per capita income rose by 5.9%, increasing from \$26,692 to \$28,262. Per capita income in the City of Big Spring is considerably lower than the national and state averages.

On February 18, 2008, the local refinery suffered a major explosion and resulting fire. Owners of the refinery, ALON USA, decided immediately to begin the process of rebuilding. This reconstruction brought over a thousand migratory workers to the area for a period of approximately twelve months. Additionally, several hundred out-of-state workers were in the Big Spring area during 2008 undertaking construction of wind turbines for renewable energy production. Many of these workers continued to live and work in the area during 2009, generating additional sales tax, motel tax and creating positive impacts on the overall economic wellbeing of Big Spring.

The municipal pool was closed in 2008 due to ADA deficiencies, the Virginia Graeme Baker Act, leaks within the main structure and outdated plumbing and mechanical concerns. At the time of closing, the City Council began studying options and has recently decided to construct a family aquatic center to replace the closed pool. The City expects to issue approximately \$4 million in certificates of obligation in 2010 to construct the new aquatic facility.

These indicators were taken into account when adopting the General Fund budget for 2010. The City will use its revenues to finance programs at consistent levels. Increases in personnel costs and debt service requirements will increase budgeted expenditures. The City added one major new program to the 2009 budget, which will continue to significantly impact the 2010 budget. A drug task force was established and funded by an increase in the property tax rate. It is anticipated that cash and assets seized during drug enforcement endeavors will reduce the tax rate in future years. The ad valorem tax rate that was set in 2010 for the task force was 7.9335¢ per \$100 valuation, which is part of the maintenance and operations rate.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's finance office, at City of Big Spring, 310 Nolan, Big Spring, Texas 79720-2657.

BASIC FINANCIAL STATEMENTS

CITY OF BIG SPRING, TEXAS

EXHIBIT A-1

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 11,019,129	\$ 2,149,140	\$ 13,168,269	\$ 3,051,894
Receivables (Net of Allowances for Uncollectibles)	1,038,458	1,726,578	2,765,036	130,509
Internal Balances	1,866,361	(1,866,361)		
Due from Other Governments	1,104,775	1,539	1,106,314	
Notes Receivable				230,239
Inventories	121,285	318,450	439,735	
Deferred Charges	19,707	3,613	23,320	7,185
Unamortized Bond Issue Costs	21,455	64,466	85,921	
Restricted Assets:				
Cash and Cash Equivalents	5,351,498		5,351,498	2,664,286
Capital Assets (Net of Accumulated Depreciation):				
Land	72,835,990	5,595,149	78,431,139	117,430
Buildings and System	739,566	27,616,751	28,356,317	160,706
Improvements Other Than Buildings	1,604,972	1,506,698	3,111,670	
Machinery and Equipment	2,392,380	1,046,733	3,439,113	3,091
Infrastructure	150,156		150,156	
Construction in Progress	11,468,151	6,407,187	17,875,338	
Total Assets	\$ 109,733,883	\$ 44,569,943	\$ 154,303,826	\$ 6,365,340
LIABILITIES:				
Accounts Payable	\$ 1,321,485	\$ 626,230	\$ 1,947,715	\$ 5,249
Claims and Judgments Payable	174,220		174,220	
Accrued Interest Payable	76,377	16,202	92,579	
Retainage Payable	192,559	27,579	220,138	
Accrued Wages	283,334	93,973	377,307	
Unearned Revenue	125,329	2,723	128,052	
Customer Deposits	11,725	216,278	228,003	
Unclaimed Property		86,426	86,426	
Current Portion of Long-Term Debt	1,237,305	831,853	2,069,158	
Current Portion of Compensated Absences	85,000	32,000	117,000	
Noncurrent Liabilities				
Noncurrent Portion of Long-Term Debt	16,241,454	5,772,691	22,014,145	
Closure/Postclosure Landfill Obligation	2,125,510		2,125,510	
Accrued Compensated Absences	1,578,905	421,308	2,000,213	
Total Liabilities	\$ 23,453,203	\$ 8,127,263	\$ 31,580,466	\$ 5,249
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 74,732,193	\$ 35,567,974	\$ 110,300,167	\$ 281,227
Restricted For:				
Grants				2,894,525
Debt Service	263,432		263,432	
Closure/Postclosure Landfill Obligation	2,290,023		2,290,023	
Non-expendable - Cemetery Perpetual Care	351,511		351,511	
Unrestricted	8,643,521	874,706	9,518,227	3,184,339
Total Net Assets	\$ 86,280,680	\$ 36,442,680	\$ 122,723,360	\$ 6,360,091

The accompanying notes are an integral part of this statement.

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CITY OF BIG SPRING, TEXAS

EXHIBIT A-2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>			<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	\$ 1,824,360	\$ 194,274	\$	\$	\$ (1,630,086)	\$	\$ (1,630,086)	\$
Public Safety	8,224,479		55,056		(8,169,423)		(8,169,423)	
Highways and Streets	2,142,249				(2,142,249)		(2,142,249)	
Sanitation	2,260,078	2,789,526			529,448		529,448	
Community Service	498,303	53,727	196,024		(248,552)		(248,552)	
Recreation and Parks	1,404,752	421,657	6,062	52,370	(924,663)		(924,663)	
Cemetery	190,062				(190,062)		(190,062)	
Economic Development	1,867,545				(1,867,545)		(1,867,545)	
Interest on Long-Term Debt	771,681				(771,681)		(771,681)	
Total Governmental Activities	<u>\$ 19,183,509</u>	<u>\$ 3,459,184</u>	<u>\$ 257,142</u>	<u>\$ 52,370</u>	<u>\$ (15,414,813)</u>	<u>\$ 0</u>	<u>\$ (15,414,813)</u>	<u>\$ 0</u>
Business-Type Activities:								
Water and Sewer	\$ 9,959,780	\$ 9,594,378	\$	\$	\$	\$ (365,402)	\$ (365,402)	\$
Airport/Industrial Park	1,536,701	806,400	73,042	4,584,321		3,927,062	3,927,062	
Emergency Medical Services	1,991,905	1,808,569	130,000			(53,336)	(53,336)	
Total Business-Type Activities	<u>\$ 13,488,386</u>	<u>\$ 12,209,347</u>	<u>\$ 203,042</u>	<u>\$ 4,584,321</u>	<u>\$ 0</u>	<u>\$ 3,508,324</u>	<u>\$ 3,508,324</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 32,671,895</u>	<u>\$ 15,668,531</u>	<u>\$ 460,184</u>	<u>\$ 4,636,691</u>	<u>\$ (15,414,813)</u>	<u>\$ 3,508,324</u>	<u>\$ (11,906,489)</u>	<u>\$ 0</u>
COMPONENT UNIT:								
Economic Development Corporation	<u>\$ 784,804</u>	<u>\$ 12,124</u>	<u>\$ 56,000</u>	<u>\$ 0</u>				<u>\$ (716,680)</u>
General Revenues:								
Property Taxes					\$ 5,400,654	\$	\$ 5,400,654	\$
Sales Taxes					5,778,812		5,778,812	1,454,849
Gross Receipts Taxes					1,414,058		1,414,058	
Motel Occupancy Taxes					505,456		505,456	
Grants and Contributions Not Restricted to Specific Programs					1,182,689		1,182,689	
Unrestricted Investment Earnings					186,464	20,005	206,469	75,904
Other					1,450,330	6,737	1,457,067	
Transfers					(215,821)	215,821		
Total General Revenue and Transfers					<u>\$ 15,702,642</u>	<u>\$ 242,563</u>	<u>\$ 15,945,205</u>	<u>\$ 1,530,753</u>
Change in Net Assets					287,829	3,750,887	4,038,716	814,073
Net Assets - Beginning					<u>85,992,851</u>	<u>\$ 32,691,793</u>	<u>118,684,644</u>	<u>5,546,018</u>
Net Assets - Ending					<u>\$ 86,280,680</u>	<u>\$ 36,442,680</u>	<u>\$ 122,723,360</u>	<u>\$ 6,360,091</u>

The accompanying notes are an integral part of this statement.

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CITY OF BIG SPRING, TEXAS

EXHIBIT A-3

**BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	General Fund	Capital Projects 2007 G.O. Streets	Capital Projects 2007 G.O. Sports Complex	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS					
ASSETS:					
Cash and Cash Equivalents	\$ 4,684,159	\$	\$	\$ 4,517,310	\$ 9,201,469
Receivables (Net of Allowances for Uncollectibles)	890,096	816		147,546	1,038,458
Due from Other Funds	1,337,944			274,585	1,612,529
Intergovernmental Receivables	810,961			293,813	1,104,774
Prepaid Items	17,894			1,813	19,707
Advances to Other Funds				1,198,515	1,198,515
Restricted Assets:					
Cash and Cash Equivalents	2,290,023	3,049,571	11,904		5,351,498
Total Assets	\$ 10,031,077	\$ 3,050,387	\$ 11,904	\$ 6,433,582	\$ 19,526,950
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable	\$ 465,262	\$ 283,166	\$ 7,018	\$ 365,850	\$ 1,121,296
Retainage Payable		192,559			192,559
Accrued Wages	257,407			18,108	275,515
Due to Other Funds	40,480			392,530	433,010
Deferred Revenue	133,829			155,754	289,583
Customer Deposits				11,725	11,725
Advances from Other Funds	508,219				508,219
Total Liabilities	\$ 1,405,197	\$ 475,725	\$ 7,018	\$ 943,967	\$ 2,831,907
FUND BALANCES:					
Reserved Fund Balances:					
Reserved for Debt Service	\$	\$	\$	\$ 263,432	\$ 263,432
Reserved for Prepaid Items	17,894				17,894
Reserved for Cemetery Care (Non-expendable)				351,511	351,511
Reserved for Capital Projects		2,574,662	4,886		2,579,548
Unreserved	8,607,986				8,607,986
Unreserved, Reported in Nonmajor:					
Special Revenue Funds				3,045,361	3,045,361
Capital Project Funds				1,829,311	1,829,311
Total Fund Balances	\$ 8,625,880	\$ 2,574,662	\$ 4,886	\$ 5,489,615	\$ 16,695,043
Total Liabilities and Fund Balances	\$ 10,031,077	\$ 3,050,387	\$ 11,904	\$ 6,433,582	\$ 19,526,950

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

Total Fund Balances - Governmental Funds Balance Sheet	\$ 16,695,043
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	89,158,177
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	164,254
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,511,294
Payables for bond principal which are not due in the current period are not reported in the funds.	(14,075,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,624,190)
Payables for notes payable which are not due in the current period are not reported in the funds.	(1,751,238)
Payables for bond interest which are not due in the current period are not reported in the funds.	(76,377)
Bond issue costs are recorded as an asset in the SNA and amortized over the term of the bond issued in the statement of activities.	21,455
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,617,228)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(2,125,510)</u>
Net Assets of Governmental Activities - Statement of Net Assets	\$ <u>86,280,680</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General Fund	Capital Projects 2007 G.O. Streets	Capital Projects 2007 G.O. Sports Complex	Other Governmental Funds	Total Governmental Funds
Revenue:					
Taxes:					
General Property Taxes	\$ 3,524,340	\$	\$	\$ 1,836,864	\$ 5,361,204
General Sales Taxes	4,334,109			1,444,703	5,778,812
Gross Receipts Business Taxes	1,414,058				1,414,058
Motel Occupancy Taxes				505,456	505,456
License and Permits	186,062				186,062
Intergovernmental	1,033,270			458,931	1,492,201
Charges for Services	3,193,143			74,453	3,267,596
Fines	353,213			8,212	361,425
Recreation	421,657				421,657
Investment Earnings	35,310	59,355	26,239	65,560	186,464
Rents and Royalties	315,538			157,570	473,108
Miscellaneous	150,815				150,815
Contributions and Donations	59,741			90	59,831
Total Revenues	\$ 15,021,256	\$ 59,355	\$ 26,239	\$ 4,551,839	\$ 19,658,689
Expenditures:					
Current:					
General Government	\$ 1,732,544	\$	\$	\$ 21,649	\$ 1,754,193
Public Safety	7,699,392			716,779	8,416,171
Highways and Streets	2,035,644	4,854,518		37,328	6,927,490
Sanitation	1,766,181				1,766,181
Community Service				489,450	489,450
Recreation and Parks	1,386,749		3,686,525	67,934	5,141,208
Economic Development				1,825,613	1,825,613
Cemetery				215,888	215,888
Debt Service:					
Principal	753,624			757,939	1,511,563
Interest and Fiscal Charges	133,429			639,541	772,970
Fiscal Agent's Fees				1,250	1,250
Total Expenditures	\$ 15,507,563	\$ 4,854,518	\$ 3,686,525	\$ 4,773,371	\$ 28,821,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (486,307)	\$ (4,795,163)	\$ (3,660,286)	\$ (221,532)	\$ (9,163,288)
Other Financing Sources (Uses):					
Transfers In	\$ 1,068,708	\$ 18,010	\$ 31,189	\$ 170,514	\$ 1,288,421
Transfers Out	(312,007)	(1,033,747)		(158,488)	(1,504,242)
Capital Leases	578,525				578,525
Total Other Financing Sources (Uses)	\$ 1,335,226	\$ (1,015,737)	\$ 31,189	\$ 12,026	\$ 362,704
Net Change in Fund Balances	848,919	(5,810,900)	(3,629,097)	(209,506)	(8,800,584)
Fund Balances - Beginning	7,776,961	8,385,562	3,633,983	5,699,121	25,495,627
Fund Balances - Ending	\$ 8,625,880	\$ 2,574,662	\$ 4,886	\$ 5,489,615	\$ 16,695,043

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-6

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, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ (8,800,584)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital assets are not reported as expenses in the SOA.	9,778,973
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,285,576)
The loss on disposition of capital assets is not reported in the funds.	(10,980)
Proceeds of capital leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(578,525)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	39,450
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(388,552)
Bond issue costs are recorded as expenditures in governmental funds but amortized over the term of the bonds issued in the SOA.	(1,234)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	735,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	665,915
Repayment of notes payable principal is an expenditure in the funds but is not an expense in the SOA.	110,648
Decrease in accrued interest from beginning of period to end of period.	2,539
The net revenue of internal service funds is reported with governmental activities.	26,372
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>(5,617)</u>
Change in Net Assets of Governmental Activities - Statement of Activities	\$ <u><u>287,829</u></u>

The accompanying notes are an integral part of this statement.

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CITY OF BIG SPRING, TEXAS

EXHIBIT A-7

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009**

	Enterprise Funds				
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Total Enterprise Funds	Internal Service Funds
ASSETS:					
Current Assets					
Cash and Cash Equivalents	\$ 932,613	\$ 1,215,570	\$ 957	\$ 2,149,140	\$ 1,817,660
Receivables (Net of Allowances for Uncollectibles)	1,023,969	60,386	642,223	1,726,578	
Intergovernmental Receivables		1,539		1,539	
Due from Other Funds	50			50	3,472
Inventories	291,919		26,531	318,450	121,285
Prepaid Items	1,740	915	958	3,613	
Unamortized Bond Issue Costs	64,466			64,466	
Total Current Assets	\$ 2,314,757	\$ 1,278,410	\$ 670,669	\$ 4,263,836	\$ 1,942,417
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 5,036	\$ 5,590,113	\$	\$ 5,595,149	\$ 10,000
Buildings and System Improvements Other Than Buildings	16,159,061	11,457,690		27,616,751	
Machinery and Equipment	35,374	1,471,324		1,506,698	
Construction in Progress	502,513	153,764	390,456	1,046,733	23,038
Construction in Progress	487,021	5,920,166		6,407,187	
Total Noncurrent Assets	\$ 17,189,005	\$ 24,593,057	\$ 390,456	\$ 42,172,518	\$ 33,038
Total Assets	\$ 19,503,762	\$ 25,871,467	\$ 1,061,125	\$ 46,436,354	\$ 1,975,455
LIABILITIES:					
Current Liabilities					
Accounts Payable	\$ 571,341	\$ 29,397	\$ 25,492	\$ 626,230	\$ 200,189
Claims and Judgments Payable					174,220
Accrued Wages	57,171	7,785	29,017	93,973	7,819
Retainage Payable	27,579			27,579	
Due to Other Funds	514,310	120	661,686	1,176,116	6,925
Customer Deposits	191,667	24,611		216,278	
Unclaimed Property	86,140	286		86,426	
Accrued Interest Payable	16,202			16,202	
Deferred Revenue	2,723			2,723	
Notes Payable - Current	192,273	3,966		196,239	1,053
Revenue Bonds Payable	475,000			475,000	
Capital Leases Payable	89,790	17,648	53,176	160,614	2,708
Total Current Liabilities	\$ 2,224,196	\$ 83,813	\$ 769,371	\$ 3,077,380	\$ 392,914
Noncurrent Liabilities					
Revenue Bonds Payable	\$ 2,580,000	\$	\$	\$ 2,580,000	\$
Notes Payable	2,728,475	56,279		2,784,754	14,942
Capital Leases Payable	252,769	41,829	113,339	407,937	9,628
Accrued Compensated Absences	234,665	60,607	158,036	453,308	46,677
Advances from Other Funds	549,911		140,384	690,295	
Total Noncurrent Liabilities	\$ 6,345,820	\$ 158,715	\$ 411,759	\$ 6,916,294	\$ 71,247
Total Liabilities	\$ 8,570,016	\$ 242,528	\$ 1,181,130	\$ 9,993,674	\$ 464,161
NET ASSETS:					
Investment in Capital Assets, Net of Related Debt Unrestricted	\$ 10,870,698	\$ 24,473,335	\$ 223,941	\$ 35,567,974	\$ 4,707
	63,048	1,155,604	(343,946)	874,706	1,506,587
Total Net Assets	\$ 10,933,746	\$ 25,628,939	\$ (120,005)	\$ 36,442,680	\$ 1,511,294

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services		
OPERATING REVENUES:					
Water Sales	\$ 6,646,240	\$	\$	\$ 6,646,240	\$
Sewer Charges	2,606,759			2,606,759	
Emergency Medical Services			1,808,569	1,808,569	
Commercial Rentals and Fees		806,400		806,400	
Billings to Departments and Employees					3,303,473
Other Services	321,379			321,379	
Total Operating Revenues	\$ 9,574,378	\$ 806,400	\$ 1,808,569	\$ 12,189,347	\$ 3,303,473
OPERATING EXPENSES:					
Personnel Services	\$ 2,542,832	\$ 345,871	\$ 1,042,177	\$ 3,930,880	\$ 366,978
Supplies and Materials	3,812,417	49,499	126,580	3,988,496	1,027,738
Contractual Services	895,407	196,979	86,356	1,178,742	1,433,304
Maintenance	823,629	127,588	47,379	998,596	18,182
Depreciation	1,457,010	812,076	64,748	2,333,834	5,465
Other	121,545	246	617,292	739,083	426,370
Total Operating Expenses	\$ 9,652,840	\$ 1,532,259	\$ 1,984,532	\$ 13,169,631	\$ 3,278,037
Operating Income (Loss)	\$ (78,462)	\$ (725,859)	\$ (175,963)	\$ (980,284)	\$ 25,436
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Revenue	\$	\$ 4,657,363	\$ 130,000	\$ 4,787,363	\$
Interest Revenue	12,227	7,778		20,005	1,877
Other		1,234	5,503	6,737	
Gain on Sale of Capital Assets	20,000			20,000	
Interest Expense and Paying Agent Fees	(306,940)	(4,442)	(7,373)	(318,755)	(941)
Total Non-Operating Revenues (Expenses)	\$ (274,713)	\$ 4,661,933	\$ 128,130	\$ 4,515,350	\$ 936
Income (Loss) Before Transfers	(353,175)	3,936,074	(47,833)	3,535,066	26,372
Transfers In (Out)	\$ 296,442	\$ (104,118)	\$ 23,497	\$ 215,821	\$
Change in Net Assets	\$ (56,733)	\$ 3,831,956	\$ (24,336)	\$ 3,750,887	\$ 26,372
Total Net Assets - Beginning	10,990,479	21,796,983	(95,669)	32,691,793	1,484,922
Total Net Assets - Ending	\$ 10,933,746	\$ 25,628,939	\$ (120,005)	\$ 36,442,680	\$ 1,511,294

The accompanying notes are an integral part of this statement.

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CITY OF BIG SPRING, TEXAS

EXHIBIT A-9

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Enterprise Funds			Totals	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 9,489,013	\$ 871,990	\$ 1,717,015	\$ 12,078,018	\$
Cash Receipts from Interfund Services Provided					2,876,389
Cash Payments to Employees for Services	(2,524,757)	(341,597)	(1,051,691)	(3,918,045)	(385,591)
Cash Payments to Other Suppliers for Goods and Services	(6,035,854)	(537,953)	(746,741)	(7,320,548)	(2,596,188)
Net Cash Provided by (Used in) Operating Activities	\$ 928,402	\$ (7,560)	\$ (81,417)	\$ 839,425	\$ (85,390)
Cash Flows from Non-Capital Financing Activities:					
Cash Received from Intergovernmental Grants	\$	\$ 4,657,363	\$ 130,000	\$ 4,787,363	\$
Advances (to) from Other Funds	146,169		140,384	286,573	
Transfers from (to) Other Funds	296,442	(104,118)	23,497	215,821	
Net Cash Provided by Non-Capital Financing Activities	\$ 442,631	\$ 4,553,245	\$ 293,881	\$ 5,289,757	\$ 0
Cash Flows from Capital and Related Financing Activities:					
Principal and Interest Paid	\$ (1,042,159)	\$ (23,682)	\$ (63,735)	\$ (1,129,576)	\$ (3,615)
Acquisition or Construction of Capital Assets	(1,588,167)	(5,926,027)	(167,321)	(7,681,515)	
Proceeds from Sale of Capital Assets	20,000			20,000	
Net Cash Used in Capital and Related Financing Activities	\$ (2,610,326)	\$ (5,949,709)	\$ (231,056)	\$ (8,791,091)	\$ (3,615)
Cash Flows from Investing Activities:					
Interest and Dividends on Investments	\$ 12,227	\$ 7,778	\$ 0	\$ 20,005	\$ 1,877
Net Cash Provided by Investing Activities	\$ 12,227	\$ 7,778	\$ 0	\$ 20,005	\$ 1,877
Decrease in Cash and Cash Equivalents	\$ (1,227,066)	\$ (1,396,246)	\$ (18,592)	\$ (2,641,904)	\$ (67,126)
Cash and Cash Equivalents - Beginning of Year	2,159,679	2,611,616	19,549	4,791,044	1,904,788
Cash and Cash Equivalents - End of Year	\$ 932,613	\$ 1,215,370	\$ 957	\$ 2,149,140	\$ 1,837,662
Reconciliation of Operating Income to Net Cash					
Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ (78,462)	\$ (725,859)	\$ (175,963)	\$ (980,284)	\$ 25,436
Adjustments to Reconcile Operating Income to Net Cash					
Provided by Operating Activities					
Depreciation	1,457,010	812,076	64,748	2,333,834	5,465
Other		1,234	5,503	6,737	
Change in Assets and Liabilities:					
Decrease (Increase) in Receivables	(77,613)	68,010	(97,057)	(108,660)	
Decrease (Increase) in Interfund Receivable				0	99,218
Decrease (Increase) in Inventories	24,789		(5,233)	19,556	(11,339)
Decrease (Increase) in Prepaid Expenses	8,423	(915)	(956)	6,550	
Increase (Decrease) in Accounts Payable	95,766	(742)	5,399	100,423	(105,607)
Increase (Decrease) in Interfund Payables	(511,834)	(161,984)	131,656	(542,160)	(99,950)
Decrease in Customer Deposits	(10,475)	(1,654)		(12,129)	
Increase in Deferred Revenue	2,723			2,723	
Increase (Decrease) in Accrued Expenses	18,075	4,274	(9,514)	12,835	1,387
Total Adjustments	\$ 1,006,864	\$ 718,299	\$ 94,546	\$ 1,819,709	\$ (110,826)
Net Cash Provided by (Used in) Operating Activities	\$ 928,402	\$ (7,560)	\$ (81,417)	\$ 839,425	\$ (85,390)
Schedule of Noncash Capital and Related Financing Activities:					
Capital Assets Acquired Through Capital Lease Purchases	\$ 320,743	\$ 28,279	\$ 86,270	\$ 435,292	\$ 14,132

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

The combined financial statements of City of Big Spring (the City) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting City

The City's combined financial statements include the accounts of all its operations. The City evaluated whether any other city should be included in these financial statements. The criteria for including organizations as component units within the City's reporting city, as set forth in GASB Statement No. 14, "The Financial Reporting City," include whether:

- the organization is legally separate (can sue and be sued in its 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

Based upon the above criteria, one component unit (Big Spring Economic Development Corporation) is included within the reporting City. The City is financially accountable for the Corporation. The City established the sales tax that is the principal source of revenue for the Corporation. The City Council appoints the Board of Directors and approves the annual budget. This component unit has been discretely presented in the accompanying financial statements. Complete financial statements for the component unit can be obtained from their office at 215 West 3rd Street, Big Spring, Texas.

Additionally, the City is not a component unit of any other reporting city as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government. Eliminations been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Capital Projects Fund – 2007 G.O. Streets: This fund accounts for financial resources and expenditures applied to the reconstruction of streets.

Capital Projects Fund – 2007 G.O. Sports Complex: This fund accounts for financial resources and expenditures applied to the construction of a sports complex.

The City reports the following non-major funds:

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

Debt Service Funds - are used to account for the accumulation of resources for and the payment of, general long-term obligation principal and interest (other than debt service payments made by proprietary funds).

Capital Projects Funds - are used to account for financial resources to be used for the acquisition or construction of major capital improvements (other than those recorded in the proprietary funds).

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

The City reports the following major enterprise funds:

Water and Sewer Fund: This fund accounts for the revenues and expenses associated with providing water and sewer service to the citizens of the City.

Airport/Industrial Park Fund: This fund is used to account for the Airport and Industrial Park. Funding for these activities is provided by charges to renters of facilities.

In addition, the City reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the City. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the City's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, enterprise funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen not to apply future FASB standards.

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories on the balance sheet are stated at first in first out method. Inventory items are recorded as expenditures when they are consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Classes</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	5-50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15
Furniture and Fixtures	2-10

e. Receivable Balances

Receivables as of yearend for the City's individual major funds and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>	<u>Water and Sewer</u>	<u>Airport/ Industrial Park</u>	<u>Emergency Medical Services</u>	<u>Total</u>
Receivables:					
Sanitation	\$ 365,954	\$	\$	\$	\$ 365,954
Taxes	456,961				456,961
Municipal Court	1,334,184				1,334,184
Accounts	<u>432,926</u>	<u>1,100,535</u>	<u>74,275</u>	<u>1,890,499</u>	<u>3,498,235</u>
Gross Receivables	\$ 2,590,025	\$ 1,100,535	\$ 74,275	\$ 1,890,499	\$ 5,655,334
Less: Allowance for Uncollectibles	<u>(1,551,567)</u>	<u>(76,566)</u>	<u>(13,889)</u>	<u>(1,248,276)</u>	<u>(2,890,298)</u>
Net Total Receivables	<u>\$ 1,038,458</u>	<u>\$ 1,023,969</u>	<u>\$ 60,386</u>	<u>\$ 642,223</u>	<u>\$ 2,765,036</u>

Intergovernmental receivables are classified separately in the accompanying financial statements.

There are no significant receivables which are not scheduled for collection within one year of year end.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

g. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

B. Compliance and Accountability

Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Special Revenue		
Cemetery	\$ 272,011	This fund incurred additional capital costs in the prior year that will be recaptured.
Golf Course Improvement	\$ 87,981	This fund incurred additional capital costs in the prior year that will be recaptured.
Employees College Education	\$ 13,731	This fund incurred additional capital costs in the prior year that will be recaptured.
Senior Center	\$ 4,513	This fund incurred additional costs that will be recaptured.

NOTES TO FINANCIAL STATEMENTS

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

1. Cash Deposits:

At September 30, 2009, the carrying amount of the City's deposits was \$1,956,445 with \$313,013 in escrow for financing, \$38,000 in TML for loss deposit, and \$8,525 for cash on hand. The City's cash deposits at year end were \$1,596,906 with a bank balance of \$1,690,053. The City's cash deposits at September 30, 2009, and during the year then ended were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Investments:

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City's investments at September 30, 2009 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Fair Value</u>	<u>Percentage</u>
Tex-Pool Investment Pool	30 Days Average	AAAm	\$ 13,553,365	100%
TexStar	17 Days Average	AAAm	3,009,957	100%

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

- a. **Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2009, the City's investments in TexStar and TexPool were both rated AAAM by Standard and Poor's.
- b. **Custodial Credit Risk** – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. The City's demand deposits at year end are entirely covered by FDIC insurance and pledged collateral held in the City's name by the City's agent.
- c. **Concentration of Credit Risk** – This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Although the City's policy states that portfolio diversification is required, it does not specify diversification goals or limits. All of the City's investments were distributed between two local government investment pools at year end.
- d. **Interest Rate Risk** – As a means of minimizing risk of loss due to interest rate fluctuations, the City's investment policy requires that the portfolio remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. For short term liquidity requirements, the City utilizes two local government investment pools. TexPool is managed by Federated Investors for the State of Texas Comptroller of Public Accounts (TexPool). TexPool operates on a \$1 net asset value basis and allows same day or next day redemptions and deposits. As of September 30, 2009, TexPool's portfolio maintained a weighted average maturity of approximately 45 days. The other local government investment pool utilized by the City is Texas Short Term Asset Reserve Fund (TexStar). This pool is managed by JP Morgan Chase Bank and First Southwest Asset Management, Inc. As of September 30, 2009, TexStar's portfolio maintained a weighted average maturity of approximately 34 days.
- e. **Foreign Currency Risk** – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. While the City's policy does not address this risk, the City has no foreign currency risk as year end.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Legal Investments – Under current Texas law and in accordance with City policy, the City is authorized to invest in (1) obligations of the United States or its instrumentalities, (2) direct obligations of the State of Texas or its agencies, (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States or its instrumentalities, (4) certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for City deposits, (5) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through primary government securities dealer or a bank domiciled in the State of Texas, (6) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States of state bank, (7) no-load money market mutual funds registered with the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less, and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share. The City may invest in such obligations directly or through government investment pools that invest solely in such obligations.

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CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

D. Capital Assets

Capital asset activity for the year ended September 30, 2009, were as follows:

	Beginning Balances	Increases	Transfers In	Transfers/ Decreases	Ending Balances
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 72,835,990	\$	\$	\$	\$ 72,835,990
Construction in Progress	3,096,840	8,689,478		318,167	11,468,151
Total Capital Assets Not Being Depreciated	\$ 75,932,830	\$ 8,689,478	\$ 0	\$ 318,167	\$ 84,304,141
Capital Assets Being Depreciated					
Infrastructure	\$ 5,711,462	\$	\$	\$	\$ 5,711,462
Buildings and Systems	26,876,712	237,362	318,167		27,432,241
Improvements Other Than Buildings	3,199,792	133,630			3,333,622
Machinery and Equipment	9,529,118	732,303		491,388	9,770,033
Total Capital Assets Being Depreciated	\$ 45,317,084	\$ 1,103,495	\$ 318,167	\$ 491,388	\$ 46,247,358
Less Accumulated Depreciation for:					
Infrastructure	\$ 5,535,609	\$ 25,697	\$	\$	\$ 5,561,306
Buildings and Systems	26,643,145	49,530			26,692,675
Improvements Other Than Buildings	1,441,897	286,753			1,728,650
Machinery and Equipment	6,929,000	929,061		480,408	7,377,653
Total Accumulated Depreciation	\$ 40,549,651	\$ 1,291,041	\$ 0	\$ 480,408	\$ 41,360,284
Total Capital Assets Being Depreciated, Net	\$ 4,767,433	\$ (187,546)	\$ 318,167	\$ 10,980	\$ 4,887,074
Governmental Activities Capital Assets, Net	\$ 80,700,263	\$ 8,501,932	\$ 318,167	\$ 329,147	\$ 89,191,215
	Beginning Balances	Increases	Transfers In	Transfers/ Decreases	Ending Balances
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 5,595,149	\$	\$	\$	\$ 5,595,149
Construction in Progress	1,564,863	6,282,207		1,439,883	6,407,187
Total Capital Assets Not Being Depreciated	\$ 7,160,012	\$ 6,282,207	\$ 0	\$ 1,439,883	\$ 12,002,336
Capital Assets Being Depreciated					
Buildings and Systems	\$ 67,727,590	\$ 1,058,837	\$ 1,379,769	\$	\$ 70,166,196
Improvements Other Than Buildings	24,366,285	218,733			24,585,018
Machinery and Equipment	2,678,462	617,145	80,434	217,994	3,158,047
Total Capital Assets Being Depreciated	\$ 94,772,337	\$ 1,894,715	\$ 1,460,203	\$ 217,994	\$ 97,909,261
Less Accumulated Depreciation for:					
Buildings and Systems	\$ 40,543,548	\$ 2,005,897	\$	\$	\$ 42,549,445
Improvements Other Than Buildings	22,901,170	177,150			23,078,320
Machinery and Equipment	2,098,086	150,787	80,435	217,994	2,111,314
Total Accumulated Depreciation	\$ 65,542,804	\$ 2,333,834	\$ 80,435	\$ 217,994	\$ 67,739,079
Total Capital Assets Being Depreciated, Net	\$ 29,229,533	\$ (439,119)	\$ 1,379,768	\$ 0	\$ 30,170,182
Business-Type Activities Capital Assets, Net	\$ 36,389,545	\$ 5,843,088	\$ 1,379,768	\$ 1,439,883	\$ 42,172,518
Depreciation Expense	\$	\$ 2,333,834	\$	\$	\$

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to governmental activities as follows:

General Government	\$ 89,771
Public Safety	279,058
Highways and Streets	202,187
Sanitation	293,369
Community Service	8,853
Recreation and Parks	354,790
Cemetery	15,616
Economic Development	<u>41,932</u>
	\$ 1,285,576
Depreciation Charged to Internal Service Funds	<u>5,465</u>
Total Depreciation Charged to Governmental Activities	<u><u>\$ 1,291,041</u></u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2009, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 383,092	Short-Term Loans
General Fund	Proprietary Funds	945,000	Short-Term Loans
Correctional Center	General Fund	450,000	Short-Term Loans
Cemetery	Permanent Fund	573	Short-Term Loans
Capital Projects	Other Governmental Funds	43,690	Short-Term Loans
Capital Projects	Proprietary Funds	198,664	Short-Term Loans
Capital Projects	EMS Fund	31,658	Short-Term Loans
Internal Service Funds	Other Governmental Funds	3,445	Short-Term Loans
Water and Sewer Fund	Internal Service Funds	50	Short-Term Loans
General Fund	Internal Service Funds	<u>9,852</u>	Short-Term Loans
		<u><u>\$ 2,066,024</u></u>	

All amounts due are scheduled to be repaid within one year.

<u>Advances To Fund</u>	<u>Advances From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Projects	\$ 58,219	Loans
EMS	Capital Projects	140,384	Loans
Water and Sewer Fund	Capital Projects	<u>549,911</u>	Loans
		<u><u>\$ 748,514</u></u>	

All amounts due are scheduled to be repaid within five years.

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CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2009, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Other Governmental Funds	\$ 143,709	Supplement Other Funds Sources
Motel Tax Fund	General Fund	96,494	Administrative Fees
Proprietary Funds	General Fund	653,917	Administrative Fees
Permanent Fund	Cemetery Fund	3,247	Supplement Other Funds Sources
Capital Projects	Cemetery Fund	16,450	Supplement Other Funds Sources
Proprietary Funds	Governmental Funds	146,000	Supplement Other Funds Sources
Capital Projects	Proprietary Funds	1,015,736	Supplement Other Funds Sources
		<u>\$ 2,075,553</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt, landfill obligation, and accrued compensated absences. Changes in long-term obligations for the year ended September 30, 2009, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 14,355,000	\$	\$ 720,000	\$ 13,635,000	\$ 520,000
Certificate of Obligation Bonds	455,000		15,000	440,000	15,000
Capital Leases	1,711,580	592,657	667,711	1,636,526	582,207
Economic Conservation	1,878,891		111,659	1,767,232	116,337
Compensated Absences	1,659,893	54,570	50,557	1,663,906	85,000
Closure/Postclosure Landfill	1,736,958	388,552		2,125,510	
Total Governmental Activities	<u>\$ 21,797,322</u>	<u>\$ 1,035,779</u>	<u>\$ 1,564,927</u>	<u>\$ 21,268,174</u>	<u>\$ 1,318,544</u>
Business-Type Activities:					
General Obligation Bonds	\$ 2,885,000	\$	\$ 435,000	\$ 2,450,000	\$ 450,000
Certificate of Obligation Bonds	630,000		25,000	605,000	25,000
Capital Leases	295,732	435,291	162,473	568,550	160,614
Compensated Absences	478,886	18,307	43,885	453,308	32,000
Economic Conservation	3,169,341		188,347	2,980,994	196,239
Total Business-Type Activities	<u>\$ 7,458,959</u>	<u>\$ 453,598</u>	<u>\$ 854,705</u>	<u>\$ 7,057,852</u>	<u>\$ 863,853</u>

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated Absences	Governmental	General
Compensated Absences	Business-Type	Proprietary

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. Debt Service Requirements

Debt service requirements on general obligation bonds and certificates of obligation bonds at September 30, 2009, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 535,000	\$ 608,069	\$ 1,143,069
2011	560,000	586,169	1,146,169
2012	580,000	563,369	1,143,369
2013	605,000	539,669	1,144,669
2014-2018	3,405,000	2,308,545	5,713,545
2019-2023	4,220,000	1,507,213	5,727,213
2024-2027	4,170,000	401,716	4,571,716
Totals	<u>\$ 14,075,000</u>	<u>\$ 6,514,750</u>	<u>\$ 20,589,750</u>

	Date of Issue	Original Issue	Interest Rates	Maturity Date	Outstanding
2002 Refunding Series	6/1/2002	\$ 1,600,000	3.0% - 4.5%	2/15/2009	\$ 0
2007 G.O. Bonds	2/1/2007	14,285,000	4.0% - 5.0%	2/15/2027	13,635,000
2007 C.O. Bonds	2/1/2007	460,000	4.0% - 4.375%	2/15/2027	440,000
		<u>\$ 16,345,000</u>			<u>\$ 14,075,000</u>

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2010	\$ 475,000	\$ 119,056	\$ 594,056
2011	495,000	99,421	594,421
2012	515,000	78,619	593,619
2013	535,000	56,359	591,359
2014-2018	675,000	103,598	778,598
2019-2023	185,000	58,281	243,281
2024-2027	175,000	15,614	190,614
Totals	<u>\$ 3,055,000</u>	<u>\$ 530,948</u>	<u>\$ 3,585,948</u>

	Date of Issue	Original Issue	Interest Rates	Maturity Date	Outstanding
2002 Refunding Series	6/1/2002	\$ 5,190,000	3.0% - 4.5%	2/15/2014	\$ 2,450,000
2007 C.O. Bonds	2/1/2007	640,000	4.0% - 4.375%	2/15/2027	605,000
		<u>\$ 5,830,000</u>			<u>\$ 3,055,000</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Economic Conservation debt requirements at September 30, 2009, are as follows:

Year Ending September 30,	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 116,337	\$ 74,047	\$ 190,384
2011	121,212	69,173	190,385
2012	126,290	64,094	190,384
2013	131,582	58,802	190,384
2014	137,095	53,289	190,384
2015-2019	776,609	175,311	951,920
2020-2021	358,107	22,661	380,768
Totals	<u>\$ 1,767,232</u>	<u>\$ 517,377</u>	<u>\$ 2,284,609</u>

Year Ending September 30,	Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 196,239	\$ 124,904	\$ 321,143
2011	204,461	116,681	321,142
2012	213,029	108,114	321,143
2013	221,954	99,188	321,142
2014	231,254	89,888	321,142
2015-2019	1,309,994	295,716	1,605,710
2020-2021	604,063	38,221	642,284
Totals	<u>\$ 2,980,994</u>	<u>\$ 872,712</u>	<u>\$ 3,853,706</u>

The effective interest rate on the Economic Conservation debt is 4.112%.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. Capital Leases

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and Equipment	\$ 5,710,574	\$ 2,028,309
Less: Accumulated Depreciation	<u>(3,594,213)</u>	<u>(1,383,235)</u>
Totals	<u>\$ 2,116,361</u>	<u>\$ 645,074</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2009, as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2010	\$ 582,207	\$ 44,076	\$ 626,283
2011	484,242	26,170	510,412
2012	351,781	12,055	363,836
2013	180,586	3,392	183,978
2014	37,710	232	37,942
Total Minimum Rentals	<u>\$ 1,636,526</u>	<u>\$ 85,925</u>	<u>\$ 1,722,451</u>

The effective interest rate on capital leases is 2.720% to 3.797%.

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2010	\$ 160,614	\$ 15,204	\$ 175,818
2011	155,054	10,243	165,297
2012	123,062	5,686	128,748
2013	98,835	2,432	101,267
2014	30,985	191	31,176
Total Minimum Rentals	<u>\$ 568,550</u>	<u>\$ 33,756</u>	<u>\$ 602,306</u>

The effective interest rate on capital leases is 2.720% to 3.797%.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. Continuing Disclosure

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

G. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2009, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

H. Pension Plan

1. Plan Description

The City's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides retirement, disability and death benefits to Plan members and beneficiaries through its affiliation with Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. TMRS operates under the authority of Texas Government Code, Title 8, Subtitle G. The Texas Legislature has the authority to establish or amend benefit provisions and the governing body of the City adopts the plan provisions within the options and constraints established by the legislature. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, TX 78714-9153 or calling (800) 924-8677. Additional non-authoritative information is available at the TMRS web site, <http://www.tmr.org>.

2. Funding Policy

Plan members are required to contribute seven percent of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 11.93% of annual covered payroll. The City's contributions to the TMRS for the years ending September 30, 2009, 2008, and 2007, were \$1,040,937, \$872,238, and \$706,760, respectively, and were equal to the required contributions for each year.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. Annual Pension Cost

The City's annual pension cost of \$1,040,937 for the Plan was equal to the City's required and actual contributions. Under the state law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the Plan's 29-year amortization period. When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 29-year period. Currently, the unfunded actuarial liability is being amortized over the 29-year period which began January 1997. The projected unit credit actuarial cost method is used for determining the City's contribution rate. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2008, valuation is effective for rates beginning January 2010).

Since the TMRS does not value the assets of individual cities, the actuarial assumptions used to set the required contribution rate of the City are based on TMRS as a whole. For the December 31, 2008, valuation date, a 7.5 percent investment rate of return, 3 percent inflation rate, and 2.1 percent cost of living adjustment was assumed. No assumptions were made for projected salary increases.

4. Funded Status and Funding Progress

Actuarial accrued liability (AAL)	\$ 26,482,664
Actuarial value of assets (AVA)	17,946,597
Unfunded actuarial accrued liability (UAAL)	\$ 8,536,067
GASB #27 Funded ratio	67.8%
Covered payroll (active plan members)	\$ 7,813,766
UAAL as a percentage of covered payroll	109.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Trend Information for the Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2007	\$ 706,760	100%	\$ 0
September 30, 2008	872,238	100%	0
September 30, 2009	1,040,937	100%	0

6. Firemen's Relief and Retirement Fund

Firemen of the City are covered by a defined contribution pension plan, which is administered by a seven-member board. This board consists of the Mayor or his designee, the Chief Financial Officer, three firemen and two outside citizens. Texas Local Fire Fighters' Retirement Act (TLFFRA) requires that the Mayor, or his designee, and the Chief Financial Officer be permanent members of the Board. In addition, three firemen trustees are elected by the firemen. These five members are then charged with the responsibility of appointing the two final board members, who must be local citizens. The City now provides a defined contribution to the fund of 12% of the firemen's salary and the firemen contribute 12%. Upon reaching the age of 50 with 20 years of service, the fireman is eligible for full retirement benefits. Vesting begins in the plan after 10 years of service, when the fireman is eligible for a deferred benefit (commencing at the end of the month in which his normal retirement date would have occurred). City contributions and interest forfeited by firemen who leave employment before full vesting remain in the plan.

The City's total payroll for firemen (all covered under the plan) for the year ended September 30, 2009, was \$3,032,188. Both the City and the firemen made the required contribution of \$363,862 and \$363,862 representing 12% and 12% of covered payroll, respectively.

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CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

I. Self-Insurance

Changes in the claims liability amounts for the self-insurance Internal Service Funds were as follows:

	Liability Balance at 10-01	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at 9-30	Total Internal Service Funds
Year Ending 09-30-08					
Health Insurance Claims	\$ 59,922	\$ 1,335,474	\$ 1,258,255	\$ 137,141	
Workers' Compensation Claims	220,247	(4,033)	114,901	101,313	\$ 238,454
Year Ending 09-30-09					
Health Insurance Claims	\$ 137,141	\$ 839,486	\$ 900,704	\$ 75,923	
Workers' Compensation Claims	101,313	145,741	148,757	98,297	\$ 174,220

Health Insurance

Effective October 1, 2001, the City changed from a fully-insured to a self-insured health insurance plan. The City's health insurance plan is administered by a third-party administrator, Employee Benefits Administrators (EBA). EBA reviews and processes all health insurance claims. The City has acquired stop-loss coverage, which limits the City's possible liability exposure to \$50,000 per claim. The City informally budgets for current claims based on actuarial and historical data. The City incurred \$1,641,348 in health insurance expense and administrative and other charges for the year ended September 30, 2009. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$75,923 at September 30, 2009.

Workers' Compensation

The City's workers' compensation plan is administered by Texas Municipal League's Intergovernmental Risk Pool (TML). TML reviews and processes all workers' compensation claims. The City has acquired stop-loss coverage, which limits the City's possible loss to \$250,000 per occurrence. The City informally budgets for current claims based on actuarial valuations and historical data. The City incurred \$197,870 in workers' compensation expense and administrative and other charges for the year ended September 30, 2009. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$98,297 at September 30, 2009.

J. Commitments and Contingencies, Litigation, and Subsequent Events

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

The City has no litigation pending which would have a material impact on the financial statements.

3. Subsequent Events

The City has evaluated subsequent events through April 27, 2010, the date which the financial statements were available to be issued. On March 8, 2010 the City Council authorized the issuance of \$4.2 million in certificates of obligation for the construction of a new family aquatic center. Proceeds from this debt issuance were received on April 19, 2010.

K. Closure and Post-closure Care Cost

State and federal laws and regulations require the City to place a final cover on its Big Spring Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,125,510 reported as landfill closure and post-closure care liability at September 30, 2009, represents the cumulative amount reported to date based on the use of 70.81% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$876,039 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2009. The City expects to close the landfill in the year 2034. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The City has not placed funds in a trust to cover these costs. However, at September 30, 2009 the City has designated an investment in the amount of \$2,241,398 for this purpose.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BIG SPRING, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM TREND DATA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
FOR THE EMPLOYEES OF THE CITY**

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Schedule of Funding Information

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
12/31/2006	\$ 15,568,212	\$ 19,629,226	\$ 4,061,014	79.31%	\$ 6,155,912	65.97%
12/31/2007	16,822,225	24,459,774	7,637,549	68.78%	6,507,349	117.37%
12/31/2008	17,946,597	26,482,664	8,536,067	67.77%	7,813,766	109.24%

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CITY OF BIG SPRING, TEXAS

EXHIBIT B-1

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes	\$ 3,449,500	\$ 3,499,500	\$ 3,524,340	\$ 24,840
General Sales Taxes	4,150,000	4,150,000	4,334,109	184,109
Gross Receipts Business Taxes	1,487,200	1,409,500	1,414,058	4,558
License and Permits	89,875	196,325	186,062	(10,263)
Intergovernmental	1,043,524	1,024,273	1,033,270	8,997
Charges for Services	2,835,800	3,013,800	3,193,143	179,343
Fines	279,500	336,700	353,213	16,513
Recreation	377,500	400,375	421,657	21,282
Investment Earnings	170,000	28,000	35,310	7,310
Rents and Royalties	297,160	429,340	315,538	(113,802)
Miscellaneous	74,928	129,928	150,815	20,887
Contributions and Donations	15,000	60,000	59,741	(259)
Total Revenues	\$ 14,269,987	\$ 14,677,741	\$ 15,021,256	\$ 343,515
Expenditures:				
Current:				
General Government				
Non-Departmental	\$ 218,670	\$ 253,269	\$ 142,124	\$ 111,145
City Council	158,047	221,413	231,545	(10,132)
Finance	442,895	447,280	455,665	(8,385)
City Manager	236,792	243,232	244,395	(1,163)
Information Technology	139,741	143,301	144,272	(971)
Legal	152,000	190,023	194,034	(4,011)
Special Projects	77,386		(877)	877
Human Resources	308,217	305,498	320,508	(15,012)
Public Safety				
Police	4,150,098	3,935,224	4,002,348	(67,124)
Fire	2,894,124	3,092,283	3,160,479	(68,196)
Municipal Court	235,824	279,320	239,084	40,256
Fire Marshal	101,455	106,289	105,369	920
Animal Control	169,054	193,837	193,010	827
Highways and Streets				
Code Enforcement	371,711	355,399	483,584	(128,185)
General Maintenance	27,480	15,493	11,242	4,251
Streets	1,817,096	1,690,715	1,540,817	149,898
Sanitation				
Sanitation	975,646	1,030,589	1,039,764	(9,175)
Landfill	762,460	713,157	601,074	112,083
Compost Facility	120,795	120,233	125,343	(5,110)
Recreation and Parks				
Parks	333,410	384,512	386,579	(2,067)
Sports Complex	187,962	299,433	270,903	28,530
Swimming Pool	73,650	820	8,337	(7,517)
Golf Course	842,006	592,462	577,752	14,710
Lake	28,075	36,070	20,790	15,280
City Hall	112,156	127,550	122,389	5,161
Debt Service:				
Principal	753,625	753,625	753,625	
Interest and Fiscal Charges	156,848	188,077	133,428	54,649
Total Expenditures	\$ 15,847,423	\$ 15,719,102	\$ 15,507,563	\$ 211,539
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,577,436)	\$ (1,041,361)	\$ (486,307)	\$ 555,054
Other Financing Sources (Uses):				
Transfers In	\$ 1,074,232	\$ 1,091,321	\$ 1,068,708	\$ (22,613)
Transfers Out	(251,000)	(303,192)	(312,007)	(8,815)
Capital Leases	509,000	666,627	578,525	(88,102)
Total Other Financing Sources	\$ 1,332,232	\$ 1,454,756	\$ 1,335,226	\$ (119,530)
Net Change in Fund Balances	(245,204)	413,395	848,919	435,524
Fund Balances - Beginning	7,776,961	7,776,961	7,776,961	
Fund Balances - Ending	\$ 7,531,757	\$ 8,190,356	\$ 8,625,880	\$ 435,524

**CITY OF BIG SPRING, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2009**

BUDGETARY DATA

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must have been given.
- c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end. The legal level of control is at the department level. During the year, the budget was amended as necessary. All budget appropriations lapse at year end.

The budget is presented on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Annual budgets were adopted for all governmental funds except the Grant fund.

**COMBINING STATEMENTS AND BUDGETARY COMPARISONS
AS SUPPLEMENTARY INFORMATION**

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CITY OF BIG SPRING, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

EXHIBIT C-1

ASSETS	Special Revenue Funds	Debt Service Fund 2007 G.O. Bonds	Debt Service Fund 2007 C.O. Bonds	Capital Projects Fund	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-3)
Cash and Cash Equivalents	\$ 3,095,010	\$ 250,891	\$ 12,541	\$ 806,784	\$ 352,084	\$ 4,517,310
Receivables (Net of Allowance for Uncollectibles)	107,654	38,586	1,306			147,546
Due from Other Funds	573			274,012		274,585
Intergovernmental Receivables	293,813					293,813
Prepaid Items	1,813					1,813
Advances to Other Funds	450,000			748,515		1,198,515
Total Assets	\$ 3,948,863	\$ 289,477	\$ 13,847	\$ 1,829,311	\$ 352,084	\$ 6,433,582
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 365,850	\$	\$	\$	\$	\$ 365,850
Accrued Wages	18,108					18,108
Due to Other Funds	391,957				573	392,530
Deferred Revenue	115,862	38,586	1,306			155,754
Customer Deposits	11,725					11,725
Total Liabilities	\$ 903,502	\$ 38,586	\$ 1,306	\$ 0	\$ 573	\$ 943,967
Fund Balances:						
Reserved Fund Balances:						
Reserved for Debt Service		\$ 250,891	\$ 12,541		\$ 351,511	\$ 263,432
Reserved for Cemetery Care (Nonexpendable)						351,511
Unreserved, Reported in Nonmajor:						
Special Revenue Funds	3,045,361					3,045,361
Capital Project Funds				1,829,311		1,829,311
Total Fund Balances	\$ 3,045,361	\$ 250,891	\$ 12,541	\$ 1,829,311	\$ 351,511	\$ 5,489,615
Total Liabilities and Fund Balances	\$ 3,948,863	\$ 289,477	\$ 13,847	\$ 1,829,311	\$ 352,084	\$ 6,433,582

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund 2002 Refunding Series</u>	<u>Debt Service Fund 2007 G.O. Bonds</u>	<u>Debt Service Fund 2007 C.O. Bonds</u>	<u>Capital Projects Fund Capital Replacement</u>	<u>Capital Projects Fund 2007 C.O. Animal Shelter</u>	<u>Permanent Fund Cemetery Permanent Care</u>	<u>Total Nonmajor Governmental Funds (See Exhibit A-5)</u>
Revenue:								
Taxes								
General Property Taxes	\$ 409,264	\$ 137,205	\$ 1,248,145	\$ 42,250				\$ 1,836,864
General Sales Taxes	1,444,703							1,444,703
Motel Occupancy Taxes	505,458							505,458
Intergovernmental	458,931							458,931
Charges for Services	74,453							74,453
Fines	8,212							8,212
Investment Earnings	23,546	540	588	15	35,236	2,388	3,247	65,560
Rents and Royalties	128,707				28,863			157,570
Contributions and Donations	90							90
Total Revenue	<u>\$ 3,053,362</u>	<u>\$ 137,745</u>	<u>\$ 1,248,733</u>	<u>\$ 42,265</u>	<u>\$ 64,099</u>	<u>\$ 2,388</u>	<u>\$ 3,247</u>	<u>\$ 4,551,839</u>
Expenditures:								
Current								
General Government	\$ 21,649							\$ 21,649
Public Safety	504,409					212,370		716,779
Highways and Streets	37,328							37,328
Community Service	489,450							489,450
Recreation and Parks	67,934							67,934
Economic Development	1,825,613							1,825,613
Cemetery	215,888							215,888
Debt Service								
Principal	22,939	220,000	500,000	15,000				757,939
Interest and Fiscal Charges	6,073	4,400	610,456	18,612				639,541
Fiscal Agent's Fees		500	500	250				1,250
Total Expenditures	<u>\$ 3,191,283</u>	<u>\$ 224,900</u>	<u>\$ 1,110,956</u>	<u>\$ 33,862</u>	<u>\$ 0</u>	<u>\$ 212,370</u>	<u>\$ 0</u>	<u>\$ 4,773,371</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (137,921)</u>	<u>\$ (87,155)</u>	<u>\$ 137,777</u>	<u>\$ 8,403</u>	<u>\$ 64,099</u>	<u>\$ (209,982)</u>	<u>\$ 3,247</u>	<u>\$ (221,532)</u>
Other Financing Sources (Uses):								
Transfers In	\$ 162,758					7,758		\$ 170,514
Transfers Out	(117,336)	(21,455)			(16,450)		(3,247)	(158,488)
Capital Leases								0
Total Other Financing Sources (Uses)	<u>\$ 45,422</u>	<u>\$ (21,455)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (16,450)</u>	<u>\$ 7,758</u>	<u>\$ (3,247)</u>	<u>\$ 12,026</u>
Net Change in Fund Balances	<u>\$ (92,501)</u>	<u>\$ (108,610)</u>	<u>\$ 137,777</u>	<u>\$ 8,403</u>	<u>\$ 47,649</u>	<u>\$ (202,224)</u>	<u>\$ 0</u>	<u>\$ (209,506)</u>
Fund Balances - Beginning	<u>3,137,862</u>	<u>108,610</u>	<u>113,114</u>	<u>4,138</u>	<u>1,761,662</u>	<u>202,224</u>	<u>351,511</u>	<u>5,699,121</u>
Fund Balances - Ending	<u>\$ 3,045,361</u>	<u>\$ 0</u>	<u>\$ 250,891</u>	<u>\$ 12,541</u>	<u>\$ 1,829,311</u>	<u>\$ 0</u>	<u>\$ 351,511</u>	<u>\$ 5,489,615</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-3

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2009

ASSETS	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development	Employee's College Education	Municipal Court Security	Correctional Center	Golf Course Improvement	R.S.V.P.	Narcotics Task Force	Cemetery	Senior Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Cash and Cash Equivalents	\$ 786,917	\$ 36,065	\$	\$ 436	\$ 4,640	\$ 2,086,807	\$ 2,019	\$ 19,880	\$ 125,388	\$ 988	\$ 17,846	\$ 3,085,010
Receivables (Net of Allowance for Uncollectibles)	51,795				2,011				12,661	40,788	199	107,654
Due from Other Funds		32,698						568		573	16,180	573
Intergovernmental Receivables			242,357						1,813			283,813
Prepaid Items						450,000						1,613
Advances to Other Funds												450,000
Total Assets	\$ 840,712	\$ 68,763	\$ 242,357	\$ 436	\$ 6,651	\$ 2,548,807	\$ 2,019	\$ 20,448	\$ 140,072	\$ 42,359	\$ 36,237	\$ 3,648,863
LIABILITIES AND FUND BALANCES:												
Liabilities:												
Accounts Payable	\$ 60,728	\$ 459	\$ 242,357	\$ 1,169	\$ 575	\$ 1,280	\$	\$ 15,467	\$ 5,861	\$ 11,151	\$ 26,805	\$ 365,850
Accrued Wages	1,498							1,587	9,819	1,480	3,814	18,108
Due to Other Funds	8,771			13,000		3,082	80,000		31	267,032	10,031	381,957
Deferred Revenue		86,304							12,661	34,687		116,862
Customer Deposits	11,725											11,725
Advances from Other Funds												0
Total Liabilities	\$ 82,720	\$ 86,763	\$ 242,357	\$ 14,169	\$ 575	\$ 4,372	\$ 80,000	\$ 17,054	\$ 28,372	\$ 314,370	\$ 40,750	\$ 603,502
Fund Balances:												
Unreserved, Reported in Nonmajor Special Revenue Funds	\$ 757,992	\$	\$	\$ (13,731)	\$ 6,076	\$ 2,544,435	\$ (87,961)	\$ 3,394	\$ 111,700	\$ (272,011)	\$ (4,513)	\$ 3,045,361
Total Fund Balances	\$ 757,992	\$ 0	\$ 0	\$ (13,731)	\$ 6,076	\$ 2,544,435	\$ (87,961)	\$ 3,394	\$ 111,700	\$ (272,011)	\$ (4,513)	\$ 3,045,361
Total Liabilities and Fund Balances	\$ 640,712	\$ 68,763	\$ 242,357	\$ 438	\$ 6,651	\$ 2,548,807	\$ 2,019	\$ 20,448	\$ 140,072	\$ 42,359	\$ 36,237	\$ 3,648,863

CITY OF BIG SPRING, TEXAS

EXHIBIT C-4

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development	Employee's College Education	Municipal Court Security	Correctional Center	Golf Course Improvement	R.S.V.P.	Narcotics Task Force	Cemetery	Senior Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Revenue:												
Taxes												
General Property Taxes	\$	\$	\$ 1,444,703	\$	\$	\$	\$	\$	\$ 409,264	\$	\$	\$ 409,264
General Sales Taxes												1,444,703
Motel Occupancy Taxes	505,456	132,651						52,771	55,056		218,253	505,456
Intergovernmental				20,762	6,212						53,691	458,931
Charges for Services				(45)	23	16,990		157	1,217	547	(55)	74,453
Fines	4,722											6,212
Investment Earnings	44,142									84,980	(415)	23,546
Rents and Royalties	90											128,707
Contributions and Donations												90
Total Revenue	\$ 554,410	\$ 132,851	\$ 1,444,703	\$ 20,717	\$ 8,235	\$ 16,990	\$ 0	\$ 52,928	\$ 465,537	\$ 85,527	\$ 271,474	\$ 3,053,352
Expenditures:												
Current												
General Government	\$	\$	\$	\$ 21,649	\$ 6,401	\$ 4,580	\$	\$	\$ 446,780	\$	\$	\$ 21,649
Public Safety		46,648										504,409
Highways and Streets		37,328										37,328
Community Services								67,624			421,826	489,450
Recreation and Parks		67,934										67,934
Economic Development	380,910		1,444,703							215,888		1,825,613
Cemetery												215,888
Debt Service												
Principal	3,454								19,485			22,939
Interest and Fiscal Charges	3,801								2,272			6,073
Total Expenditures	\$ 386,185	\$ 151,910	\$ 1,444,703	\$ 21,649	\$ 6,401	\$ 4,580	\$ 0	\$ 67,624	\$ 486,537	\$ 215,698	\$ 421,826	\$ 3,191,283
Excess (Deficiency) of Revenues	\$ 168,245	\$ (19,059)	\$ 0	\$ (932)	\$ 1,834	\$ 12,400	\$ 0	\$ (14,696)	\$ (3,000)	\$ (130,361)	\$ (150,352)	\$ (137,921)
Over (Under) Expenditures												
Other Financing Sources (Uses):												
Transfers In	\$	\$ 23,059	\$	\$	\$	\$	\$	\$ 5,000	\$	\$ 19,697	\$ 115,000	\$ 162,756
Transfers Out	(96,494)	(4,000)				(16,842)						(117,336)
Capital Leases												0
Total Other Financing Sources (Uses):	\$ (96,494)	\$ 19,059	\$ 0	\$ 0	\$ 0	\$ (16,842)	\$ 0	\$ 5,000	\$ 0	\$ (19,697)	\$ 115,000	\$ 45,420
Net Change in Fund Balances	\$ 68,751	\$ 0	\$ 0	\$ (932)	\$ 1,834	\$ (4,442)	\$ 0	\$ (9,696)	\$ (3,000)	\$ (110,664)	\$ (35,352)	\$ (92,501)
Fund Balances - Beginning	686,241	0	0	(12,799)	4,242	2,545,877	(87,991)	13,090	114,700	(161,347)	30,899	3,137,662
Fund Balances - Ending	\$ 757,992	\$ 0	\$ 0	\$ (13,731)	\$ 6,076	\$ 2,544,435	\$ (87,991)	\$ 3,394	\$ 111,700	\$ (272,011)	\$ (4,513)	\$ 3,045,361

CITY OF BIG SPRING, TEXAS

EXHIBIT C-5

HOTEL/MOTEL OCCUPANCY TAX FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue:				
Taxes:				
Motel Occupancy Taxes	\$ 550,300	\$ 500,300	\$ 505,456	\$ 5,156
Investment Earnings	14,500	4,900	4,722	(178)
Rents and Royalties	37,400	42,200	44,142	1,942
Miscellaneous		50	90	40
Total Revenues	<u>\$ 602,200</u>	<u>\$ 547,450</u>	<u>\$ 554,410</u>	<u>\$ 6,960</u>
Expenditures:				
Economic Developemnt	\$ 405,389	\$ 347,558	\$ 380,910	\$ (33,352)
Debt Service:	41,265	41,265	7,255	34,010
Total Expenditures	<u>\$ 446,654</u>	<u>\$ 388,823</u>	<u>\$ 388,165</u>	<u>\$ 658</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 155,546</u>	<u>\$ 158,627</u>	<u>\$ 166,245</u>	<u>\$ 7,618</u>
Other Financing Sources (Uses):				
Transfers Out (Use)	<u>\$ (87,885)</u>	<u>\$ (96,494)</u>	<u>\$ (96,494)</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ (87,885)</u>	<u>\$ (96,494)</u>	<u>\$ (96,494)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 67,661	\$ 62,133	\$ 69,751	\$ 7,618
Fund Balances - Beginning	<u>688,241</u>	<u>688,241</u>	<u>688,241</u>	
Fund Balances - Ending	<u>\$ 755,902</u>	<u>\$ 750,374</u>	<u>\$ 757,992</u>	<u>\$ 7,618</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-6

ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
General Sales Taxes	\$ <u>1,383,300</u>	\$ <u>1,383,000</u>	\$ <u>1,444,703</u>	\$ <u>61,703</u>
Total Revenues	\$ <u>1,383,300</u>	\$ <u>1,383,000</u>	\$ <u>1,444,703</u>	\$ <u>61,703</u>
Expenditures:				
Economic Developemnt	\$ <u>1,383,300</u>	\$ <u>1,383,000</u>	\$ <u>1,444,703</u>	\$ <u>(61,703)</u>
Total Expenditures	\$ <u>1,383,300</u>	\$ <u>1,383,000</u>	\$ <u>1,444,703</u>	\$ <u>(61,703)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Change in Fund Balances	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-7

EMPLOYEE'S COLLEGE EDUCATION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Charges for Services	\$ 20,000	\$ 18,000	\$ 20,762	\$ 2,762
Investment Earnings	(400)	(40)	(45)	(5)
Total Revenues	<u>\$ 19,600</u>	<u>\$ 17,960</u>	<u>\$ 20,717</u>	<u>\$ 2,757</u>
Expenditures:				
Current				
General Government	\$ 32,000	\$ 25,000	\$ 21,649	\$ 3,351
Total Expenditures	<u>\$ 32,000</u>	<u>\$ 25,000</u>	<u>\$ 21,649</u>	<u>\$ 3,351</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (12,400)</u>	<u>\$ (7,040)</u>	<u>\$ (932)</u>	<u>\$ 6,108</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (12,400)	\$ (7,040)	\$ (932)	\$ 6,108
Fund Balances - Beginning	<u>(12,799)</u>	<u>(12,799)</u>	<u>(12,799)</u>	
Fund Balances - Ending	<u><u>\$ (25,199)</u></u>	<u><u>\$ (19,839)</u></u>	<u><u>\$ (13,731)</u></u>	<u><u>\$ 6,108</u></u>

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-8

**MUNICIPAL COURT SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Fines	\$ 7,000	\$ 7,500	\$ 8,212	\$ 712
Investment Earnings	200	20	23	3
Total Revenues	<u>\$ 7,200</u>	<u>\$ 7,520</u>	<u>\$ 8,235</u>	<u>\$ 715</u>
 Expenditures:				
Current				
Public Safety	\$ 6,900	\$ 6,900	\$ 6,401	\$ 499
Total Expenditures	<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>\$ 6,401</u>	<u>\$ 499</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 300</u>	<u>\$ 620</u>	<u>\$ 1,834</u>	<u>\$ 1,214</u>
 Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 300	\$ 620	\$ 1,834	\$ 1,214
 Fund Balances - Beginning	<u>4,242</u>	<u>4,242</u>	<u>4,242</u>	<u>0</u>
 Fund Balances - Ending	<u><u>\$ 4,542</u></u>	<u><u>\$ 4,862</u></u>	<u><u>\$ 6,076</u></u>	<u><u>\$ 1,214</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-9

CORRECTIONAL CENTER FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 100,000	\$ 19,000	\$ 16,980	\$ (2,020)
Miscellaneous	25,000	25,000		(25,000)
Total Revenues	<u>\$ 125,000</u>	<u>\$ 44,000</u>	<u>\$ 16,980</u>	<u>\$ (27,020)</u>
Expenditures:				
Current				
Public Safety	\$ 3,300	\$ 3,300	\$ 4,580	\$ (1,280)
Total Expenditures	<u>\$ 3,300</u>	<u>\$ 3,300</u>	<u>\$ 4,580</u>	<u>\$ (1,280)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 121,700</u>	<u>\$ 40,700</u>	<u>\$ 12,400</u>	<u>\$ (28,300)</u>
Other Financing Sources (Uses):				
Transfers Out (Use)	\$ (110,000)	\$ (19,000)	\$ (16,842)	\$ 2,158
Total Other Financing Sources (Uses)	<u>\$ (110,000)</u>	<u>\$ (19,000)</u>	<u>\$ (16,842)</u>	<u>\$ 2,158</u>
Net Change in Fund Balances	\$ 11,700	\$ 21,700	\$ (4,442)	\$ (26,142)
Fund Balances - Beginning	<u>2,548,877</u>	<u>2,548,877</u>	<u>2,548,877</u>	
Fund Balances - Ending	<u>\$ 2,560,577</u>	<u>\$ 2,570,577</u>	<u>\$ 2,544,435</u>	<u>\$ (26,142)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-10

GOLF COURSE IMPROVEMENT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Total Revenues	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:				
Total Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances - Beginning	<u>87,981</u>	<u>87,981</u>	<u>87,981</u>	
Fund Balances - Ending	\$ <u><u>87,981</u></u>	\$ <u><u>87,981</u></u>	\$ <u><u>87,981</u></u>	\$ <u><u>0</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C11

R.S.V.P. FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental	\$ 56,718	\$ 56,718	\$ 52,771	\$ (3,947)
Investment Earnings	100	150	157	7
Contributions and Donations	2,500	0	0	0
Total Revenues	<u>\$ 59,318</u>	<u>\$ 56,868</u>	<u>\$ 52,928</u>	<u>\$ (3,940)</u>
Expenditures:				
Community Service	<u>\$ 66,028</u>	<u>\$ 73,991</u>	<u>\$ 67,624</u>	<u>\$ 6,367</u>
Total Expenditures	<u>\$ 66,028</u>	<u>\$ 73,991</u>	<u>\$ 67,624</u>	<u>\$ 6,367</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,710)</u>	<u>\$ (17,123)</u>	<u>\$ (14,696)</u>	<u>\$ 2,427</u>
Other Financing Sources (Uses):				
Transfers In (Source)	<u>\$ 31,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ 31,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 24,290	\$ (12,123)	\$ (9,696)	\$ 2,427
Fund Balances - Beginning	<u>13,090</u>	<u>13,090</u>	<u>13,090</u>	
Fund Balances - Ending	<u>\$ 37,380</u>	<u>\$ 967</u>	<u>\$ 3,394</u>	<u>\$ 2,427</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-12

NARCOTICS TASK FORCE
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
General Property Taxes	\$ 399,500	\$ 419,300	\$ 409,264	\$ (10,036)
Intergovernmental	64,500	75,000	55,056	(19,944)
Investment Earnings	250	800	1,217	417
Total Revenues	<u>\$ 464,250</u>	<u>\$ 495,100</u>	<u>\$ 465,537</u>	<u>\$ (29,563)</u>
Expenditures:				
Current				
Public Safety	\$ 447,408	\$ 450,000	\$ 446,780	\$ 3,220
Debt Service:	15,431	21,757	21,757	
Total Expenditures	<u>\$ 462,839</u>	<u>\$ 471,757</u>	<u>\$ 468,537</u>	<u>\$ 3,220</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,411</u>	<u>\$ 23,343</u>	<u>\$ (3,000)</u>	<u>\$ (26,343)</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,411	\$ 23,343	\$ (3,000)	\$ (26,343)
Fund Balances - Beginning	<u>114,700</u>	<u>114,700</u>	<u>114,700</u>	
Fund Balances - Ending	<u>\$ 116,111</u>	<u>\$ 138,043</u>	<u>\$ 111,700</u>	<u>\$ (26,343)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-13

CEMETERY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Investment Earnings	\$ (3,000)	\$ (900)	\$ 547	\$ 1,447
Rents and Royalties	65,500	66,500	84,980	18,480
Total Revenues	<u>\$ 62,500</u>	<u>\$ 65,600</u>	<u>\$ 85,527</u>	<u>\$ 19,927</u>
Expenditures:				
Cemetery	\$ 163,260	\$ 213,842	\$ 215,888	\$ (2,046)
Total Expenditures	<u>\$ 163,260</u>	<u>\$ 213,842</u>	<u>\$ 215,888</u>	<u>\$ (2,046)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (100,760)</u>	<u>\$ (148,242)</u>	<u>\$ (130,361)</u>	<u>\$ 17,881</u>
Other Financing Sources (Uses):				
Transfers In	\$ 27,000	\$ 20,050	\$ 19,697	\$ (353)
Total Other Financing Sources (Uses)	<u>\$ 27,000</u>	<u>\$ 20,050</u>	<u>\$ 19,697</u>	<u>\$ (353)</u>
Net Change in Fund Balances	\$ (73,760)	\$ (128,192)	\$ (110,664)	\$ 17,528
Fund Balances - Beginning	<u>(161,347)</u>	<u>(161,347)</u>	<u>(161,347)</u>	
Fund Balances - Ending	<u>\$ (235,107)</u>	<u>\$ (289,539)</u>	<u>\$ (272,011)</u>	<u>\$ 17,528</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-14

SENIOR CENTER
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Intergovernmental	\$ 321,400	\$ 230,000	\$ 218,253	\$ (11,747)
Charges for Services	50,700	52,400	53,691	1,291
Investment Earnings		(50)	(55)	(5)
Rents and Royalties		(415)	(415)	0
Contributions and Donations	1,000		0	0
Total Revenues	<u>\$ 373,100</u>	<u>\$ 281,935</u>	<u>\$ 271,474</u>	<u>\$ (10,461)</u>
Expenditures:				
Community Service	\$ 413,471	\$ 396,516	\$ 421,826	\$ (25,310)
Total Expenditures	<u>\$ 413,471</u>	<u>\$ 396,516</u>	<u>\$ 421,826</u>	<u>\$ (25,310)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (40,371)</u>	<u>\$ (114,581)</u>	<u>\$ (150,352)</u>	<u>\$ (35,771)</u>
Other Financing Sources (Uses):				
Transfers In	\$ 75,000	\$ 115,000	\$ 115,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 75,000</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 34,629	\$ 419	\$ (35,352)	\$ (35,771)
Fund Balances - Beginning	<u>30,839</u>	<u>30,839</u>	<u>30,839</u>	
Fund Balances - Ending	<u>\$ 65,468</u>	<u>\$ 31,258</u>	<u>\$ (4,513)</u>	<u>\$ (35,771)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-15

2002 REFUNDING FUND
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 122,450	\$ 157,600	\$ 137,205	\$ (20,395)
Investment Earnings	1,000	600	540	(60)
Total Revenues	<u>\$ 123,450</u>	<u>\$ 158,200</u>	<u>\$ 137,745</u>	<u>\$ (20,455)</u>
Expenditures:				
Debt Service:				
Principal	\$ 220,000	\$ 220,000	\$ 220,000	\$
Interest and Fiscal Charges	4,400	4,400	4,400	
Fiscal Agent's Fees	500	500	500	
Total Expenditures	<u>\$ 224,900</u>	<u>\$ 224,900</u>	<u>\$ 224,900</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (101,450)</u>	<u>\$ (66,700)</u>	<u>\$ (87,155)</u>	<u>\$ (20,455)</u>
Other Financing Sources (Uses):				
Transfers Out			(21,455)	(21,455)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (21,455)</u>	<u>\$ (21,455)</u>
Net Change in Fund Balances	\$ (101,450)	\$ (66,700)	\$ (108,610)	\$ (41,910)
Fund Balances - Beginning	<u>108,610</u>	<u>108,610</u>	<u>108,610</u>	
Fund Balances - Ending	<u>\$ 7,160</u>	<u>\$ 41,910</u>	<u>\$ 0</u>	<u>\$ (41,910)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-16

2007 G.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 1,102,730	\$ 1,220,000	\$ 1,248,145	\$ 28,145
Investment Earnings	16,000	600	588	(12)
Total Revenues	<u>\$ 1,118,730</u>	<u>\$ 1,220,600</u>	<u>\$ 1,248,733</u>	<u>\$ 28,133</u>
Expenditures:				
Debt Service:				
Principal	\$ 500,000	\$ 500,000	\$ 500,000	\$
Interest and Fiscal Charges	611,047	610,456	610,456	
Fiscal Agent's Fees	500	500	500	
Total Expenditures	<u>\$ 1,111,547</u>	<u>\$ 1,110,956</u>	<u>\$ 1,110,956</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 7,183</u>	<u>\$ 109,644</u>	<u>\$ 137,777</u>	<u>\$ 28,133</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>
Net Change in Fund Balances	\$ 7,183	\$ 109,644	\$ 137,777	\$ 28,133
Fund Balances - Beginning	<u>113,114</u>	<u>113,114</u>	<u>113,114</u>	
Fund Balances - Ending	<u><u>\$ 120,297</u></u>	<u><u>\$ 222,758</u></u>	<u><u>\$ 250,891</u></u>	<u><u>\$ 28,133</u></u>

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-17

**2007 C.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 35,300	\$ 43,400	\$ 42,250	\$ (1,150)
Investment Earnings	100	15	15	0
Total Revenues	<u>\$ 35,400</u>	<u>\$ 43,415</u>	<u>\$ 42,265</u>	<u>\$ (1,150)</u>
Expenditures:				
Debt Service:				
Principal	\$ 15,000	\$ 15,000	\$ 15,000	\$
Interest and Fiscal Charges	18,013	18,613	18,612	1
Fiscal Agent's Fees	250	250	250	
Total Expenditures	<u>\$ 33,263</u>	<u>\$ 33,863</u>	<u>\$ 33,862</u>	<u>\$ 1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,137</u>	<u>\$ 9,552</u>	<u>\$ 8,403</u>	<u>\$ (1,149)</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>
Net Change in Fund Balances	<u>\$ 2,137</u>	<u>\$ 9,552</u>	<u>\$ 8,403</u>	<u>\$ (1,149)</u>
Fund Balances - Beginning	<u>4,138</u>	<u>4,138</u>	<u>4,138</u>	
Fund Balances - Ending	<u><u>\$ 6,275</u></u>	<u><u>\$ 13,690</u></u>	<u><u>\$ 12,541</u></u>	<u><u>\$ (1,149)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-18

CAPITAL REPLACEMENT FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 50,000	\$ 7,200	\$ 35,236	\$ 28,036
Rents and Royalties	10,000	7,500	28,863	21,363
Total Revenues	<u>\$ 60,000</u>	<u>\$ 14,700</u>	<u>\$ 64,099</u>	<u>\$ 49,399</u>
Expenditures:				
Debt Service:				
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 60,000</u>	<u>\$ 14,700</u>	<u>\$ 64,099</u>	<u>\$ 49,399</u>
Other Financing Sources (Uses):				
Transfers Out	\$	\$ (468,807)	\$ (16,450)	\$ 452,357
Transfers In	301,736	310,801		(310,801)
Total Other Financing Sources (Uses)	<u>\$ 301,736</u>	<u>\$ (158,006)</u>	<u>\$ (16,450)</u>	<u>\$ 141,556</u>
Net Change in Fund Balances	\$ 361,736	\$ (143,306)	\$ 47,649	\$ 190,955
Fund Balances - Beginning	<u>1,781,662</u>	<u>1,781,662</u>	<u>1,781,662</u>	
Fund Balances - Ending	<u>\$ 2,143,398</u>	<u>\$ 1,638,356</u>	<u>\$ 1,829,311</u>	<u>\$ 190,955</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-19

2007 G.O. STREETS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 175,000	\$ 57,000	\$ 59,355	\$ 2,355
Total Revenues	<u>\$ 175,000</u>	<u>\$ 57,000</u>	<u>\$ 59,355</u>	<u>\$ 2,355</u>
Expenditures:				
Highways and Streets				
Distribution Lines	\$ 490,000	\$ 995,332	\$ 995,332	\$ 995,332
Paved Streets	<u>7,337,016</u>	<u>6,500,000</u>	<u>4,854,518</u>	<u>1,645,482</u>
Total Expenditures	<u>\$ 7,827,016</u>	<u>\$ 7,495,332</u>	<u>\$ 4,854,518</u>	<u>\$ 2,640,814</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (7,652,016)</u>	<u>\$ (7,438,332)</u>	<u>\$ (4,795,163)</u>	<u>\$ 2,643,169</u>
Other Financing Sources (Uses):				
Transfers In	\$ _____	\$ _____	\$ (1,015,737)	\$ (1,015,737)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,015,737)</u>	<u>\$ (1,015,737)</u>
Net Change in Fund Balances	\$ (7,652,016)	\$ (7,438,332)	\$ (5,810,900)	\$ 1,627,432
Fund Balances - Beginning	<u>8,385,562</u>	<u>8,385,562</u>	<u>8,385,562</u>	<u>_____</u>
Fund Balances - Ending	<u>\$ 733,546</u>	<u>\$ 947,230</u>	<u>\$ 2,574,662</u>	<u>\$ 1,627,432</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-20

2007 G.O. SPORTS COMPLEX
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>65,000</u>	\$ <u>28,000</u>	\$ <u>26,239</u>	\$ <u>(1,761)</u>
Total Revenues	\$ <u>65,000</u>	\$ <u>28,000</u>	\$ <u>26,239</u>	\$ <u>(1,761)</u>
Expenditures:				
Recreation and Parks				
Sports Complex	\$ <u>3,000,000</u>	\$ <u>3,661,983</u>	\$ <u>3,686,525</u>	\$ <u>(24,542)</u>
Total Expenditures	\$ <u>3,000,000</u>	\$ <u>3,661,983</u>	\$ <u>3,686,525</u>	\$ <u>(24,542)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>(2,935,000)</u>	\$ <u>(3,633,983)</u>	\$ <u>(3,660,286)</u>	\$ <u>(26,303)</u>
Other Financing Sources (Uses):				
Transfers In	\$ <u>0</u>	\$ <u>0</u>	\$ <u>31,189</u>	\$ <u>31,189</u>
Total Other Financing Sources (Uses)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>31,189</u>	\$ <u>31,189</u>
Net Change in Fund Balances	\$ <u>(2,935,000)</u>	\$ <u>(3,633,983)</u>	\$ <u>(3,629,097)</u>	\$ <u>4,886</u>
Fund Balances - Beginning	<u>3,633,983</u>	<u>3,633,983</u>	<u>3,633,983</u>	
Fund Balances - Ending	\$ <u><u>698,983</u></u>	\$ <u><u>0</u></u>	\$ <u><u>4,886</u></u>	\$ <u><u>4,886</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-21

2007 C.O. ANIMAL SHELTER
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>3,000</u>	\$ <u>2,400</u>	\$ <u>2,388</u>	\$ <u>(12)</u>
Total Revenues	\$ <u>3,000</u>	\$ <u>2,400</u>	\$ <u>2,388</u>	\$ <u>(12)</u>
Expenditures:				
Public Safety				
Animal Shelter Construction	\$ <u>244,666</u>	\$ <u>217,816</u>	\$ <u>212,370</u>	\$ <u>5,446</u>
Total Expenditures	\$ <u>244,666</u>	\$ <u>217,816</u>	\$ <u>212,370</u>	\$ <u>5,446</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>(241,666)</u>	\$ <u>(215,416)</u>	\$ <u>(209,982)</u>	\$ <u>5,434</u>
Other Financing Sources (Uses):				
Transfers In	\$ <u>0</u>	\$ <u>13,192</u>	\$ <u>7,758</u>	\$ <u>(5,434)</u>
Total Other Financing Sources (Uses)	\$ <u>0</u>	\$ <u>13,192</u>	\$ <u>7,758</u>	\$ <u>(5,434)</u>
Net Change in Fund Balances	\$ <u>(241,666)</u>	\$ <u>(202,224)</u>	\$ <u>(202,224)</u>	\$ <u>0</u>
Fund Balances - Beginning	<u>202,224</u>	<u>202,224</u>	<u>202,224</u>	<u> </u>
Fund Balances - Ending	\$ <u><u>(39,442)</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-22

CEMETERY PERMANENT CARE FUND
PERMANENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 14,000	\$ 3,600	\$ 3,247	\$ (353)
Total Revenues	<u>\$ 14,000</u>	<u>\$ 3,600</u>	<u>\$ 3,247</u>	<u>\$ (353)</u>
Expenditures:				
Debt Service:	\$	\$	\$	\$
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 14,000</u>	<u>\$ 3,600</u>	<u>\$ 3,247</u>	<u>\$ (353)</u>
Other Financing Sources (Uses):				
Transfers Out	\$ (14,000)	\$ (3,600)	\$ (3,247)	\$ 353
Total Other Financing Sources (Uses)	<u>\$ (14,000)</u>	<u>\$ (3,600)</u>	<u>\$ (3,247)</u>	<u>\$ 353</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances - Beginning	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>	<u></u>
Fund Balances - Ending	<u>\$ 351,511</u>	<u>\$ 351,511</u>	<u>\$ 351,511</u>	<u>\$ 0</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-23

WATER AND SEWER FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Water Sales	\$ 6,750,000	\$ 6,750,000	\$ 6,646,240	\$ (103,760)
Sewer Charges	2,620,000	2,650,000	2,606,759	(43,241)
Other Services	330,400	304,400	341,379	36,979
Total Operating Revenues	<u>\$ 9,700,400</u>	<u>\$ 9,704,400</u>	<u>\$ 9,594,378</u>	<u>\$ (110,022)</u>
OPERATING EXPENSES:				
Personnel Services	\$ 2,466,834	\$ 2,486,484	\$ 2,542,832	\$ (56,348)
Supplies and Materials	3,544,650	3,535,375	3,812,417	(277,042)
Contractual Services	899,129	899,607	895,407	4,200
Maintenance	1,011,188	686,818	823,629	(136,811)
Depreciation			1,457,010	(1,457,010)
Other	72,000	157,500	121,545	35,955
Total Operating Expenses	<u>\$ 7,993,801</u>	<u>\$ 7,765,784</u>	<u>\$ 9,652,840</u>	<u>\$ (1,887,056)</u>
Operating Income (Loss)	<u>1,706,599</u>	<u>1,938,616</u>	<u>(58,462)</u>	<u>(1,997,078)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 37,200	\$ 13,647	\$ 12,227	\$ (1,420)
Interest Expense and Paying Agent Fees	(1,273,001)	(1,249,424)	(306,940)	942,484
Total Non-Operating Revenues (Expenses)	<u>\$ (1,235,801)</u>	<u>\$ (1,235,777)</u>	<u>\$ (294,713)</u>	<u>\$ 941,064</u>
Income (Loss) Before Transfers	\$ 470,798	\$ 702,839	\$ (353,175)	\$ (1,056,014)
Transfers In	598,075	599,075	2,220,186	1,621,111
Transfers Out	<u>(1,218,253)</u>	<u>(1,318,369)</u>	<u>(1,923,744)</u>	<u>(605,375)</u>
Change in Net Assets	\$ (149,380)	\$ (16,455)	\$ (56,733)	\$ (40,278)
Total Net Assets - Beginning	<u>10,990,479</u>	<u>10,990,479</u>	<u>10,990,479</u>	
Total Net Assets - Ending	<u>\$ 10,841,099</u>	<u>\$ 10,974,024</u>	<u>\$ 10,933,746</u>	<u>\$ (40,278)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-24

AIRPORT/INDUSTRIAL PARK
 ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:				
Commercial Rentals and Fees	\$ 836,000	\$ 800,900	\$ 806,400	\$ 5,500
Total Operating Revenues	<u>\$ 836,000</u>	<u>\$ 800,900</u>	<u>\$ 806,400</u>	<u>\$ 5,500</u>
OPERATING EXPENSES:				
Personnel Services	\$ 315,512	\$ 340,128	\$ 345,871	\$ (5,743)
Supplies and Materials	48,750	68,650	49,499	19,151
Contractual Services	157,350	152,250	196,979	(44,729)
Maintenance	200,750	165,750	127,588	38,162
Depreciation			812,076	(812,076)
Other	5,000	5,811	246	5,565
Total Operating Expenses	<u>\$ 727,362</u>	<u>\$ 732,589</u>	<u>\$ 1,532,259</u>	<u>\$ (799,670)</u>
Operating Income (Expense)	<u>108,638</u>	<u>68,311</u>	<u>(725,859)</u>	<u>(794,170)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 5,945,000	\$ 5,945,000	\$ 4,657,363	\$ (1,287,637)
Interest Revenue	57,000	8,500	7,778	(722)
Other	350	1,200	1,234	34
Interest Expense and Paying Agent Fees	(23,534)	(23,551)	(4,442)	19,109
Total Non-Operating Revenues (Expenses)	<u>\$ 5,978,816</u>	<u>\$ 5,931,149</u>	<u>\$ 4,661,933</u>	<u>\$ (1,269,216)</u>
Income (Loss) Before Transfers	\$ 6,087,454	\$ 5,999,460	\$ 3,936,074	\$ (2,063,386)
Transfers Out	<u>(103,178)</u>	<u>(104,118)</u>	<u>(104,118)</u>	<u>0</u>
Change in Net Assets	\$ 5,984,276	\$ 5,895,342	\$ 3,831,956	\$ (2,063,386)
Total Net Assets - Beginning	<u>21,796,983</u>	<u>21,796,983</u>	<u>21,796,983</u>	
Total Net Assets - Ending	<u>\$ 27,781,259</u>	<u>\$ 27,692,325</u>	<u>\$ 25,628,939</u>	<u>\$ (2,063,386)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-25

EMERGENCY MEDICAL SERVICES FUND
ENTERPRISE FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:				
Emergency Medical Services	\$ 1,557,200	\$ 1,516,500	\$ 1,808,569	\$ 292,069
Total Operating Revenues	<u>\$ 1,557,200</u>	<u>\$ 1,516,500</u>	<u>\$ 1,808,569</u>	<u>\$ 292,069</u>
OPERATING EXPENSES:				
Personnel Services	\$ 1,092,960	\$ 1,005,649	\$ 1,042,177	\$ (36,528)
Supplies and Materials	133,300	121,600	126,580	(4,980)
Contractual Services	73,640	79,513	86,356	(6,843)
Maintenance	32,448	42,548	47,379	(4,831)
Depreciation			64,748	(64,748)
Other	200,000	200,000	617,292	(417,292)
Total Operating Expenses	<u>\$ 1,532,348</u>	<u>\$ 1,449,310</u>	<u>\$ 1,984,532</u>	<u>\$ (535,222)</u>
Operating Income (Loss)	<u>24,852</u>	<u>67,190</u>	<u>(175,963)</u>	<u>(243,153)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 130,000	\$ 130,000	\$ 130,000	\$
Other	1,500	4,525	5,503	978
Gain on Sale of Capital Assets				0
Interest Expense and Paying Agent Fees	(70,548)	(66,452)	(7,373)	59,079
Total Non-Operating Revenues (Expenses)	<u>\$ 60,952</u>	<u>\$ 68,073</u>	<u>\$ 128,130</u>	<u>\$ 60,057</u>
Income (Loss) Before Transfers	<u>\$ 85,804</u>	<u>\$ 135,263</u>	<u>\$ (47,833)</u>	<u>\$ (183,096)</u>
Transfers In	130,000	130,000	134,000	4,000
Transfers Out	<u>(78,681)</u>	<u>(110,505)</u>	<u>(110,503)</u>	<u>2</u>
Change in Net Assets	<u>\$ 137,123</u>	<u>\$ 154,758</u>	<u>\$ (24,336)</u>	<u>\$ (179,094)</u>
Total Net Assets - Beginning	<u>(95,669)</u>	<u>(95,669)</u>	<u>(95,669)</u>	
Total Net Assets - Ending	<u>\$ 41,454</u>	<u>\$ 59,089</u>	<u>\$ (120,005)</u>	<u>\$ (179,094)</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Garage	Health Insurance	Occupational Accident Insurance	Payroll Fund	Total Internal Service Funds (See Exhibit A-9)
Cash Flows from Operating Activities					
Cash Received from Interfund Services Provided	\$ 1,415,073	\$ 1,274,102	\$ 187,928	\$ (714)	\$ 2,876,389
Cash Payments to Employees	(365,591)				(365,591)
Cash Payments to Suppliers for Goods and Services	(1,081,980)	(1,328,013)	(191,258)	5,043	(2,596,188)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (32,478)</u>	<u>\$ (53,911)</u>	<u>\$ (3,330)</u>	<u>\$ 4,329</u>	<u>\$ (85,390)</u>
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid	\$ (3,615)				\$ (3,615)
Net Cash Used in Capital and Related Financing Activities	<u>\$ (3,615)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,615)</u>
Cash Flows from Investing Activities					
Interest and Dividends on Investments	\$ 911	\$ 761	\$ 205		\$ 1,877
Net Cash Provided by Investing Activities	<u>\$ 911</u>	<u>\$ 761</u>	<u>\$ 205</u>	<u>\$ 0</u>	<u>\$ 1,877</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,182)	(53,150)	(3,125)	4,329	(87,128)
Cash and Cash Equivalents at Beginning of Year	195,332	1,150,902	475,331	83,223	1,804,788
Cash and Cash Equivalents at End of Year	<u>\$ 160,150</u>	<u>\$ 1,097,752</u>	<u>\$ 472,206</u>	<u>\$ 87,552</u>	<u>\$ 1,817,660</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ (23,746)	\$ (92,948)	\$ 142,130	\$ 0	\$ 25,438
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	5,465				5,465
Change in Assets and Liabilities					
Increase in Interfund Receivable		100,000		(782)	99,218
Increase in Inventories	(11,339)				(11,339)
Increase (Decrease) in Accounts Payable	(4,227)	(60,963)	(45,460)	5,043	(105,607)
Increase in Interfund Payables	(18)		(100,000)	68	(99,950)
Increase in Accrued Expenses	1,387				1,387
Total Adjustments	<u>\$ (8,732)</u>	<u>\$ 39,037</u>	<u>\$ (145,460)</u>	<u>\$ 4,329</u>	<u>\$ (110,626)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (32,478)</u>	<u>\$ (53,911)</u>	<u>\$ (3,330)</u>	<u>\$ 4,329</u>	<u>\$ (85,390)</u>
Schedule of Noncash Capital and Related Financing Activities:					
Capital Assets Acquired Through Capital Lease Purchases	\$ 14,132				\$ 14,132

CITY OF BIG SPRING, TEXAS

EXHIBIT C-27

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Garage</u>	<u>Health Insurance</u>	<u>Occupational Accident Insurance</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,415,073	\$ 1,548,400	\$ 340,000	\$ 3,303,473
Total Operating Revenues	<u>\$ 1,415,073</u>	<u>\$ 1,548,400</u>	<u>\$ 340,000</u>	<u>\$ 3,303,473</u>
OPERATING EXPENSES:				
Personnel Services	\$ 366,978	\$	\$	\$ 366,978
Supplies and Materials	1,027,738			1,027,738
Contractual Services	20,456	1,267,050	145,798	1,433,304
Maintenance	18,182			18,182
Depreciation	5,465			5,465
Other		374,298	52,072	426,370
Total Operating Expenses	<u>\$ 1,438,819</u>	<u>\$ 1,641,348</u>	<u>\$ 197,870</u>	<u>\$ 3,278,037</u>
Operating Income	<u>(23,746)</u>	<u>(92,948)</u>	<u>142,130</u>	<u>25,436</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 911	\$ 761	\$ 205	\$ 1,877
Interest Expense and Paying Agent Fees	(941)			(941)
Total Non-Operating Revenues (Expenses)	<u>\$ (30)</u>	<u>\$ 761</u>	<u>\$ 205</u>	<u>\$ 936</u>
Income Before Transfers	\$ (23,776)	\$ (92,187)	\$ 142,335	\$ 26,372
Transfers In	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Change in Net Assets	\$ (23,776)	\$ (92,187)	\$ 142,335	\$ 26,372
Total Net Assets - Beginning	<u>158,854</u>	<u>1,113,746</u>	<u>212,322</u>	<u>1,484,922</u>
Total Net Assets - Ending	<u>\$ 135,078</u>	<u>\$ 1,021,559</u>	<u>\$ 354,657</u>	<u>\$ 1,511,294</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Garage	Health Insurance	Occupational Accident Insurance	Payroll Fund	Total Internal Service Funds (See Exhibit A-9)
Cash Flows from Operating Activities					
Cash Received from Interfund Services Provided	\$ 1,415,073	\$ 1,274,102	\$ 187,928	\$ (714)	\$ 2,876,389
Cash Payments to Employees	(365,591)				(365,591)
Cash Payments to Suppliers for Goods and Services	(1,081,960)	(1,328,013)	(191,258)	5,043	(2,596,188)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (32,478)</u>	<u>\$ (53,911)</u>	<u>\$ (3,330)</u>	<u>\$ 4,329</u>	<u>\$ (85,390)</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds from Issuance of Long-Term Debt	\$ 14,132				\$ 14,132
Principal and Interest Paid	(3,747)				(3,747)
Acquisition or Construction of Capital Assets	(14,000)				(14,000)
Net Cash Used in Capital and Related Financing Activities	<u>\$ (3,615)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,615)</u>
Cash Flows from Investing Activities					
Interest and Dividends on Investments	\$ 911	\$ 761	\$ 205		\$ 1,877
Net Cash Provided by Investing Activities	<u>\$ 911</u>	<u>\$ 761</u>	<u>\$ 205</u>	<u>\$ 0</u>	<u>\$ 1,877</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,182)	(53,150)	(3,125)	4,329	(87,128)
Cash and Cash Equivalents at Beginning of Year	195,332	1,150,902	475,331	83,223	1,904,788
Cash and Cash Equivalents at End of Year	<u>\$ 160,150</u>	<u>\$ 1,097,752</u>	<u>\$ 472,206</u>	<u>\$ 87,552</u>	<u>\$ 1,817,660</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ (23,746)	\$ (92,948)	\$ 142,130	\$ 0	\$ 25,436
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	5,465				5,465
Change in Assets and Liabilities					
Increase in Interfund Receivable		100,000		(782)	99,218
Increase in Inventories	(11,339)				(11,339)
Increase (Decrease) in Accounts Payable	(4,227)	(60,963)	(45,460)	5,043	(105,607)
Increase in Interfund Payables	(18)		(100,000)	68	(99,950)
Increase in Accrued Expenses	1,387				1,387
Total Adjustments	<u>\$ (8,732)</u>	<u>\$ 39,037</u>	<u>\$ (145,460)</u>	<u>\$ 4,329</u>	<u>\$ (110,826)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (32,478)</u>	<u>\$ (53,911)</u>	<u>\$ (3,330)</u>	<u>\$ 4,329</u>	<u>\$ (85,390)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-29

GARAGE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,790,500	\$ 1,334,300	\$ 1,415,073	\$ 80,773
Total Operating Revenues	<u>\$ 1,790,500</u>	<u>\$ 1,334,300</u>	<u>\$ 1,415,073</u>	<u>\$ 80,773</u>
OPERATING EXPENSES:				
Personnel Services	\$ 370,431	\$ 361,122	\$ 366,978	\$ (5,856)
Supplies and Materials	1,374,970	893,770	1,027,738	(133,968)
Contractual Services	30,867	24,622	20,456	4,166
Maintenance	17,475	17,260	18,182	(922)
Depreciation			5,465	(5,465)
Total Operating Expenses	<u>\$ 1,793,743</u>	<u>\$ 1,296,774</u>	<u>\$ 1,438,819</u>	<u>\$ (142,045)</u>
Operating Income	<u>(3,243)</u>	<u>37,526</u>	<u>(23,746)</u>	<u>(61,272)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 4,000	\$ 800	\$ 911	\$ 111
Interest Expense and Paying Agent Fees	(3,743)	(3,729)	(941)	2,788
Total Non-Operating Revenues (Expenses)	<u>\$ 257</u>	<u>\$ (2,929)</u>	<u>\$ (30)</u>	<u>\$ 2,899</u>
Income Before Transfers	\$ (2,986)	\$ 34,597	\$ (23,776)	\$ (58,373)
Transfers In	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Change in Net Assets	\$ (2,986)	\$ 34,597	\$ (23,776)	\$ (58,373)
Total Net Assets - Beginning	<u>158,854</u>	<u>158,854</u>	<u>158,854</u>	<u> </u>
Total Net Assets - Ending	<u>\$ 155,868</u>	<u>\$ 193,451</u>	<u>\$ 135,078</u>	<u>\$ (58,373)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-30

HEALTH INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,502,000	\$ 1,670,000	\$ 1,548,400	\$ (121,600)
Total Operating Revenues	<u>\$ 1,502,000</u>	<u>\$ 1,670,000</u>	<u>\$ 1,548,400</u>	<u>\$ (121,600)</u>
OPERATING EXPENSES:				
Contractual Services	\$ 1,022,000	\$ 1,320,100	\$ 1,267,050	\$ 53,050
Other	400,000	375,000	374,298	702
Total Operating Expenses	<u>\$ 1,422,000</u>	<u>\$ 1,695,100</u>	<u>\$ 1,641,348</u>	<u>\$ 53,752</u>
Operating Income	<u>80,000</u>	<u>(25,100)</u>	<u>(92,948)</u>	<u>(67,848)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$	\$ 500	\$ 761	\$ 261
Total Non-Operating Revenues (Expenses)	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 761</u>	<u>\$ 261</u>
Income Before Transfers	\$ 80,000	\$ (24,600)	\$ (92,187)	\$ (67,587)
Transfers In				<u>0</u>
Change in Net Assets	\$ 80,000	\$ (24,600)	\$ (92,187)	\$ (67,587)
Total Net Assets - Beginning	<u>1,113,746</u>	<u>1,113,746</u>	<u>1,113,746</u>	
Total Net Assets - Ending	<u>\$ 1,193,746</u>	<u>\$ 1,089,146</u>	<u>\$ 1,021,559</u>	<u>\$ (67,587)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-31

OCCUPATIONAL ACCIDENT INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 340,000	\$ 340,000	\$ 340,000	\$ 0
Total Operating Revenues	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 0</u>
OPERATING EXPENSES:				
Contractual Services	\$ 206,500	\$ 135,000	\$ 145,798	\$ (10,798)
Other	85,000	62,640	52,072	10,568
Total Operating Expenses	<u>\$ 291,500</u>	<u>\$ 197,640</u>	<u>\$ 197,870</u>	<u>\$ (230)</u>
Operating Income	<u>48,500</u>	<u>142,360</u>	<u>142,130</u>	<u>(230)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 0	\$ 210	\$ 205	\$ (5)
Total Non-Operating Revenues (Expenses)	<u>\$ 0</u>	<u>\$ 210</u>	<u>\$ 205</u>	<u>\$ (5)</u>
Income Before Transfers	\$ 48,500	\$ 142,570	\$ 142,335	\$ (235)
Transfers In				0
Change in Net Assets	\$ 48,500	\$ 142,570	\$ 142,335	\$ (235)
Total Net Assets - Beginning	<u>212,322</u>	<u>212,322</u>	<u>212,322</u>	
Total Net Assets - Ending	<u>\$ 260,822</u>	<u>\$ 354,892</u>	<u>\$ 354,657</u>	<u>\$ (235)</u>

**STATISTICAL SECTION
(Unaudited)**

STATISTICAL SECTION

This part of the City of Big Spring's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS

Financial Trends	Pages
This segment contains information to help the reader understand how the City's financial performance and well-being have changed over time.	86-90
Revenue Capacity	
This segment contains information to help the reader assess the City's most significant local revenue source, the property tax.	91-95
Debt Capacity	
This segment contains information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	96-99
Economic and Demographic Information	
This segment contains demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	100-101
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	102-104

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 73,687,204	\$ 74,389,471	\$ 74,072,942	\$ 74,732,193
Unrestricted	7,460,015	6,951,014	9,305,796	8,670,691
Temporarily Restricted	10,462	1,874,000	2,262,602	2,526,285
Permanently Restricted	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>
Total Governmental Activities Net Assets	<u>\$ 81,509,192</u>	<u>\$ 83,565,996</u>	<u>\$ 85,992,851</u>	<u>\$ 86,280,680</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 31,219,850	\$ 29,854,473	\$ 29,650,749	\$ 35,567,974
Unrestricted	2,973,664	2,550,693	3,041,044	874,706
Temporarily Restricted	<u>11,066</u>	<u> </u>	<u> </u>	<u> </u>
Total Business-Type Activities Net Assets	<u>\$ 34,204,580</u>	<u>\$ 32,405,166</u>	<u>\$ 32,691,793</u>	<u>\$ 36,442,680</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 104,907,054	\$ 104,243,944	\$ 103,723,691	\$ 110,300,167
Unrestricted	10,433,679	9,501,707	12,346,840	9,545,397
Temporarily Restricted	21,528	1,874,000	2,262,602	2,526,285
Permanently Restricted	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>
Total Primary Government Net Assets	<u>\$ 115,713,772</u>	<u>\$ 115,971,162</u>	<u>\$ 118,684,644</u>	<u>\$ 122,723,360</u>

**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental Activities				
General Government	\$ 2,292,138	\$ 1,553,768	\$ 1,793,992	\$ 1,824,360
Public Safety	64,737,117	34,574,020	7,500,329	8,224,479
Highways and Streets	2,382,964	1,539,111	1,851,028	2,142,249
Sanitation	1,886,843	1,739,329	1,776,428	2,260,078
Community Service	82,963	85,350	367,619	498,303
Recreation and Parks	1,119,815	923,075	1,420,690	1,404,752
Cemetery	141,936	143,459	149,141	190,062
Economic Development	1,568,429	1,626,113	1,862,701	1,867,545
Interest on Long-Term Debt	75,692	505,201	796,014	771,681
Total Governmental Activities Expenses	<u>\$ 74,287,897</u>	<u>\$ 42,689,426</u>	<u>\$ 17,517,942</u>	<u>\$ 19,183,509</u>
Business-Type Activities				
Water and Sewer	\$ 8,837,666	\$ 8,736,468	\$ 9,133,088	\$ 9,959,780
Airport/Industrial Park	1,950,574	1,787,590	1,473,504	1,536,701
Emergency Medical Services	1,625,902	1,537,351	2,047,764	1,991,905
Total Business-Type Activities Expenses	<u>\$ 12,414,142</u>	<u>\$ 12,061,409</u>	<u>\$ 12,654,356</u>	<u>\$ 13,488,386</u>
Total Primary Government Expenses	<u>\$ 86,702,039</u>	<u>\$ 54,750,835</u>	<u>\$ 30,172,298</u>	<u>\$ 32,671,895</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Public Safety	\$ 56,146,480	\$ 27,965,372	\$	\$
Sanitation	2,241,759	2,284,695	2,408,181	2,789,526
Community Service			95,691	53,727
Recreation and Parks	306,525	91,453	364,201	421,657
General Government	202,275	218,268	318,536	194,274
Cemetery	50,849	50,173		
Operating Grants and Contributions	390,121	140,642	442,151	257,142
Capital Grants and Contributions		37,364	16,207	52,370
Total Governmental Activities Program Revenues	<u>\$ 59,338,009</u>	<u>\$ 30,787,967</u>	<u>\$ 3,644,967</u>	<u>\$ 3,768,696</u>
Business-Type Activities				
Charges for Services				
Water and Sewer	\$ 9,076,991	\$ 8,259,517	\$ 9,313,289	\$ 9,594,378
Airport/Industrial Park	687,081	722,052	834,312	806,400
Emergency Medical Services	1,207,937	1,357,381	1,350,445	1,808,569
Capital Grants and Contributions				4,584,321
Total Business-Type Activities Program Revenues	<u>\$ 10,972,009</u>	<u>\$ 10,338,950</u>	<u>\$ 11,498,046</u>	<u>\$ 16,793,668</u>
Total Primary Government Program Revenues	<u>\$ 70,310,018</u>	<u>\$ 41,126,917</u>	<u>\$ 15,143,013</u>	<u>\$ 20,562,364</u>
Net (Expense) Revenue				
Governmental Activities	\$ (14,949,888)	\$ (11,901,459)	\$ (13,872,975)	\$ (15,414,813)
Business-Type Activities	<u>(1,442,133)</u>	<u>(1,722,459)</u>	<u>(1,156,310)</u>	<u>3,305,282</u>
Total Primary Government Net Expense	<u>\$ (16,392,021)</u>	<u>\$ (13,623,918)</u>	<u>\$ (15,029,285)</u>	<u>\$ (12,109,531)</u>

CITY OF BIG SPRING

TABLE E-3

**GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2006	2007	2008	2009
Net (Expense) Revenue				
Governmental Activities	\$ (14,949,888)	\$ (11,901,459)	\$ (13,872,975)	\$ (15,414,813)
Business-Type Activities	<u>(1,442,133)</u>	<u>(1,722,459)</u>	<u>(1,156,310)</u>	<u>3,305,282</u>
Total Primary Government Net Expense	\$ <u>(16,392,021)</u>	\$ <u>(13,623,918)</u>	\$ <u>(15,029,285)</u>	\$ <u>(12,109,531)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property Taxes	\$ 3,075,336	\$ 3,252,311	\$ 5,068,566	\$ 5,400,654
Sales Taxes	4,969,337	5,369,792	6,047,491	5,778,812
Gross Receipts Taxes	1,864,360	1,477,481	1,522,960	1,414,058
Motel Occupancy Taxes	369,762	478,512	694,339	505,456
Unrestricted Grants and Contributions	1,769,263	942,137	1,053,729	1,182,689
Investment Earnings	390,416	1,023,253	844,532	186,464
Other	1,017,673	1,236,171	1,364,251	1,450,330
Transfers	<u>(250,000)</u>	<u>570,670</u>	<u>(296,038)</u>	<u>(215,821)</u>
Total Governmental Activities	\$ <u>13,206,147</u>	\$ <u>14,350,327</u>	\$ <u>16,299,830</u>	\$ <u>15,702,642</u>
Business-Type Activities				
Unrestricted Grants and Contributions	\$ 208,557	\$ 217,009	\$ 1,036,216	\$ 203,042
Investment Earnings	142,904	276,256	106,972	20,005
Other	15,865	450	3,711	6,737
Transfers	<u>250,000</u>	<u>(570,670)</u>	<u>296,038</u>	<u>215,821</u>
Total Business-Type Activities	\$ <u>617,326</u>	\$ <u>(76,955)</u>	\$ <u>1,442,937</u>	\$ <u>445,605</u>
Total Primary Government	\$ <u>13,823,473</u>	\$ <u>14,273,372</u>	\$ <u>17,742,767</u>	\$ <u>16,148,247</u>
Change in Net Assets				
Governmental Activities	\$ (271,251)	\$ (1,743,741)	\$ 14,350,327	\$ 287,829
Business-Type Activities	<u>(1,329,090)</u>	<u>(824,807)</u>	<u>(76,955)</u>	<u>3,750,887</u>
Total Primary Government	\$ <u>(1,600,341)</u>	\$ <u>(2,568,548)</u>	\$ <u>14,273,372</u>	\$ <u>4,038,716</u>

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CITY OF BIG SPRING

TABLE E-4

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 32,247	\$ 24,307	\$ 21,675	\$ 12,770	\$ 17,894
Unreserved	<u>3,898,842</u>	<u>6,356,196</u>	<u>6,426,470</u>	<u>7,764,191</u>	<u>8,607,986</u>
Total General Fund	<u>\$ 3,931,089</u>	<u>\$ 6,380,503</u>	<u>\$ 6,448,145</u>	<u>\$ 7,776,961</u>	<u>\$ 8,625,880</u>
 All Other Governmental Funds					
Reserved	\$ 351,661	\$ 351,511	\$ 351,511	\$ 351,511	\$ 351,511
Reserved for Debit Service Funds	5,593	10,462	81,581	225,862	263,432
Reserved for Capital Projects			15,065,374	12,221,769	2,579,548
Unreserved, Reported in:					
Special Revenue Funds	2,772,513	2,649,383	2,815,706	3,137,862	3,045,361
Capital Projects Funds	<u>1,578,401</u>	<u>1,650,957</u>	<u>1,717,025</u>	<u>1,781,662</u>	<u>1,829,311</u>
Total All Other Governmental Funds	<u>\$ 4,708,168</u>	<u>\$ 4,662,313</u>	<u>\$ 20,031,197</u>	<u>\$ 17,718,666</u>	<u>\$ 8,069,163</u>

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 8,998,104	\$ 10,301,113	\$ 10,579,730	\$ 13,321,348	\$ 13,059,530
Licenses, Fees, and Permits	192,618	204,021	220,018	311,572	186,062
Fines and Penalties	441,079	258,458	295,996	317,535	361,425
Charges for Services	2,407,456	2,476,170	2,567,774	2,860,629	3,267,596
Intergovernmental	58,236,015	58,298,013	29,078,145	1,512,088	1,492,201
Investment Earnings	247,938	390,416	1,023,253	844,532	186,464
Other Revenues	981,014	888,283	804,341	1,147,675	1,105,411
Total Revenues	<u>\$ 71,504,224</u>	<u>\$ 72,816,474</u>	<u>\$ 44,569,257</u>	<u>\$ 20,315,379</u>	<u>\$ 19,658,689</u>
Expenditures					
General Government	\$ 1,563,355	\$ 1,901,122	\$ 1,509,104	\$ 1,943,501	\$ 1,754,193
Public Safety	62,728,675	63,303,421	34,835,688	7,964,371	8,416,171
Highways and Streets	1,664,960	1,878,575	1,834,063	2,593,080	6,927,490
Sanitation	1,816,743	1,802,870	1,675,718	1,986,031	1,766,181
Community Service	75,926	82,963	85,350	409,001	489,450
Recreation and Parks	1,049,187	1,152,060	2,425,815	2,815,726	5,141,208
Economic Development	1,316,261	1,568,429	1,617,966	1,931,752	1,825,613
Cemetery	167,995	141,936	139,369	166,209	215,888
Debt Service					
Interest and Fees	85,776	74,755	189,148	1,058,840	774,219
Principal	820,956	723,009	843,754	1,062,767	1,511,564
Total Expenditures	<u>\$ 71,289,834</u>	<u>\$ 72,629,140</u>	<u>\$ 45,155,975</u>	<u>\$ 21,931,278</u>	<u>\$ 28,821,977</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 214,390</u>	<u>\$ 187,334</u>	<u>\$ (586,718)</u>	<u>\$ (1,615,899)</u>	<u>\$ (9,163,288)</u>
Other Financing Sources (Uses)					
Capital Leases	\$ 734,809	\$ 2,466,226	\$ 707,574	\$ 928,222	\$ 578,525
Issuance of Debt			14,745,000		
Transfers In	647,766	439,839	1,226,448	907,813	1,266,966
Transfers Out	(1,233,513)	(689,839)	(655,778)	(1,203,851)	(1,482,787)
Total Other Financing Sources (Uses)	<u>\$ 149,062</u>	<u>\$ 2,216,226</u>	<u>\$ 16,023,244</u>	<u>\$ 632,184</u>	<u>\$ 362,704</u>
Net Change in Fund Balances	<u>\$ 363,452</u>	<u>\$ 2,403,560</u>	<u>\$ 15,436,526</u>	<u>\$ (983,715)</u>	<u>\$ (8,800,584)</u>
Debt Service as a Percentage of Noncapital Expenditures	1.3%	1.1%	2.5%	13.4%	13.6%

CITY OF BIG SPRING

TABLE E-6

TAX REVENUES BY SOURCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Business Gross Receipts Tax</u>	<u>Motel Occupany Tax</u>	<u>Total</u>
2004	\$ 2,879,364	\$ 4,024,731	\$ 1,344,025	\$ 253,684	\$ 8,501,804
2005	3,051,477	4,258,228	1,386,769	301,660	8,998,134
2006	3,097,654	4,969,337	1,864,360	369,762	10,301,113
2007	3,252,311	5,369,792	1,477,481	478,512	10,578,096
2008	5,068,566	6,047,491	1,522,960	694,339	13,333,356
2009	5,361,204	5,778,812	1,414,058	505,456	13,059,530
Percent Change 2004 - 2009	86.2%	43.6%	5.2%	99.2%	

CITY OF BIG SPRING

TABLE E-7

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		All Property		Total Direct Tax Rate	Value as a Percentage of Actual Taxable Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2000	\$ 270,971,147	\$ 270,971,147	\$ 131,751,528	\$ 131,751,528	\$ 402,722,675	\$ 402,722,675	0.6563	100.00%
2001	296,099,061	296,099,061	106,778,706	106,778,706	402,877,767	402,877,767	0.6563	100.00%
2002	305,338,253	305,338,253	105,116,794	105,116,794	410,455,047	410,455,047	0.6563	100.00%
2003	314,715,405	314,715,405	96,575,202	96,575,202	411,290,607	411,290,607	0.6863	100.00%
2004	315,221,277	315,221,277	97,269,748	97,269,748	412,491,025	412,491,025	0.6863	100.00%
2005	316,094,505	316,094,505	97,391,125	97,391,125	413,485,630	413,485,630	0.7163	100.00%
2006	363,664,736	363,664,736	55,909,450	55,909,450	419,574,186	419,574,186	0.7163	100.00%
2007	319,327,683	319,327,683	125,210,676	125,210,676	444,538,359	444,538,359	0.7163	100.00%
2008	350,680,525	350,680,525	131,006,987	131,006,987	481,687,512	481,687,512	1.0228	100.00%
2009	456,352,869	456,352,869	67,359,290	67,359,290	523,712,159	523,712,159	1.0132	100.00%

Source: Central Appraisal District
Note: Tax rates are per \$100 of assessed value

CITY OF BIG SPRING

TABLE E-8

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2009			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Container	\$ 27,427,210	1	5.24%	\$ 49,551,430	1	12.03%
Scenic Mountain Medical Center	14,277,640	2	2.73%	14,309,926	2	3.48%
Oncor Electric Delivery Co LLC	8,964,180	3	1.72%			
The Coca-cola Company	7,953,930	4	1.52%			
Wal-Mart Real Estate	6,854,110	5	1.31%			
Wal-Mart Stores Texas LP	6,440,200	6	1.23%			
Southwestern Bell Telephone LP	5,752,990	7	1.10%			
General Electric Capital Corp	4,188,040	8	0.80%			
Butt H E Grocery Company	3,433,960	9	0.66%			
HTP TA Properties Trust	3,304,650	10	0.64%	3,809,935	7	0.93%
Wal-Mart Stores Inc.				12,951,513	3	3.15%
Southwestern Bell Corporation				8,800,910	4	2.14%
Texas Utilities Electric Company				8,245,601	5	2.01%
Huntsman Polymers Corporation				5,090,690	6	1.24%
Rip Griffin Truck Stop				2,811,538	8	0.69%
Energas Company				2,701,560	9	0.66%
Fiberflex, Inc.				2,659,320	10	0.65%
Total	\$ 88,596,910		16.95%	\$ 110,932,423		26.98%

Source: Texas State Comptroller

CITY OF BIG SPRING

TABLE E-9

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 2,513,551	\$ 2,414,365	96.05%	\$ 56,464	\$ 2,470,829	98.30%
2001	2,497,899	2,377,916	95.20%	73,619	2,451,535	98.14%
2002	2,644,134	2,511,365	94.98%	65,594	2,576,959	97.46%
2003	2,693,926	2,549,800	94.65%	73,904	2,623,704	97.39%
2004	2,699,300	2,530,568	93.75%	99,342	2,629,910	97.43%
2005	2,830,926	2,687,521	94.93%	92,805	2,780,326	98.21%
2006	3,005,417	2,815,327	93.68%	128,267	2,943,594	97.94%
2007	3,186,071	2,876,799	90.29%	135,280	3,012,079	94.54%
2008	4,932,103	4,772,535	96.76%	132,889	4,905,424	99.46%
2009	5,319,488	5,124,334	96.33%	103,582	5,227,916	98.28%

Source: Howard County

CITY OF BIG SPRING

TABLE E-10

SALES TAX REVENUE PAYERS BY INDUSTRY
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2009			1999		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Electric Power Distribution	\$ 359,686	1	6.77%			
Supermarket and Other Grocery	224,070	2	4.22%	210,883	2	8.39%
Limited Service Restaurants	223,974	3	4.21%	68,471	9	2.72%
Gasoline Stations with Convenience Stores	207,010	4	3.90%			
All Other Miscellaneous Manufacturing	198,727	5	3.74%	186,278	3	7.41%
Wireless Telecommunications Carriers	178,664	6	3.36%			
Eating Places	158,773	7	2.99%	246,859	1	9.82%
Wired Telecommunications Carriers	147,156	8	2.77%	96,308	4	3.83%
Full Service Restaurants	133,128	9	2.51%	80,326	5	3.20%
Electric Services	124,236	10	2.34%			
Cafeterias, Grill Buffets and Buffets	120,979	11	2.28%			
Gasoline Service Stations	110,921	12	2.09%			
All Other General Merchandise Stores				36,578	10	1.46%
Communications Services, Not Elsewhere Classified				77,516	7	3.08%
Furniture Stores				79,748	6	3.17%
Gift, Novelty, and Souvenir Stores				29,040	12	1.16%
New Car Dealers				29,304	11	1.17%
Lumber and other Building Materials Dealers				69,126	8	2.75%
Total	\$ 2,187,324		41.18%	\$ 1,210,437		48.16%

Source: Texas State Comptroller

CITY OF BIG SPRING

TABLE E-11

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FIVE FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage Of Personal Income	Per Capita
	General Obligation Bonds	Governmental Certificate Of Obligation	Capital Leases	Energy Conservation Loan	General Obligation Bonds	Business Certificate Of Obligation			
2005	\$ 895,000	\$ 1,270,973	\$ 4,095,000	\$ 497,681	\$ 6,758,654	1.22%	\$ 268		
2006	665,000	1,211,763	3,705,000	308,080	11,502,378	1.01%	233		
2007	14,725,000	1,364,927	3,305,000	333,377	26,164,477	3.46%	825		
2008	14,355,000	1,711,579	2,885,000	295,732	25,363,538	3.02%	805		
2009	13,635,000	1,573,741	2,450,000	568,551	24,020,518	2.71%	764		

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST FIVE FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Estimated Actual¹ Taxable Value of Property</u>	<u>Net Debt Per Capita²</u>
2005	\$ 895,000	\$ 5,593	\$ 889,407	0.22%	\$ 35
2006	665,000	10,462	654,538	0.16%	26
2007	14,725,000	15,907	14,709,093	3.31%	583
2008	14,355,000	228,087	14,126,913	2.93%	560
2009	13,635,000	299,833	13,335,167	2.55%	528

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 92 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 100.

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CITY OF BIG SPRING

TABLE E-13

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid with Property Taxes			
Big Spring Independent School District*	\$ 8,170,000	53.90%	\$4,403,630
Forsan Independent School District*	4,485,326	55.00%	24,669
Coahoma Independent School District*	13,208,994	43.00%	56,799
Howard County*	12,345,000	29.16%	3,593,970
Howard College*	20,330,000	29.16%	5,928,228
Subtotal, Overlapping Debt			<u>14,007,296</u>
City of Big Spring Direct Debt	\$13,775,167	100%	<u>13,775,167</u>
Total Direct and Overlapping Debt			<u><u>\$27,782,463</u></u>

Sources: Debt outstanding data provided by each governmental unit.

* Gross debt

CITY OF BIG SPRING

TABLE E-14

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 8,040,840	\$ 6,043,167	\$ 6,156,826	\$ 6,169,359	\$ 6,187,365	\$ 6,202,284	\$ 6,293,613	\$ 6,668,075	\$ 7,225,313	\$ 7,855,682
Total Net Debt Applicable to Limit	(153,520)	(149,877)	(225,000)	(237,110)	(233,038)	(224,408)	(219,538)	(146,016)	(144,137)	(435,167)
Legal Debt Margin	5,887,320	5,893,290	5,931,826	5,932,249	5,954,327	5,977,876	6,074,075	6,522,059	7,081,176	7,420,515
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	2.54%	2.48%	3.65%	3.84%	3.77%	3.62%	3.49%	2.19%	2.00%	5.54%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 523,712,159
Debt Limit (1.5% Assessed Value)	7,855,682
Assessed Value	
Debt Applicable to Limit:	
General Obligation Bonds	\$ 735,000
Less: Amount Set Aside for Repayment	(299,833)
Net Debt Applicable to Limit	435,167
Legal Debt Margin	\$ 7,420,515

CITY OF BIG SPRING

TABLE E-15

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Population (1)	25,233	25,233	25,233	25,233	25,233	25,233	25,233	25,233	25,233	25,233
Total Personal Income	\$ 567,742,500	\$ 540,089,132	\$ 512,810,259	\$ 512,810,259	\$ 542,534,733	\$ 553,233,525	\$ 585,052,338	\$ 602,008,914	\$ 673,579,236	\$ 713,135,046
Per Capita Personal Income (2)	\$ 22,500	\$ 21,404	\$ 20,323	\$ 20,323	\$ 21,501	\$ 21,925	\$ 23,186	\$ 23,858	\$ 26,692	\$ 28,262
Median Age (2)	36	36	35	36	36	36	36	36	37	37
Unemployment (3)	5.1%	5.1%	6.4%	6.6%	5.9%	5.6%	5.2%	4.4%	4.4%	7.5%

Data Sources:

- (1) Bureau of Census
- (2) Texas Workforce Commission
- (3) Bureau of Labor Statistics

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CITY OF BIG SPRING

TABLE E-16

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2009			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	
Big Spring State Hospital	605	1	4.35%	655	1	
Big Spring ISD	597	2	4.29%	610	2	
Cornell Corrections, Inc.	485	3	3.49%	449	4	
Veterans Administration Hospital	480	4	3.45%	508	3	
Price Construction	450	5	3.24%	125	16	
Scenic Mountain Medical Center	350	6	2.52%	340	6	
Wal-Mart	350	7	2.52%	358	5	
City of Big Spring	268	8	1.93%	266	9	
Howard College and SWCID	255	9	1.84%	235	10	
U.S. Justice Department	250	10	1.80%	292	7	
Alon USA	204	11	1.47%	190	12	
Howard County	170	12	1.22%	170	13	
Total	4,464		32.12%	4,198		

Source: Economic Development Corporation

CITY OF BIG SPRING

TABLE E-17

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Full-Time-Equivalent Employees as of Year End									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Management Services	16	9	9	8	8	7	7	8	8	8
Finance	7	6	6	6	6	6	6	5	5	5
Other	7	4	6	6	5	5	5	9	9	9
Information Technology		1	1	1	1	1	1	2	2	2
Convention and Visitors Bureau					1	1	1	1	1	1
Police										
Officers	46	46	48	48	56	56	56	49	54	58
Civilians	20	20	19	16	8	8	8	13	13	10
Fire										
Firefighters and Officers	49	49	49	46	46	46	46	45	45	45
Civilians	1				1	1	1	1	1	1
EMS										
EMS and Officers	14	14	13	16	16	16	16	16	16	16
Civilians	1	2	2	2	1	2	2	2	2	2
Refuse Collection (Landfill)	8	7	6	6	8	7	7	6	6	6
Other Public Works	8	7	7	7	8	9	9	17	17	21
Parks and Recreation	10	10	9	8	9	9	9	11	11	15
Service Center	10	9	9	8	8	8	8	8	8	8
Streets	16	16	13	14	14	14	14	14	14	14
Sanitation	8	8	8	8	8	8	8	8	8	8
Airpark	8	7	7	7	7	7	7	7	7	5
Water	40	40	41	41	41	41	41	40	40	40
Wastewater	9	9	9	9	8	9	9	9	9	9
Total	278	264	262	257	260	261	261	271	276	283

Source: City Budget Office

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CITY OF BIG SPRING

TABLE E-18

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	1,728	273	372	269	1,170	966	1,351	1,460	1,482	1,196
Building Permits Issued										
Police	1,552	1,619	1,668	1,613	1,574	1,730	1,904	1,704	2,225	1,320
Physical Arrests	32,662	33,344	32,130	33,344	38,411	26,961	19,431	19,200	29,412	26,576
Number of Calls for Service	802	726	878	726	832	1,132	1,057	647	688	742
Alarm Responses										
Fire	344	300	288	327	333	281	431	427	411	442
Emergency Responses										
EMS Service	2,563	2,038	2,243	2,175	2,293	2,546	3,265	3,164	3,660	3,088
Number of Runs										
Refuse Collection	100	100	100	110	110	120	120	115	110	120
Collected (Tons per Day)										
Water	8,655	8,644	8,473	8,649	8,471	8,311	8,626	8,677	8,727	8,600
Active Accounts	307	321	187	225	228	200	199	206	168	250
Water Main Breaks										
Average Daily Consumption	5,800	5,380	3,853	5,380	5,380	4,919	4,919	4,412	5,091	5,317
(Thousands of Gallons)										
Wastewater										
Average Daily Sewage Treatment	2,874	2,599	2,493	2,450	2,183	2,054	2,205	2,730	2,646	2,629
(Thousands of Gallons)										

Data Sources: Various City Departments

CITY OF BIG SPRING

TABLE E-19

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units										
Marked	34	34	34	34	34	34	34	34	35	39
Unmarked	17	17	17	17	17	17	17	17	21	19
Fire Stations	5	5	5	5	5	5	5	5	5	5
Refuse Collection										
Collection Trucks	6	6	6	6	6	6	6	6	6	6
Other Public Works										
Streets										
Paved (Miles)	171	171	171	174	177	158	158	189	189	189
Unpaved (Miles)	18	18	18	15	12	12	12	5	0.5	0.5
Street Lights	1,903	1,903	1,903	1,903	1,907	1,812	1,812	1,810	1,808	1,808
Parks and Recreation										
Acreage	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069
Parks	5	5	5	5	5	5	5	5	8	8
Lakes	2	2	2	2	2	2	2	2	2	2
Baseball/Soccer Fields	6	6	6	6	6	6	6	6	6	14
Soccer/Football Fields										6
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (Miles)	150	153	240	240	240	177	177	177	177	177
Fire Hydrants	1,120	1,145	1,145	1,510	1,510	722	722	722	722	722
System Capacity (Thousands of Gallons)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	13,450	13,450
Wastewater										
Sanitary Sewers (Miles)	140	140	140	170	170	125	125	125	125	125
Treatment Capacity (Thousands of Gallons)	2,561	2,559	2,493	2,450	2,183	2,054	2,205	2,205	5,000	5,000

Sources: Various City Departments

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

certified public accountants

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8215 Nashville Avenue

LUBBOCK, TEXAS 79423-1954

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

City Council
City of Big Spring, Texas
Big Spring, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of and for the year ended September 30, 2009, which collectively comprise City of Big Spring, Texas' basic financial statements and have issued our report thereon dated April 27, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Big Spring, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

April 27, 2010

CITY OF BIG SPRING, TEXAS

**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Current Year Findings –

None

Corrective Action Plan –

N/A

Status of Prior Year Findings –

N/A

FEDERAL FINANCIAL ASSISTANCE SECTION

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LUBBOCK, TEXAS 79423-1954

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City Council
City of Big Spring, Texas
Big Spring, Texas

Compliance

We have audited the compliance of the City of Big Spring, Texas with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. Big Spring, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of A-133 findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Big Spring, Texas' management. Our responsibility is to express an opinion on the City of Big Spring, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Big Spring, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Big Spring, Texas' compliance with those requirements.

In our opinion, the City of Big Spring, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the City of Big Spring, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Big Spring, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

April 27, 2010

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CITY OF BIG SPRING, TEXAS

**SCHEDULE OF A-133 FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

I. Summary of Auditors' Results

1. Type of auditor's report issued on the financial statements: **Unqualified**
2. Significant deficiencies: **None.**
3. There were no significant deficiencies noted; therefore, there were no material weaknesses.
4. Noncompliance which is material to the financial statements: **None**
5. Type of auditor's report on compliance for major programs: **Unqualified**
6. Did the audit disclose findings which are required to be reported under Sec. __510(a): **No**
7. Major programs include:
 - 20.106 – TXDOT AP Big Spring 3 (Crack Seal)
 - 20.106 – TXDOT Runway Project (Design)
 - 20.106 – TXDOT AP Big Spring 4 (Construct 11" Runway)
 - 20.106 – Airport Layout Plan
8. Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
9. Low risk auditee: **No**

II. Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

III. Findings and Questioned Costs Related to the Federal Awards

The audit disclosed no findings required to be reported.

CITY OF BIG SPRING, TEXAS

**SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Prior Year's Finding/Noncompliance

N/A

Status of Prior Year's Finding/Noncompliance

N/A

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CITY OF BIG SPRING, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Contract Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Direct Program:</u>			
Vest Program	16.607	OMB31121-0235	\$ 6,098
<u>Passed through Criminal Justice Division:</u>			
2008 Street Gangs Intervention	16.523	2016401	<u>27,922</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ <u>34,020</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<u>Federal Aviation Administration:</u>			
<u>Passed through Texas Department of Transportation:</u>			
TXDOT AP Big Spring 3 (Crack & Seal)*	20.106	0808BGSPR - 8X1AV005	\$ 2,648
TXDOT Runway Project (Design)*	20.106	0608BGSPR - 6X1AV010	8,264
TXDOT AP Big Spring 4 (Construct 11" Runway)*	20.106	0808BIGSPR - 8XXAV085	4,573,409
Airport Layout Plan*	20.106	0708BGSPR - 7X1AV077	<u>52,351</u>
Total CFDA 20.106			<u>4,636,672</u>
<u>Federal Highway Administration:</u>			
<u>Passed through Texas Parks and Wildlife:</u>			
Moss Lake Recreation Grant	20.219	RT-0505	52,370
<u>Passed through Texas Department of Transportation:</u>			
Click It or Ticket	20.600	2009-BigSpringPD-CIOT-00035	<u>4,774</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ <u>4,693,816</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
<u>Passed through Texas Department of Aging and Disability Services:</u>			
AAA PBRPC	93.045	Title III C-1 and C-2	\$ 68,118
Title XX	93.667	1015990	50,082
Title XIX	93.778	1015991	25,169
Corporation for National and Community Services	94.001	07SRWTX004 FY08-09	40,462
Corporation for National and Community Services	94.001	07SRWTX004 FY09-10	<u>15,000</u>
Total CFDA 94.001			55,462
Corporation for National and Community Services	94.002	07RZWTX007 FY08-09	15,256
<u>Passed through Permian Basin Regional Planning Commission:</u>			
Pan Flu Preparedness	93.283	PBRPC PAN FLU PLANS	<u>3,554</u>
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			\$ <u>217,641</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>4,945,477</u>

* Clustered Programs

**NOTES TO THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Big Spring, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.