



City of Big Spring

**Comprehensive
Annual Financial Report
Fiscal Year Ended
September 30, 2003**

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2003

Prepared by
Finance Department

Peggy Walker
Director of Finance

City of Big Spring
 Comprehensive Annual Financial Report
 For The Year Ended September 30, 2003

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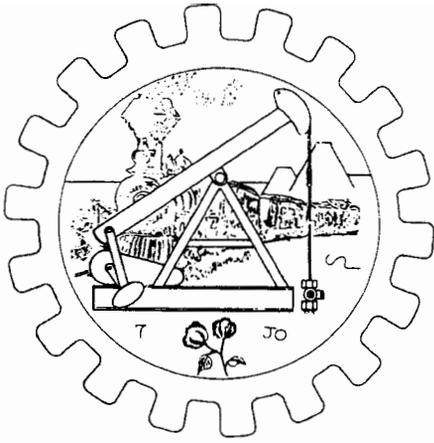
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Introductory Section



The City of Big Spring

310 Nolan • Big Spring, Texas 79720-2657

July 15, 2004

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

The Comprehensive Annual Financial Report of the City of Big Spring, Texas, for the fiscal year ended September 30, 2003, is submitted herewith. The City's Finance Department prepared this report.

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

The City's financial statements have been audited by West, Davis & Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City was not required, as a result of the level of federal expenditures, to undergo a "Single Audit" designed to meet the special needs of federal grantor agencies.

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

Profile of the 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-mayor 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 both the city's manager and attorney. 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, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Certain water and wastewater services are provided through a separate fund.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the city's manager. The city's manager uses these requests as the starting point for developing a proposed budget. The city's manager then presents this proposed budget to the council for review at least thirty days prior to the beginning of each fiscal year. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

Factors Affecting Financial Condition

Economic Condition and Outlook

Moore Development for Big Spring, Inc. is a not-for-profit corporation funded by a one-half of one percent sales tax, approved by voter referendum in May of 1990. Moore Development assists, stimulates and enhances economic development in Big Spring, subject to applicable state and federal laws, as well as the corporation's Bylaws and Articles of Incorporation. Moore Development utilizes its sales tax revenues to increase job opportunities available to the citizens of Big Spring by assisting with the expansion of local businesses and attracting new basic business to Big Spring and Howard County. Moore Development is shown as a discreetly presented component unit in the accompanying financial statements.

Moore Development is governed by a five member Board of Directors appointed by the City Council. The Board of Directors implements local economic development policy by employing two full time staff, an executive director and an assistant executive director, and through three standing committees. These committees include the Business Retention and Expansion Committee, the New Business Attraction Committee and the Agriculture Committee. The committees are comprised of a diverse group of business and civic leaders from across the community.

Projects for 2002 – 2003

Moore Development continues to work with industry leaders and educators under the title of "Big Spring Works." The mission of this program is to develop and sustain a highly skilled workforce that meets the current and future needs of world-class companies located in Howard County.

Given this direction, Moore Development assisted the Fresh Start program by providing an equipment grant to the partners including Howard College, Crossroads Housing Development Corporation, and the Workforce Network. The Fresh Start program will purchase ten dilapidated houses in Howard County, which will be refurbished by the students in the program as on-the-job training.

Moore Development also funded a \$70,000.00 grant to the Big Spring High School in order to implement a construction technology program. The grant allowed the school to purchase the needed equipment that trains students in carpentry, plumbing, refrigeration, and masonry. There were twenty-seven students enrolled in the program throughout the 2002-2003 school year, and the program is growing to accommodate more students in the future.

In December of 2002, the Department of Veterans Affairs Capital Asset Realignment for Enhanced Services (CARES) Commission was charged with providing the Under Secretary for Health with recommendations regarding the Big Spring VA Medical Center. The CARES Draft Plan made several recommendations regarding the Big Spring facility including a feasibility

study on consolidating services in the Odessa-Midland area for acute inpatient hospital or critical access hospital and multi-specialty out patient care as well as nursing home and mental health care. Moore Development determined that the loss of these services and the \$32.5 million dollars in loss of payroll would have an enormous impact on the Big Spring economy. In response, Moore Development actively worked with community leaders to spearhead an effort to educate the CARES Commission on the services provided to veterans from this facility. Ongoing efforts will concentrate our energy toward proactively seeking out relationships with decision makers at the federal, regional and local levels.

Moore Development recognizes that our existing industries are the driving force of our local economy. Moore Development continues to promote a favorable business climate in Big Spring. Two exciting projects were undertaken as part of the Business Retention and Expansion efforts.

In order to meet Federal law, ALON USA was required to construct and install a gasoline hydrotreating unit to reduce the sulfur content of gasoline produced to 300 ppm. This project had a cost of \$18.3 million. Historically Moore Development has been involved as the facilitator of tax abatement policies for the eligible taxing entities in Howard County. In January of 2002, ALON USA approached Moore Development, Howard County and Howard College concerning the reinstatement of tax abatement guidelines. As the lead entity, Howard County asked Moore Development to facilitate the expeditious reinstatement of these guidelines as well as the adoption of a reinvestment zone and subsequent tax abatement agreements with Howard County and Howard College on ALON's proposed \$18.3 million investment. These guidelines and agreements were completed at the end of February resulting in Howard County and Howard College implementing a tax abatement agreement contract with ALON USA.

In November 2002, Fibercom acquired the oil field division of Fiberflex. This acquisition gave Fibercom the critical mass to expand their product line and geographical markets. Fibercom is a local company that has a very bright future. After acquiring the oilfield division of Fiberflex, Fibercom began an aggressive expansion plan. With a \$245,000 incentive assistance package through Moore Development, Fibercom has rapidly expanded both its production and employment in Big Spring.

Summary

Although the overall state and federal economies continued to lag well into 2002-2003 affecting the local economy of Big Spring, Moore Development maintained its conservative approach to economic development. Moore Development eliminated the entirety of its long-term debt, made significant increases in cash investments, and continued with basic, fundamental economic development practices such as workforce development, business climate enhancement and investment of resources into local industries.

The approach has allowed Moore Development to be well positioned with a healthy financial condition, which will serve Big Spring well as the economy rebounds and companies begin to expand their capital investments, thus creating more jobs for our citizens. Sales tax revenue devoted to economic development in FY 2003 was approximately \$890,000.

Cash Management. Cash temporarily idle during the year was invested in demand deposits and the Texas Local Government Investment Pool, TexPool. The amount of interest earned on cash, cash investments and investments during the year total some \$145,000 in the governmental funds.

The government's investment policy requires that all deposits have sufficient securities pledged to cover the deposits. Amounts not covered by federal depository insurance are covered by pledged securities, which are owned by one financial institution and held by another.

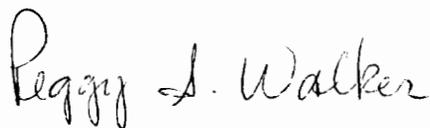
The government's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held by a financial institution's agent in the government's name.

Risk Management. The City has a limited risk management program for workers' compensation and liability. Various risk control techniques, including employee accident prevention training and drivers' safety courses, have been implemented to minimize accident-related losses. Coverage is currently maintained for all workers' compensation claims and all other potential losses. Note H discusses risk management in more detail and note J gives additional information regarding the City's self-insured risks.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2002. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report 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 this report meets the standards set by this program and will be submitting it for consideration.

Acknowledgements. The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I would also like to thank the Mayor and the City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Peggy S. Walker
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Big Springs,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

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



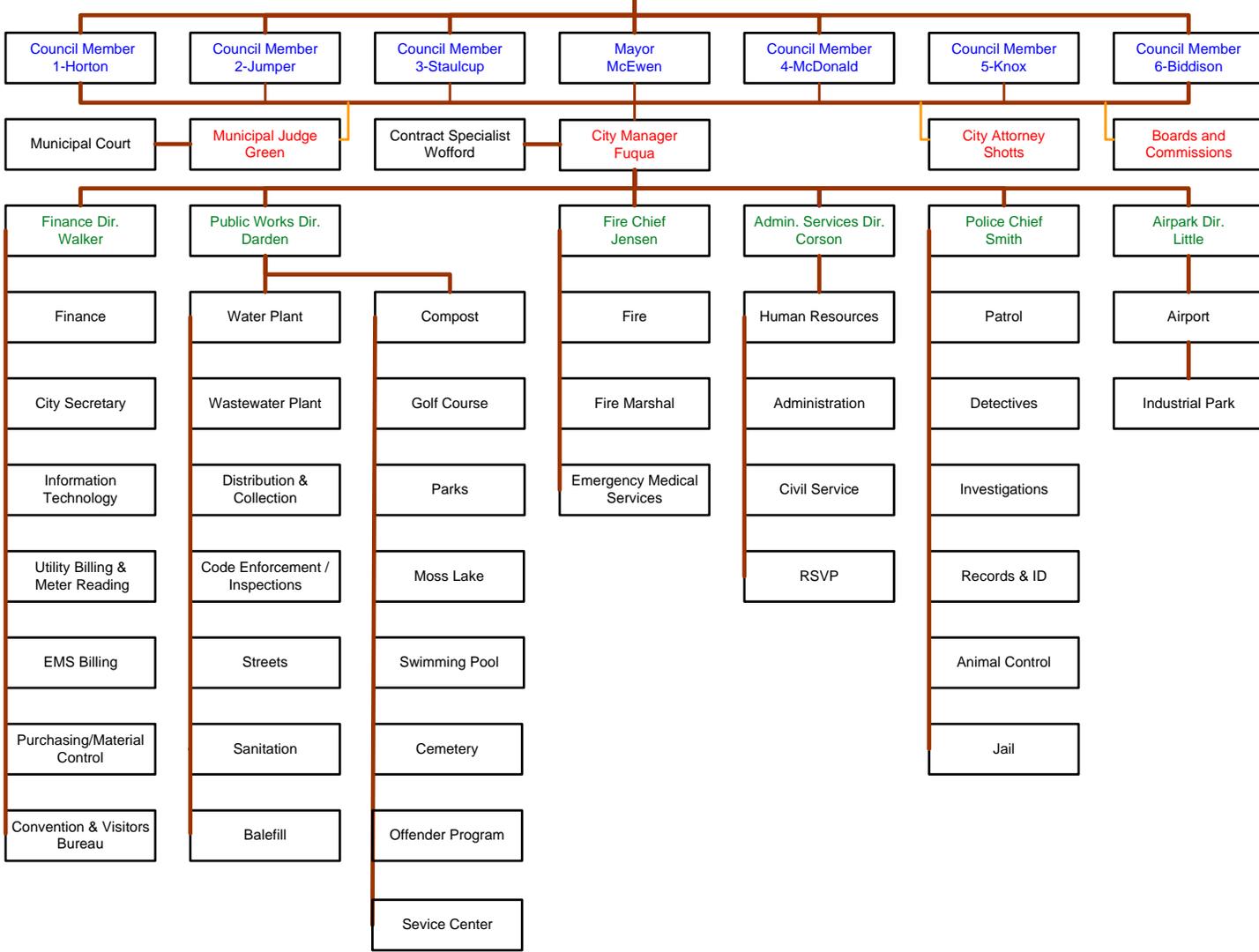
President

Executive Director



Big Spring, Texas

Citizens of Big Spring



CITY OF BIG SPRING, TEXAS

*LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2003*

Elected Officials

<u>Name</u>	<u>Office</u>
Russ McEwen	Mayor
Jo Ann Staulcup	Mayor Pro-Tem, District 3
Stephanie Horton	Council Member, District 1
Woody Jumper	Council Member, District 2
Gloria McDonald	Council Member, District 4
Joann Knox	Council Member, District 5
Greg Biddison	Council Member, District 6

Appointed Officials

<u>Name</u>	<u>Position</u>
Gary Fuqua	City Manager
Jean Shotts	City Attorney
Peggy Walker	City Secretary
Peggy Walker	Director of Finance
Todd Darden	Director of Public Works
Lonnie Smith	Chief of Police
Brian Jensen	Fire Chief
Timothy Green	Municipal Court Judge
Leigh Corson	Director of Administrative Services
Jim Little	Airpark Director

Financial Section

WEST, DAVIS & COMPANY, LLP
11615 Angus Road, Suite 104 N
Austin, Texas 78759

Independent Auditor's Report on Financial Statements

City Council
City of Big Spring
310 Nolan
Big Spring, Texas

Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of City of Big Spring as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Big Spring's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of City of Big Spring as of September 30, 2003, 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 July 15, 2004, on our consideration of City of Big Spring's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of our audit.

As explained in Note A, the City has implemented a new financial reporting model, as required by GASB Statement No. 34, "Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments," as of September 30, 2003.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the City of Big Spring's basic financial statements. The accompanying combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of

additional analysis and are not a required part of the basic financial statements. This 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 introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

West, Davis & Company

West, Davis & Company, LLP
July 15, 2004

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, 2003. 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 millions of dollars. The current year discussion and analysis includes no comparative data for prior years because the information during the first year of implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 is unavailable. Comparative data will be included in future years as it becomes available for comparative analysis of government-wide activities.

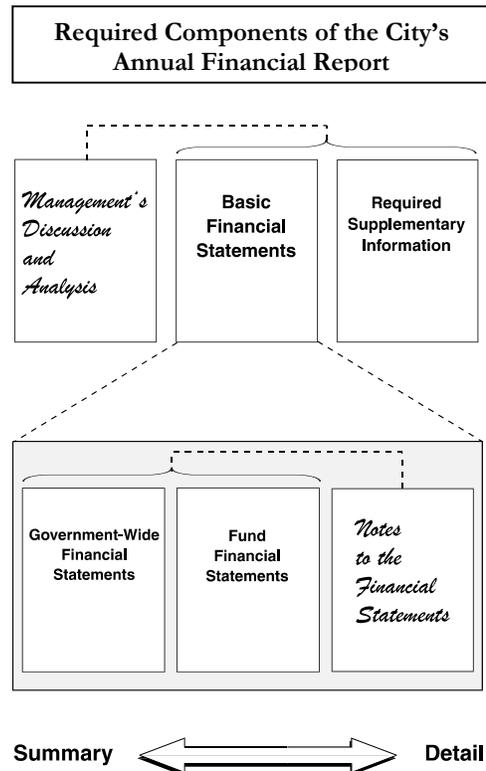
FINANCIAL HIGHLIGHTS

- The City's net assets totaled \$84.8 million for governmental activities and \$37.6 million for business-type activities.
- During the year, the City had expenses that were \$2.2 million more than the \$10.1 million generated in tax and other revenues for governmental programs.
- The General Fund ended the year with a fund balance of \$2.9 million, approximately 25 percent of total general fund expenditures.
- Resources available for appropriation in 2003-04 were \$201 thousand more than anticipated in the revised budget for the General Fund.

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 (on pages 20 through 22). 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 (starting on page 23) 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 (starting on page 33) 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 analysis of the City's overall financial condition and operations begins on page 20. The primary purpose of this analysis is to show whether the City is better off 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 nonfinancial 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, primarily the generation and retention of business activities and jobs.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 23 and 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 many 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. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City implemented GASB Statement #34 this year. We did not present net asset measurements in prior years since they were not required by generally accepted accounting principles. Therefore, our analysis of comparative balances and changes therein is limited to the current year's operations. In future years, we will present both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the City's governmental activities.

Unrestricted net assets – The part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements for governmental activities totaled \$5 million at September 30, 2003.

The City's total governmental expenses of \$64.2 million were funded by charges for services totaling \$51.8 million, operating grants of \$219 thousand, and general revenues of \$10.1 million. General revenues consist principally of taxes of \$7.8 million and miscellaneous revenues of \$2.3 million.

Table I
City of Big Spring, Texas

NET ASSETS
(in thousands)

	Governmental Activities 2003	Business-Type Activities 2003	Total
Assets:			
Cash and Cash Equivalents	\$ 5,520	\$ 983	\$ 6,503
Receivables	1,079	1,408	2,487
Due from Other Governments	8,847	31	8,878
Capital Assets	81,979	39,690	121,669
Other Assets	1,970	2,299	4,269
Total Assets	99,395	44,411	143,806
Liabilities:			
Accounts Payable & Other	8,714	1,015	9,729
Long-term Debt	5,412	5,498	10,910
Other Liability	450	318	768
Total Liabilities	14,576	6,831	21,407
Net Assets:			
Invested in Capital Assets	79,437	33,988	113,425
Restricted	393	323	716
Unrestricted	4,989	3,269	8,258
Total Net Assets	\$ 84,819	\$ 37,580	\$ 122,399

Table II
City of Big Spring, Texas

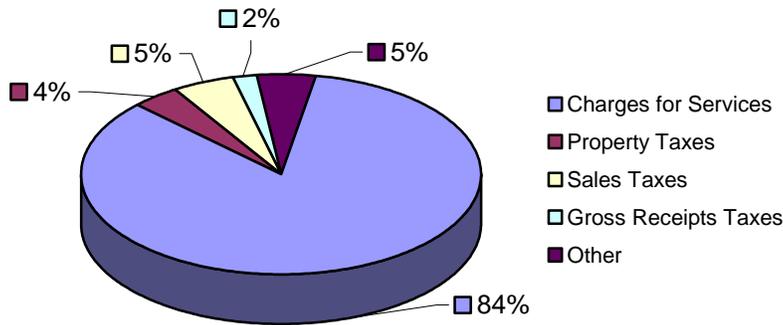
CHANGES IN NET ASSETS
(in thousands)

	Governmental Activities 2003	Business-Type Activities 2003	Total
Revenues:			
Program revenues:			
Charges for Services	\$ 51,759	\$ 8,980	\$ 60,739
Operating Grants & Contributions	219	132	351
General revenues:			
Property Taxes	2,738	0	2,738
Sales Taxes	3,640	0	3,640
Gross Receipts Taxes	1,399	0	1,399
Investment Earnings	144	43	187
Miscellaneous	2,134	690	2,824
Total Revenues	<u>62,033</u>	<u>9,845</u>	<u>71,878</u>
Expenses:			
Water & Sewer	0	7,789	7,789
Airport/Industrial Park	0	1,824	1,824
Ambulance	0	1,501	1,501
General Government	1,582	0	1,582
Public Safety	56,594	0	56,594
Highway & Streets	1,984	0	1,984
Sanitation	1,804	0	1,804
Recreation & Parks	896	0	896
Economic Development	1,050	0	1,050
Other	301	0	301
Total Expenses	<u>64,211</u>	<u>11,114</u>	<u>75,325</u>
Increase in net assets	(2,178)	(1,269)	(3,447)
Net assets at 10/1/02	<u>86,997</u>	<u>38,849</u>	<u>125,846</u>
Net assets at 9/30/03	<u>\$ 84,819</u>	<u>\$ 37,580</u>	<u>\$ 122,399</u>

The cost of all governmental activities this year was \$64.2 million. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$7.7 million because some of the costs were paid by those who directly benefited from the programs (\$51.8 million), by other governments and organizations that subsidized certain programs with grants and contributions (\$219 thousand), by miscellaneous revenue sources (\$2.3 million) and by a reduction in net assets (\$2.2).

Government-wide revenues totaled \$71.9 million in 2003. A significant portion, 84.5 percent, of the City’s revenues are derived from charges for services while only 10.8 percent comes from taxes. (See Figure 1)

**Figure 1
Sources of Revenue
For Fiscal Year 2003**



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 23) reported a combined fund balance of \$7.9 million.

Over the course of the year, the Council revised the City's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances. The second category involved amendments moving funds from programs that did not need all the resources originally appropriated into programs with resource needs.

The City's actual General Fund balance of \$2.9 million differs from the General Fund's budgetary fund balance of \$2.7 million reported in the budgetary comparison schedule. The \$201 thousand increase was due primarily to decreases in anticipated expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget of \$11.6 million was increased to \$11.7 million through the budget amendment process. This is an increase in appropriations of \$84 thousand, which is less than a 1% increase.

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, 2003 amounts to \$121.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, water lines, and drainage improvements.

Table III
City of Big Spring, Texas

CAPITAL ASSETS AT SEPTEMBER 30, 2003

(Net of Depreciation, in thousands)

	Governmental Activities 2003	Business-Type Activities 2003	Total
Land	\$72,714	\$5,595	\$78,309
Buildings and systems	6817	29,900	36,717
Improvements other than buildings	461	2,461	2,922
Machinery and equipment	1,984	868	2,852
Construction in progress	3	866	869
	<u>\$81,979</u>	<u>\$39,690</u>	<u>\$121,669</u>

Several capital projects were completed in fiscal year 2002-03. Phase III of the Information Systems upgrade project was completed. The personnel department installed a Human Resource Management software system to enhance record keeping and improve departmental efficiency. The police department completed the installation of in-car video cameras in all marked and unmarked police units through state and city funds. The fire department completed the computer network system necessary for the wireless connection between the fire department’s office and City Hall and they implemented their information systems project by installing a dedicated server and database software.

Construction of restrooms and a concession area was completed at the City amphitheater, along with a new paved parking area. Construction was also completed on the irrigation project at Mount Olive cemetery. The playground equipment at the ABC Park was replaced, and the Roy

Anderson ballpark was upgraded with new concrete walkways and the installation of new infield soil. At the golf course, new bridges were constructed on the #10 and #13 fairways.

Phase I of the upgrade to the SCADA (Supervisory Control and Data Acquisition) system at the water treatment plant was completed and will monitor all activity of the municipal water system to ensure dependable analysis and control of the City’s water system. The wastewater treatment plant replaced the #1 and #2 main lift pumps and the #2 Return Activated Sludge (RAS) pump.

The Airport/Industrial Park completed the airfield lighting upgrade and the installation of the Automated Weather Observation System (AWOS) with assistance from TxDOT (Texas Department of Transportation). They also conducted a railroad spur feasibility study for access to the west side of the Airport in conjunction with TxDOT related to planning for a truck reliever route.

Emergency Medical Services updated their run reporting system with the acquisition of computers and software, and replaced two defibrillators.

Long Term Debt

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$6.2 million. Of this amount, \$1.36 million is general government debt supported by tax revenue, and \$4.84 million is business-type activity debt, supported by Water and Sewer system revenues.

**Table IV
City of Big Spring, Texas**

OUTSTANDING DEBT AT SEPTEMBER 30, 2003
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds						
Serviced by tax revenues	\$1,360	\$1,600	-	-	\$1,360	\$1,600
General Obligation Bonds						
Serviced by Enterprise Fund Revenues	-	-	4,840	5,190	4,840	5,190
	<u>\$1,360</u>	<u>\$1,600</u>	<u>\$4,840</u>	<u>\$5,190</u>	<u>\$6,200</u>	<u>\$6,790</u>

The City of Big Spring’s total bonded debt decreased by \$590 thousand during the current fiscal year. Debt serviced by tax revenues decreased by \$240 thousand and debt serviced by enterprise funds decreased by \$350 thousand.

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.

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when adopting the 2004 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 that time decreased from 5.9 percent to 4.7 percent

These indicators were taken into account when adopting the General Fund budget for 2004. Amounts available for appropriation in the General Fund budget were \$15.5 million. The City will use its revenues to finance programs at consistent levels. Budgeted expenditures are expected to rise nearly 5 percent to \$12.5 million from \$11.9 million in 2003. Increased salaries and benefits cause virtually all of the increase. The City has added no major new programs or initiatives to the 2004 budget. If these estimates are realized, the City's budgetary General Fund balance is expected to decrease modestly by the close of 2004.

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
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
<i>Cash and Cash Equivalents</i>	\$ 5,520,568	\$ 982,648	\$ 6,503,216	\$ 719,842
<i>Receivables (net of allowances for uncollectibles)</i>	1,079,066	1,407,801	2,486,867	68,142
<i>Internal Balances</i>	387,561	(387,561)	--	--
<i>Due from Other Governments</i>	8,847,570	30,838	8,878,408	--
<i>Notes Receivable</i>	519,547	16,090	535,637	802,400
<i>Inventories</i>	68,649	336,808	405,457	--
<i>Deferred Charges</i>	38,525	151,995	190,520	6,985
<i>Advances to Other Funds</i>	140,196	(140,196)	--	--
Restricted Assets:				
<i>Cash and Cash Equivalents</i>	815,029	2,321,782	3,136,811	89,706
<i>Land</i>	72,714,126	5,595,149	78,309,275	112,430
<i>Buildings and System</i>	6,656,814	29,899,664	27,814,311	194,774
<i>Improvements other than Buildings</i>	461,137	2,460,880	2,922,017	--
<i>Machinery and Equipment</i>	1,983,817	868,366	11,594,350	13,317
<i>Infrastructure</i>	159,514	--	159,514	--
<i>Construction in Progress</i>	3,291	866,299	869,590	--
Total Assets	99,395,410	44,410,563	143,805,973	2,007,596
LIABILITIES:				
<i>Accounts Payable and Other Current Liabilities</i>	8,714,405	1,014,651	9,729,056	26,040
<i>Claims and Judgments Payable</i>	210,566	--	210,566	--
<i>Accrued Interest Payable</i>	5,853	23,415	29,268	--
<i>Unearned Revenue</i>	232,658	--	232,658	--
<i>Liabilities Payable from Restricted Assets</i>	500	294,799	295,299	--
Noncurrent Liabilities-				
<i>Due within one year</i>	660,397	554,475	1,214,872	--
<i>Due in more than one year</i>	4,751,900	4,943,352	9,695,252	--
Total Liabilities	14,576,279	6,830,692	21,406,971	26,040
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	79,437,114	33,987,614	113,424,728	320,521
Restricted For:				
Debt Service	2,890	323,223	326,113	--
Cemetery Perpetual Care	351,511	--	351,511	--
Other Purposes	38,524	--	38,524	6,985
Unrestricted	4,989,092	3,269,034	8,258,126	1,654,050
Total Net Assets	\$ 84,819,131	\$ 37,579,871	\$ 122,399,002	\$ 1,981,556

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2003

Functions/Programs		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT:			
Governmental Activities:			
<i>General Government</i>	\$ 1,582,278	\$ --	\$ --
<i>Public Safety</i>	56,593,832	49,144,890	128,928
<i>Highways and Streets</i>	1,983,861	--	--
<i>Sanitation</i>	1,757,039	2,242,670	35,000
<i>Health and Welfare</i>	70,742	--	54,744
<i>Recreation and Parks</i>	896,606	316,591	--
<i>Cemetery</i>	179,568	54,952	--
<i>Economic Development</i>	1,050,143	--	--
<i>Interest on Long-term Debt</i>	96,774	--	--
Total Governmental Activities	64,210,843	51,759,103	218,672
Business-type Activities:			
Water and Sewer	7,788,542	7,309,152	--
Airport/Industrial Park	1,824,411	642,611	--
Ambulance	1,501,056	1,027,761	--
Total Business-type Activities	11,114,009	8,979,524	--
Total Primary Government	\$ 75,324,852	\$ 60,738,627	\$ 218,672
COMPONENT UNIT:			
Economic Development Corporation	\$ 1,099,709	\$ 11,807	\$ --

General Revenues:

- Property Taxes*
- Sales Taxes*
- Gross Receipts Taxes*
- Licenses and Permits*
- Motel Occupancy Taxes*
- Grants and Contributions Not Restricted to Specific Programs*
- Unrestricted Investment Earnings*
- Other*
- Gain (Loss) on Sale of Capital Assets*

Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,582,278)		\$ (1,582,278)	
(7,320,014)		(7,320,014)	
(1,983,861)		(1,983,861)	
520,631		520,631	
(15,998)		(15,998)	
(580,015)		(580,015)	
(124,616)		(124,616)	
(1,050,143)		(1,050,143)	
(96,774)		(96,774)	
<u>(12,233,068)</u>		<u>(12,233,068)</u>	
--	\$ (479,390)	(479,390)	
--	(1,181,800)	(1,181,800)	
--	(473,295)	(473,295)	
<u>--</u>	<u>(2,134,485)</u>	<u>(2,134,485)</u>	
<u>(12,233,068)</u>	<u>(2,134,485)</u>	<u>(14,367,553)</u>	
			\$ (1,087,902)
2,738,315	--	2,738,315	--
3,640,107	--	3,640,107	909,015
1,399,420	--	1,399,420	--
192,433	--	192,433	--
194,100	--	194,100	--
1,476,448	131,843	1,608,291	--
144,468	43,274	187,742	39,126
723,827	485,050	1,208,907	--
(204,100)	(44,889)	(248,989)	--
(250,000)	250,000	--	--
<u>10,055,018</u>	<u>865,308</u>	<u>10,920,326</u>	<u>948,141</u>
<u>(2,178,050)</u>	<u>(1,269,177)</u>	<u>(3,447,227)</u>	<u>(139,761)</u>
86,997,181	38,849,048	125,846,229	2,121,317
<u>\$ 84,819,131</u>	<u>\$ 37,579,871</u>	<u>\$ 122,399,002</u>	<u>\$ 1,981,556</u>

CITY OF BIG SPRINGBALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

	General Fund	Correctional Center	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS				
Assets:				
<i>Cash and Cash Equivalents</i>	\$ 1,272,938	\$ 2,674,912	\$ 1,333,369	\$ 5,281,219
<i>Receivables (net of allowances for uncollectibles)</i>	564,443	--	51,473	615,916
<i>Due from Other Funds</i>	730,198	--	234,581	964,779
<i>Notes Receivable</i>	--	143,721	--	143,721
<i>Prepaid Items</i>	38,525	375,826	--	414,351
<i>Advances to Other Funds</i>	--	--	408,653	408,653
Restricted Assets:				
<i>Cash and Cash Equivalents</i>	778,964	36,065	--	815,029
<i>Intergovernmental Receivable</i>	494,206	8,137,772	215,592	8,847,570
Total Assets and Other Debits	\$ 3,879,274	\$ 11,368,296	\$ 2,243,668	\$ 17,491,238
LIABILITIES AND FUND BALANCES:				
Liabilities:				
<i>Accounts Payable</i>	\$ 414,685	\$ 8,030,793	\$ 194,660	\$ 8,640,138
<i>Due to Other Funds</i>	105,073	215,698	71,447	392,218
<i>Deferred Revenue</i>	207,825	--	24,833	232,658
<i>Notes Payable</i>	16,090	--	--	16,090
<i>Customer Deposits</i>	--	--	500	500
<i>Advances from Other Funds</i>	206,865	--	61,592	268,457
Total Liabilities	950,538	8,246,491	353,032	9,550,061
Fund Balances:				
Reserved Fund Balances:				
<i>Reserved for Debt Service</i>	--	--	2,890	2,890
<i>Reserved for Advances</i>	--	--	408,653	408,653
<i>Reserved for Prepaid Items</i>	38,524	--	--	38,524
<i>Reserved for Perpetual Cemetery Care</i>	--	--	351,511	351,511
Unreserved	2,890,212	3,121,805	--	6,012,017
Unreserved, reported in nonmajor:				
<i>Special Revenue Funds</i>	--	--	9,061	9,061
<i>Capital Project Funds</i>	--	--	1,118,521	1,118,521
Total Fund Balances	2,928,736	3,121,805	1,890,636	7,941,177
Total Liabilities and Fund Balances	\$ 3,879,274	\$ 11,368,296	\$ 2,243,668	\$ 17,491,238

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING

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

Total fund balances - governmental funds balance sheet	\$ 7,941,177
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.	81,952,594
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	461,583
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	(144,963)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,360,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,175,732)
Payables for bond interest which are not due in the current period are not reported in the funds.	(5,853)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,165,692)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(1,683,983)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 84,819,131</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	General Fund	Correctional Center	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
General Property Taxes	\$ 2,415,646	\$ --	\$ 287,482	\$ 2,703,128
General Sales Taxes	2,730,080	--	910,027	3,640,107
Gross Receipts Business Taxes	1,399,420	--	--	1,399,420
Motel Occupancy Taxes	--	--	194,100	194,100
License and Permits	342,585	--	--	342,585
Intergovernmental	1,381,312	49,170,700	209,141	50,761,153
Charges for Services	2,092,518	--	6,497	2,099,015
Fines	287,756	--	9,531	297,287
Recreation	316,591	--	--	316,591
Investment Earnings	34,105	66,050	44,313	144,468
Rents and Royalties	369,555	--	85,936	455,491
Miscellaneous	260,513	--	--	260,513
Contributions and Donations	16,826	--	52,500	69,326
Total revenues	<u>11,646,907</u>	<u>49,236,750</u>	<u>1,799,527</u>	<u>62,683,184</u>
Expenditures:				
Current:				
General Government	1,299,502	--	5,778	1,305,280
Public Safety	5,781,419	48,985,927	167,819	54,935,165
Highways and Streets	1,478,347	--	--	1,478,347
Sanitation	1,313,762	--	43,385	1,357,147
Health and Welfare	--	--	70,742	70,742
Recreation and Parks	693,352	--	1,489	694,841
Economic Development	--	--	1,050,143	1,050,143
Cemetery	--	--	179,568	179,568
Principal	426,270	--	241,722	667,992
Interest and Fiscal Charges	47,414	--	50,045	97,459
Fiscal Agent's Fees	--	--	223	223
Capital Outlay:				
General Government	21,997	--	114,121	136,118
Public Safety	137,296	--	--	137,296
Highways and Streets	19,990	--	--	19,990
Sanitation	176,925	--	--	176,925
Recreation and Parks	26,783	--	39,012	65,795
Total Expenditures	<u>11,423,057</u>	<u>48,985,927</u>	<u>1,964,047</u>	<u>62,373,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>223,850</u>	<u>250,823</u>	<u>(164,520)</u>	<u>310,153</u>
Other Financing Sources (Uses):				
Operating Transfers In	349,376	--	59,770	409,146
Operating Transfers Out	(305,052)	(319,679)	(34,415)	(659,146)
Total Other Financing Sources (Uses)	<u>44,324</u>	<u>(319,679)</u>	<u>25,355</u>	<u>(250,000)</u>
Net Change in Fund Balances	268,174	(68,856)	(139,165)	60,153
Fund Balances - Beginning	2,660,562	3,190,661	2,029,801	7,881,024
Fund Balances - Ending	<u>\$ 2,928,736</u>	<u>\$ 3,121,805</u>	<u>\$ 1,890,636</u>	<u>\$ 7,941,177</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003*

Net change in fund balances - total governmental funds	\$ 60,153
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	536,124
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,917,623)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(226,484)
Proceeds from capital leases are shown as sources in the funds but not in the SOA.	(209,094)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	35,187
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(103,573)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	240,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	475,406
(Increase) decrease in accrued interest from beginning of period to end of period	908
The net revenue (expense) of internal service funds is reported with governmental activities.	4,064
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>(73,118)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (2,178,050)</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2003

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Airport/ Industrial Park</u>
ASSETS:		
Current Assets:		
<i>Cash and Cash Equivalents</i>	\$ 925,672	\$ 1,969,006
<i>Receivables (net of allowances for uncollectibles)</i>	977,806	76,521
<i>Intergovernmental Receivables</i>	--	30,838
<i>Due from Other Funds</i>	--	--
<i>Inventories</i>	318,523	--
<i>Prepaid Items</i>	81,891	66,702
<i>Advances Receivable</i>	--	16,090
Total Current Assets	<u>2,303,892</u>	<u>2,159,157</u>
Noncurrent Assets:		
Restricted:		
<i>Cash</i>	323,223	16,702
<i>Advances to Other Funds</i>	--	64,721
Capital Assets:		
<i>Land</i>	5,036	5,590,113
<i>Buildings and System</i>	32,412,535	29,227,555
<i>Improvements other than Buildings</i>	80,933	23,185,354
<i>Machinery and Equipment</i>	1,364,727	564,866
<i>Construction in Progress</i>	329,115	537,184
<i>Less Accumulated Depreciation</i>	(18,515,709)	(35,393,862)
Total Noncurrent Assets	<u>15,999,860</u>	<u>23,792,633</u>
Total Assets	<u>\$ 18,303,752</u>	<u>\$ 25,951,790</u>
LIABILITIES:		
Current Liabilities:		
<i>Accounts Payable</i>	\$ 541,464	\$ 53,627
<i>Claims and Judgments Payable</i>	--	--
<i>Contracts Payable/Accrued Liabilities</i>	176,697	26,847
<i>Due to Other Funds</i>	167,561	220,000
<i>Capital Leases Payable</i>	102,488	7,726
Total Current Liabilities	<u>988,210</u>	<u>308,200</u>
Current Liabilities Payable from Restricted Assets-		
<i>Customer Deposits</i>	278,097	16,702
<i>Revenue Bonds Payable</i>	365,000	--
<i>Accrued Interest Payable</i>	23,415	--
Total Current Liabilities Payable From Restricted Assets	<u>666,512</u>	<u>16,702</u>
Noncurrent Liabilities:		
<i>Revenue Bonds Payable</i>	4,475,000	--
<i>Capital Leases Payable</i>	253,130	25,168
<i>Advances from Other Funds</i>	204,917	--
Total Noncurrent Liabilities	<u>4,933,047</u>	<u>25,168</u>
Total Liabilities	<u>6,587,769</u>	<u>350,070</u>
NET ASSETS:		
<i>Unrestricted Net Assets</i>	11,715,983	25,601,720
Total Net Assets	<u>\$ 11,715,983</u>	<u>\$ 25,601,720</u>

The accompanying notes are an integral part of this statement.

Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Ambulance		
\$ 69,827	\$ 2,964,505	\$ 239,349
353,474	1,407,801	1,567
--	30,838	--
--	--	100,000
18,285	336,808	68,649
3,402	151,995	--
--	16,090	--
<u>444,988</u>	<u>4,908,037</u>	<u>409,565</u>
--	339,925	--
--	64,721	--
--	5,595,149	10,000
--	61,640,090	115,531
--	23,266,287	--
677,475	2,607,068	105,089
--	866,299	--
(374,964)	(54,284,535)	(204,515)
<u>302,511</u>	<u>40,095,004</u>	<u>26,105</u>
\$ <u>747,499</u>	\$ <u>45,003,041</u>	\$ <u>435,670</u>
\$ 121,723	\$ 716,814	\$ 47,202
--	--	210,566
94,293	297,837	27,065
--	387,561	285,000
79,261	189,475	4,668
<u>295,277</u>	<u>1,591,687</u>	<u>574,501</u>
--	294,799	--
--	365,000	--
--	23,415	--
<u>--</u>	<u>683,214</u>	<u>--</u>
--	4,475,000	--
190,054	468,352	6,132
--	204,917	--
<u>190,054</u>	<u>5,148,269</u>	<u>6,132</u>
<u>485,331</u>	<u>7,423,170</u>	<u>580,633</u>
262,168	37,579,871	(144,963)
<u>\$ 262,168</u>	<u>\$ 37,579,871</u>	<u>\$ (144,963)</u>

CITY OF BIG SPRING

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

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Airport/ Industrial Park</u>
OPERATING REVENUES:		
<i>Water Sales</i>	\$ 5,249,234	\$ --
<i>Sewer Charges</i>	1,831,072	--
<i>Ambulance Service</i>	--	--
<i>Commercial Rentals and Fees</i>	--	642,612
<i>Billings to Departments and Employees</i>	--	--
<i>Other Services</i>	228,846	--
Total Operating Revenues	<u>7,309,152</u>	<u>642,612</u>
OPERATING EXPENSES:		
<i>Personal Services</i>	1,937,128	300,311
<i>Supplies and Materials</i>	2,617,620	54,512
<i>Contractual Services</i>	620,500	129,741
<i>Maintenance</i>	751,235	168,702
<i>Depreciation</i>	1,176,080	1,077,022
<i>Other</i>	458,674	93,385
Total Operating Expenses	<u>7,561,237</u>	<u>1,823,673</u>
Operating Income	<u>(252,085)</u>	<u>(1,181,061)</u>
NON-OPERATING REVENUES (EXPENSES):		
<i>Intergovernmental Revenue</i>	--	421,063
<i>Interest Revenue</i>	15,568	27,981
<i>Other Financing Sources</i>	--	63,772
<i>Gain (Loss) on Sale of Capital Assets</i>	(21,718)	(14,592)
<i>Interest Expense and Paying Agent Fees</i>	(227,305)	(738)
Total Non-operating Revenues (Expenses)	<u>(233,455)</u>	<u>497,486</u>
Income Before Transfers	<u>(485,540)</u>	<u>(683,575)</u>
<i>Interfund Operating Transfers In</i>	--	--
Change in Net Assets	<u>(485,540)</u>	<u>(683,575)</u>
Total Net Assets - Beginning	12,201,523	26,285,295
Total Net Assets - Ending	<u>\$ 11,715,983</u>	<u>\$ 25,601,720</u>

The accompanying notes are an integral part of this statement.

Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Ambulance		
\$ --	\$ 5,249,234	\$ --
--	1,831,072	--
1,027,760	1,027,760	--
--	642,612	--
--	--	2,468,281
--	228,846	8,097
<u>1,027,760</u>	<u>8,979,524</u>	<u>2,476,378</u>
860,610	3,098,049	292,961
84,423	2,756,555	659,552
65,161	815,402	1,248,441
27,945	947,882	16,690
62,998	2,316,100	7,771
391,130	943,189	235,656
<u>1,492,267</u>	<u>10,877,177</u>	<u>2,461,071</u>
<u>(464,507)</u>	<u>(1,897,653)</u>	<u>15,307</u>
130,000	551,063	--
(276)	43,273	(220)
1,844	65,616	--
(8,334)	(44,644)	(10,438)
(8,789)	(236,832)	(585)
<u>114,445</u>	<u>378,476</u>	<u>(11,243)</u>
(350,062)	(1,519,177)	4,064
250,000	250,000	--
<u>(100,062)</u>	<u>(1,269,177)</u>	<u>4,064</u>
362,230	38,849,048	(149,027)
<u>\$ 262,168</u>	<u>\$ 37,579,871</u>	<u>\$ (144,963)</u>

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

	Enterprise Funds		
	Water and Sewer	Airport/ Industrial Park	Ambulance
Cash Flows from Operating Activities:			
<i>Cash Received from Customers</i>	\$ 7,212,583	\$ 645,088	\$ 1,068,525
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	--	--	--
<i>Cash Payments to Employees for Services</i>	(1,924,227)	(300,311)	(860,610)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(4,565,438)	(407,801)	(485,017)
Net Cash Provided (Used) by Operating Activities	<u>722,918</u>	<u>(63,024)</u>	<u>(277,102)</u>
Cash Flows from Non-capital Financing Activities:			
<i>Proceeds (Payments) from (for) Borrowings</i>	116,909	79,307	--
<i>Operating Grants Received</i>	--	445,702	130,000
<i>Customer Deposits</i>	85,040	1,521	--
<i>Operating Transfers From (To) Other Funds</i>	--	--	250,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>201,949</u>	<u>526,530</u>	<u>380,000</u>
Cash Flows from Capital and Related Financing Activities:			
<i>Proceeds from Issuance of Long-term Debt</i>	196,654	22,148	114,603
<i>Principal and Interest Paid</i>	(662,767)	(6,628)	(75,339)
<i>Acquisition or Construction of Capital Assets</i>	(746,075)	(541,629)	(115,818)
<i>Other</i>	(62,901)	63,772	1,844
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,275,089)</u>	<u>(462,337)</u>	<u>(74,710)</u>
Cash Flows from Investing Activities:			
<i>Interest and Dividends on Investments</i>	15,568	27,981	(276)
Net Cash Provided (Used) for Investing Activities	<u>15,568</u>	<u>27,981</u>	<u>(276)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(334,654)	29,150	27,912
Cash and Cash Equivalents at Beginning of Year	1,583,549	1,956,558	41,915
Cash and Cash Equivalents at End of Year	<u>\$ 1,248,895</u>	<u>\$ 1,985,708</u>	<u>\$ 69,827</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (252,085)	\$ (1,181,061)	\$ (464,507)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation</i>	1,176,080	1,077,022	62,998
<i>Provision for Uncollectible Accounts</i>	14,194	532	184,908
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Receivables</i>	(110,763)	1,944	(144,142)
<i>Decrease (Increase) in Inventories</i>	(16,999)	--	176
<i>Decrease (Increase) in Prepaid Items</i>	(9,416)	61,489	(1,285)
<i>Decrease (Increase) in Due from Other Governments</i>	--	--	--
<i>Increase (Decrease) in Accounts Payable</i>	(90,994)	(28,121)	81,117
<i>Increase (Decrease) in Accrued Expenses</i>	12,901	5,171	3,633
Total Adjustments	<u>975,003</u>	<u>1,118,037</u>	<u>187,405</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 722,918</u>	<u>\$ (63,024)</u>	<u>\$ (277,102)</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 8,926,196	\$ 17,852,392
--	2,474,811
(3,085,148)	(292,961)
(5,458,256)	(2,231,190)
<u>382,792</u>	<u>17,803,052</u>
196,216	392,432
575,702	1,151,404
86,561	--
250,000	500,000
<u>1,108,479</u>	<u>2,043,836</u>
333,405	666,810
(744,734)	(5,054)
(1,403,522)	(2,807,044)
2,715	--
<u>(1,812,136)</u>	<u>(2,145,288)</u>
43,273	(220)
<u>43,273</u>	<u>(220)</u>
(277,592)	17,701,380
3,582,022	293,963
<u>\$ 3,304,430</u>	<u>\$ 17,995,343</u>
\$ (1,897,653)	\$ 15,307
2,316,100	7,771
199,634	399,268
(252,961)	1,361
(16,823)	3,420
50,788	--
--	10,560
(37,998)	(30,827)
21,705	(56,932)
<u>2,280,445</u>	<u>334,621</u>
<u>\$ 382,792</u>	<u>\$ 349,928</u>

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2003

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 Entity

The City's combined financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," 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 (Moore Development for Big Spring, Inc.) is included within the reporting entity. The City is financially accountable for Moore Development. The City established the sales tax that is the principal source of revenue for Moore Development. 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 310 Nolan, Big Spring, Texas.

Additionally, the City is not a component unit of any other reporting entity 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.

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.

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2003

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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange 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.

Correctional Center (Special Revenue) Fund: This fund accounts for monies received from the Federal Bureau of Prisons for inmates housed at City-owned facilities, which are operated by an independent contractor.

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. Nonexchange 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 sixty 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.

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2003

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.

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, proprietary 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.

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.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed 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:

CITY OF BIG SPRING

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003*

<u>Asset Class</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 and Payable Balances**

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

	<u>General</u>	<u>Correctional Center</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Sanitation	\$ 243	\$ --	\$ --	\$ 243
Taxes	679	--	--	679
Accounts	123	--	52	175
Gross receivables	1,045	--	52	1,097
Less: allowance for				
Uncollectibles	(481)	--	--	(481)
Net total receivables	\$ <u>564</u>	\$ <u>--</u>	\$ <u>52</u>	\$ <u>616</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.

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 GAAP requires the use of management's estimates.

B. Compliance and Accountability

1. **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:

CITY OF BIG SPRING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Fund Name	Deficit Amount	Remarks
Internal Service	\$	
Garage	174,237	The City plans to transfer funds from the General and Utility Funds to cover these costs.
Occupational Accident Insurance	183,872	
Special Revenue		
Cemetery	75,604	This fund incurred additional costs in the current year that will be recaptured in the near future.

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 City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At September 30, 2003, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,413,256 and the bank balance was \$1,560,496. The City's cash deposits at September 30, 2003 and during the year ended September 30, 2003, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

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 be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

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 general purpose 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 City 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, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City's investments at September 30, 2003 are shown below.

Investment	Category			Reported Amount	Fair Value
	1	2	3		
		TexPool (state-wide investment pool)		\$ 8,226,771	\$ 8,226,771
Total Investments				<u>\$ 8,226,771</u>	<u>\$ 8,226,771</u>

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2003

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.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 72,714,126	\$ --	\$ --	\$ 72,714,126
Construction in progress	--	3,291	--	3,291
Total capital assets not being depreciated	<u>72,714,126</u>	<u>3,291</u>	<u>--</u>	<u>72,717,417</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	5,711,462	--	--	5,711,462
Buildings and systems	23,862,378	112,160	--	23,974,538
Improvements other than buildings	1,011,377	24,331	--	1,035,708
Machinery and equipment	7,327,080	429,600	256,451	7,500,229
Total capital assets being depreciated	<u>37,912,297</u>	<u>566,091</u>	<u>256,451</u>	<u>38,221,937</u>
Less accumulated depreciation for:				
Infrastructure	5,525,326	26,622	--	5,551,948
Buildings and systems	15,135,713	2,182,011	--	17,317,724
Improvements other than buildings	495,235	79,336	--	574,571
Machinery and equipment	4,878,687	637,725	--	5,516,412
Total accumulated depreciation	<u>26,034,961</u>	<u>2,925,694</u>	<u>--</u>	<u>28,960,655</u>
Total capital assets being depreciated, net	<u>11,877,336</u>	<u>(2,359,603)</u>	<u>256,451</u>	<u>9,261,282</u>
Governmental activities capital assets, net	<u>\$ 84,591,462</u>	<u>\$ (2,356,312)</u>	<u>\$ 256,451</u>	<u>\$ 81,978,699</u>

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Business-type activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 5,595,149	\$ --	\$ --	\$ 5,595,149
Construction in progress	338,416	555,565	27,682	866,299
Total capital assets not being depreciated	<u>5,933,565</u>	<u>555,565</u>	<u>27,682</u>	<u>6,461,448</u>
<i>Capital assets being depreciated:</i>				
Buildings and systems	61,244,642	403,267	7,819	61,640,090
Improvements other than buildings	23,175,836	102,503	12,052	23,266,287
Machinery and equipment	2,693,362	342,187	428,481	2,607,068
Total capital assets being depreciated	<u>87,113,840</u>	<u>847,957</u>	<u>448,352</u>	<u>87,513,445</u>
Less accumulated depreciation for:				
Buildings and systems	30,083,796	1,661,647	5,017	31,740,426
Improvements other than buildings	20,397,062	415,321	6,976	20,805,407
Machinery and equipment	1,918,967	239,132	419,397	1,738,702
Total accumulated depreciation	<u>52,399,825</u>	<u>2,316,100</u>	<u>431,390</u>	<u>54,284,535</u>
Total capital assets being depreciated, net	<u>34,714,015</u>	<u>(1,468,143)</u>	<u>16,962</u>	<u>33,228,910</u>
Business-type activities capital assets, net	<u>\$ 40,647,580</u>	<u>\$ (912,578)</u>	<u>\$ 44,644</u>	<u>\$ 39,690,358</u>

Depreciation was charged to governmental activities as follows:

General Government	\$ 276,998
Public Safety	1,601,132
Highways and Streets	429,646
Sanitation	416,154
Recreation and Parks	201,764
	<u>\$ 2,925,694</u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2003, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Airport/Industrial Park Fund	\$ 220,000	Short-term loans
General Fund	Water and Sewer Fund	55,000	Short-term loans
General Fund	Internal Service Funds	185,000	Short-term loans
General Fund	Other Governmental Funds	54,500	Short-term loans
General Fund	Correctional Center Fund	215,698	Short-term loans
Other Governmental Funds	General Fund	105,073	Short-term loans
Other Governmental Funds	Other Governmental Funds	129,508	Short-term loans
Internal Service Funds	Internal Service Funds	100,000	Short-term loans
	Total	<u>\$ 1,064,779</u>	
<u>Advances To Fund</u>	<u>Advances From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Airport/Industrial Park Fund	General Fund	\$ 64,721	Loans
General Fund	Other Governmental Funds	142,144	Loans
Other Governmental Funds	Other Governmental Funds	61,592	Loans
Other Governmental Funds	Water and Sewer Fund	204,917	Loans
	Total	<u>\$ 473,374</u>	

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

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2003, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Correctional Center Fund	General Fund	\$ 319,679	Supplement other funds sources
Other Governmental Funds	General Fund	29,697	Supplement other funds sources
General fund	Other Governmental Funds	305,052	Supplement other funds sources
Other Governmental Funds	Other Governmental Funds	4,718	Supplement other funds sources
	Total	<u>\$ 659,146</u>	

F. Short-Term Debt Activity

The City accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended September 30, 2003, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 1,600,000	\$ --	\$ 240,000	\$ 1,360,000	235,000
Capital leases	1,388,743	209,094	411,305	1,186,532	409,307
Notes payable	16,090	--	--	16,090	16,090
Compensated absences *	1,092,574	73,118	--	1,165,692	--
Closure/postclosure landfill	1,648,978	35,005	--	1,683,983	--
Total governmental activities	<u>\$ 5,746,385</u>	<u>\$ 317,217</u>	<u>\$ 651,305</u>	<u>\$ 5,412,297</u>	<u>\$ 660,397</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 5,190,000	\$ --	\$ 350,000	\$ 4,840,000	365,000
Capital leases	481,000	297,009	120,183	657,826	189,475
Total business-type activities	<u>\$ 5,671,000</u>	<u>\$ 297,009</u>	<u>\$ 470,183</u>	<u>\$ 5,497,826</u>	<u>\$ 554,475</u>

* Other long-term liabilities

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2003, are as follows:

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2004	\$ 235,000	\$ 42,920	\$ 277,920
2005	230,000	35,945	265,945
2006	230,000	28,873	258,873
2007	225,000	21,425	246,425
2008	220,000	13,200	233,200
2009	220,000	4,400	224,400
Totals	\$ 1,360,000	\$ 146,763	\$ 1,506,763

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2004	\$ 365,000	\$ 180,335	\$ 545,335
2005	380,000	169,160	549,160
2006	390,000	157,317	547,317
2007	400,000	144,375	544,375
2008	420,000	129,175	549,175
2009-2013	2,355,000	372,805	2,727,805
2014	530,000	11,793	541,793
Totals	\$ 4,840,000	\$ 1,164,960	\$ 6,004,960

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of September 30, 2003, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future payments. At July 17, 2002, all of the refunded bonds were called and paid in full. Therefore, none of the refunded bonds are outstanding.

4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2003, as follows:

Year Ending September 30:	Governmental		
	Principal	Interest	Interest
2004	\$ 409,307	36,504	445,811
2005	426,963	20,312	447,275
2006	217,623	6,671	224,294
2007	114,256	1,882	116,138
2008	18,383	113	18,496
Total Minimum Rentals	\$ 1,186,532	65,482	1,252,014

The effective interest rate on capital leases is .

2.457%

Year Ending September 30:	Governmental		
	Principal	Interest	Interest
2004	\$ 189,475	18,045	207,520
2005	196,113	11,408	207,521
2006	138,954	5,460	144,414
2007	103,868	2,064	105,932
2008	29,416	181	29,597
Total Minimum Rentals	\$ 657,826	37,158	694,984

The effective interest rate on capital leases is .

2.457%

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2003

5. 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.

H. 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 2003, 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.

I. 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 nonauthoritative information is available at the TMRS web site, <http://www.tmrs.org>.

2. Funding Policy

Plan members are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 9.17% of annual covered payroll. The City's contributions to the TMRS for the years ending September 30, 2003, 2002 and 2001 were \$569,147, \$501,010 and \$457,923, respectively, and were equal to the required contributions for each year.

3. Annual Pension Cost

The City's annual pension cost of \$569,147 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 25-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 25-year period. Currently, the unfunded actuarial

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2003

liability is being amortized over the 25-year period which began January 1997. The 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, 1997 valuation is effective for rates beginning January 1999).

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, 1997 valuation date, an 8% investment rate of return was assumed. No assumptions were made for projected salary increases, inflation or cost of living adjustments.

4. Trend Information for the Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2001	\$ 457,923	100%	\$ --
September 30, 2002	501,010	100%	--
September 30, 2003	569,147	100%	--

5. 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 provides a defined contribution to the fund of 11% of the fireman's salary and the firemen contribute 11%. 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, 2003 was \$2,324,704. Both the City and the firemen made the required contribution of \$252,641 and \$252,641 representing 11% and 11% of covered payroll, respectively.

J. Self-Insurance

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

	Liability Balance at 10/1	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at 9/30
<u>Year Ending 9/30/02</u>				
Health Insurance Claims	\$ --	\$ 805,709	\$ 786,477	\$ 19,232
Workers' Compensation Claims	78,977	222,473	111,614	189,836
<u>Year Ending 9/30/03</u>				
Health Insurance Claims	\$ 19,232	\$ 1,066,421	\$ 977,283	\$ 89,138
Workers' Compensation Claims	189,836	83,973	152,381	121,428

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2003

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 \$1,280,258 in health insurance expense and administrative and other charges for the year ended September 30, 2003. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$89,138 at September 30, 2003.

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 \$171,320 in workers' compensation expense and administrative and other charges for the year ended September 30, 2003. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$121,428 at September 30, 2003.

K. Commitments and Contingencies

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 collectibility of any related receivable may be impaired. In the 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

No reportable litigation was pending against the City at September 30, 2003.

L. Note Receivable & Correctional Center Contracted Management

The City effectively sold the operations and management of its three correctional facilities to Cornell Corrections, Inc., effective June 30, 1996, for \$3,700,000. An additional facility built in 1998 is also under a management contract with Cornell. Title to all the assets of the City's Correctional Center Enterprise Fund was retained by the City. A special revenue fund, Correctional Center Fund, has been created to account for fees received from the Bureau of Prisons and which are subsequently transferred to Cornell Corrections. The City receives a management fee of \$0.70 per prisoner per month. These management fees are accounted for in the Correctional Center Fund and subsequently transferred to the General Fund. The facility lease payments to the City from Cornell are in the amount of \$18,000 per month. The lease payments are accounted for directly in the General Fund. There is also a long-term note receivable in the amount of \$519,547 at September 30, 2003. This note receivable is due from Western Container, a tenant at the City's industrial park, whose facilities were renovated using Correctional Center funds. The note is being repaid in monthly installments of \$12,948, which includes interest at the rate of 5% per annum with the final payment to be made in April of 2007.

M. Closure and Postclosure 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 postclosure care costs will be paid only near or after the date that the landfill stops

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2003

accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,683,983.00 reported as landfill closure and postclosure care liability at September 30, 2003, represents the cumulative amount reported to date based on the use of 65.83% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$874,041.00 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2003. The City expects to close the landfill in the year 2020. 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 postclosure care. The City has not placed sufficient funds in a trust to cover these costs. However, at September 30, 2003, the City has designated \$778,964 for this purpose.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF BIG SPRING

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Taxes:</i>				
<i>General Property Taxes</i>	\$ 2,365,000	\$ 2,401,000	\$ 2,415,646	\$ 14,646
<i>General Sales Taxes</i>	2,700,500	2,800,000	2,730,080	(69,920)
<i>Gross Receipts Business Taxes</i>	1,354,753	1,397,046	1,399,420	2,374
<i>License and Permits</i>	345,250	339,300	342,585	3,285
<i>Intergovernmental</i>	1,426,500	1,373,521	1,381,312	7,791
<i>Charges for Services</i>	2,110,750	2,114,400	2,092,518	(21,882)
<i>Fines</i>	255,000	273,900	287,756	13,856
<i>Recreation</i>	339,000	328,660	316,591	(12,069)
<i>Investment Earnings</i>	70,000	30,000	34,105	4,105
<i>Rents and Royalties</i>	339,084	371,584	369,555	(2,029)
<i>Miscellaneous</i>	435,803	268,352	260,513	(7,839)
<i>Contributions and Donations</i>	14,353	16,100	16,826	726
Total revenues	<u>11,755,993</u>	<u>11,713,863</u>	<u>11,646,907</u>	<u>(66,956)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
<i>General Government</i>	1,224,822	1,330,145	1,299,502	30,643
<i>Public Safety</i>	5,724,494	5,799,562	5,781,419	18,143
<i>Highways and Streets</i>	1,562,343	1,500,013	1,478,347	21,666
<i>Sanitation</i>	1,346,665	1,331,795	1,313,762	18,033
<i>Recreation and Parks</i>	719,016	707,369	693,352	14,017
<i>Principal</i>	559,002	564,087	426,270	137,817
<i>Interest and Fiscal Charges</i>	62,700	62,700	47,414	15,286
<i>Capital Outlay:</i>				
<i>General Government</i>	21,000	22,707	21,997	710
<i>Public Safety</i>	150,000	137,296	137,296	--
<i>Highways and Streets</i>	22,000	20,357	19,990	367
<i>Sanitation</i>	187,925	185,350	176,925	8,425
<i>Recreation and Parks</i>	25,000	27,500	26,783	717
Total Expenditures	<u>11,604,967</u>	<u>11,688,881</u>	<u>11,423,057</u>	<u>265,824</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>151,026</u>	<u>24,982</u>	<u>223,850</u>	<u>198,868</u>
<i>Other Financing Sources (Uses):</i>				
<i>Operating Transfers In</i>	369,300	356,883	349,376	(7,507)
<i>Operating Transfers Out</i>	(311,030)	(314,482)	(305,052)	9,430
Total Other Financing Sources (Uses)	<u>58,270</u>	<u>42,401</u>	<u>44,324</u>	<u>(1,923)</u>
Net Change in Fund Balances	209,296	67,383	268,174	200,791
Fund Balances - Beginning	2,660,562	2,660,562	2,660,562	--
Fund Balances - Ending	<u>\$ 2,869,858</u>	<u>\$ 2,727,945</u>	<u>\$ 2,928,736</u>	<u>\$ 200,791</u>

CITY OF BIG SPRING
CORRECTIONAL CENTER FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Intergovernmental</i>	\$ 46,356,200	\$ 46,962,416	\$ 49,170,700	\$ 2,208,284
<i>Investment Earnings</i>	78,066	68,066	66,050	(2,016)
<i>Rents and Royalties</i>	137,468	137,468	--	(137,468)
Total revenues	<u>46,571,734</u>	<u>47,167,950</u>	<u>49,236,750</u>	<u>2,068,800</u>
Expenditures:				
<i>Public Safety</i>	46,220,587	46,831,911	48,985,927	(2,154,016)
Total Expenditures	<u>46,220,587</u>	<u>46,831,911</u>	<u>48,985,927</u>	<u>(2,154,016)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>351,147</u>	<u>336,039</u>	<u>250,823</u>	<u>(85,216)</u>
Other Financing Sources (Uses):				
<i>Operating Transfers Out</i>	(369,300)	(327,186)	(319,679)	7,507
Total Other Financing Sources (Uses)	<u>(369,300)</u>	<u>(327,186)</u>	<u>(319,679)</u>	<u>(7,507)</u>
Net Change in Fund Balances	(18,153)	8,853	(68,856)	(77,709)
Fund Balances - Beginning	3,190,661	3,190,661	3,190,661	--
Fund Balances - Ending	<u>\$ 3,172,508</u>	<u>\$ 3,199,514</u>	<u>\$ 3,121,805</u>	<u>\$ (77,709)</u>

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CITY OF BIG SPRING

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2003

	Special Revenue Funds	Debt Service Fund 2002 Refunding Series	Capital Projects Fund Capital Replacement	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS AND OTHER DEBITS				
Assets:				
<i>Cash and Cash Equivalents</i>	\$ 435,267	\$ 2,890	\$ 895,212	\$ 1,333,369
<i>Receivables (net of allowances for uncollectibles)</i>	51,473	--	--	51,473
<i>Due from Other Funds</i>	11,272	--	223,309	234,581
<i>Advances to Other Funds</i>	--	--	408,653	408,653
Restricted Assets:				
<i>Intergovernmental Receivable</i>	215,592	--	--	215,592
Total Assets and Other Debits	\$ 713,604	\$ 2,890	\$ 1,527,174	\$ 2,243,668
LIABILITIES AND FUND BALANCES:				
Liabilities:				
<i>Accounts Payable</i>	\$ 194,660	\$ --	\$ --	\$ 194,660
<i>Due to Other Funds</i>	71,447	--	--	71,447
<i>Deferred Revenue</i>	24,833	--	--	24,833
<i>Customer Deposits</i>	500	--	--	500
<i>Advances from Other Funds</i>	61,592	--	--	61,592
Total Liabilities	353,032	--	--	353,032
Fund Balances:				
Reserved Fund Balances:				
<i>Reserved for Debt Service</i>	--	2,890	--	2,890
<i>Reserved for Advances</i>	--	--	408,653	408,653
<i>Reserved for Perpetual Cemetery Care</i>	351,511	--	--	351,511
Unreserved, reported in nonmajor:				
<i>Special Revenue Funds</i>	9,061	--	--	9,061
<i>Capital Project Funds</i>	--	--	1,118,521	1,118,521
Total Fund Balances	360,572	2,890	1,527,174	1,890,636
Total Liabilities and Fund Balances	\$ 713,604	\$ 2,890	\$ 1,527,174	\$ 2,243,668

CITY OF BIG SPRING

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

	Special Revenue Funds	Debt Service Fund 2002 Refunding Series	Capital Projects Fund Capital Replacement	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:				
Taxes:				
<i>General Property Taxes</i>	\$ --	\$ 287,482	\$ --	\$ 287,482
<i>General Sales Taxes</i>	910,027	--	--	910,027
<i>Motel Occupancy Taxes</i>	194,100	--	--	194,100
<i>Intergovernmental</i>	209,141	--	--	209,141
<i>Charges for Services</i>	6,497	--	--	6,497
<i>Fines</i>	9,531	--	--	9,531
<i>Investment Earnings</i>	7,252	353	36,708	44,313
<i>Rents and Royalties</i>	63,552	--	22,384	85,936
<i>Contributions and Donations</i>	52,500	--	--	52,500
Total revenues	<u>1,452,600</u>	<u>287,835</u>	<u>59,092</u>	<u>1,799,527</u>
Expenditures:				
Current:				
<i>General Government</i>	5,778	--	--	5,778
<i>Public Safety</i>	167,819	--	--	167,819
<i>Sanitation</i>	43,385	--	--	43,385
<i>Health and Welfare</i>	70,742	--	--	70,742
<i>Recreation and Parks</i>	1,489	--	--	1,489
<i>Economic Development</i>	1,050,143	--	--	1,050,143
<i>Cemetery</i>	179,568	--	--	179,568
<i>Principal</i>	1,722	240,000	--	241,722
<i>Interest and Fiscal Charges</i>	--	50,045	--	50,045
<i>Fiscal Agent's Fees</i>	--	223	--	223
Capital Outlay:				
<i>General Government</i>	114,121	--	--	114,121
<i>Recreation and Parks</i>	39,012	--	--	39,012
Total Expenditures	<u>1,673,779</u>	<u>290,268</u>	<u>--</u>	<u>1,964,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(221,179)</u>	<u>(2,433)</u>	<u>59,092</u>	<u>(164,520)</u>
Other Financing Sources (Uses):				
<i>Operating Transfers In</i>	59,770	--	--	59,770
<i>Operating Transfers Out</i>	(34,415)	--	--	(34,415)
Total Other Financing Sources (Uses)	<u>25,355</u>	<u>--</u>	<u>--</u>	<u>25,355</u>
Net Change in Fund Balances	<u>(195,824)</u>	<u>(2,433)</u>	<u>59,092</u>	<u>(139,165)</u>
Fund Balances - Beginning	556,396	5,323	1,468,082	2,029,801
Fund Balances - Ending	<u>\$ 360,572</u>	<u>\$ 2,890</u>	<u>\$ 1,527,174</u>	<u>\$ 1,890,636</u>

CITY OF BIG SPRING
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2003

	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development
ASSETS AND OTHER DEBITS			
Assets:			
<i>Cash and Cash Equivalents</i>	\$ 342	\$ 1,249	\$ --
<i>Receivables (net of allowances for uncollectibles)</i>	28,850	--	--
<i>Due from Other Funds</i>	--	--	--
Restricted Assets:			
<i>Intergovernmental Receivable</i>	--	44,903	159,920
Total Assets and Other Debits	\$ 29,192	\$ 46,152	\$ 159,920
LIABILITIES AND FUND BALANCES:			
Liabilities:			
<i>Accounts Payable</i>	\$ 8,647	\$ 5,546	\$ 159,920
<i>Due to Other Funds</i>	3,000	35,000	--
<i>Deferred Revenue</i>	--	5,606	--
<i>Customer Deposits</i>	500	--	--
<i>Advances from Other Funds</i>	--	--	--
Total Liabilities	12,147	46,152	159,920
Fund Balances:			
Reserved Fund Balances:			
<i>Reserved for Perpetual Cemetery Care</i>	--	--	--
Unreserved, reported in nonmajor:			
<i>Special Revenue Funds</i>	17,045	--	--
Total Fund Balances	17,045	--	--
Total Liabilities and Fund Balances	\$ 29,192	\$ 46,152	\$ 159,920

<u>Employee's College Education</u>	<u>Municipal Court Security</u>	<u>Golf Course Improvement</u>	<u>R.S.V.P.</u>	<u>Police Seizure</u>
\$ 15,650	\$ 15,337	\$ 27,631	\$ 322	\$ 10,169
--	--	--	5,195	--
--	--	--	--	--
--	--	--	10,769	--
<u>\$ 15,650</u>	<u>\$ 15,337</u>	<u>\$ 27,631</u>	<u>\$ 16,286</u>	<u>\$ 10,169</u>
\$ --	\$ 1,806	\$ --	\$ 10,786	\$ 361
--	--	--	4,500	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>1,806</u>	<u>--</u>	<u>15,286</u>	<u>361</u>
--	--	--	--	--
<u>15,650</u>	<u>13,531</u>	<u>27,631</u>	<u>1,000</u>	<u>9,808</u>
<u>15,650</u>	<u>13,531</u>	<u>27,631</u>	<u>1,000</u>	<u>9,808</u>
<u>\$ 15,650</u>	<u>\$ 15,337</u>	<u>\$ 27,631</u>	<u>\$ 16,286</u>	<u>\$ 10,169</u>

CITY OF BIG SPRING

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2003

	Cemetery	Cemetery Permanent Care	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS AND OTHER DEBITS			
Assets:			
<i>Cash and Cash Equivalents</i>	\$ 1,784	\$ 362,783	\$ 435,267
<i>Receivables (net of allowances for uncollectibles)</i>	17,428	--	51,473
<i>Due from Other Funds</i>	11,272	--	11,272
Restricted Assets:			
<i>Intergovernmental Receivable</i>	--	--	215,592
Total Assets and Other Debits	\$ 30,484	\$ 362,783	\$ 713,604
LIABILITIES AND FUND BALANCES:			
Liabilities:			
<i>Accounts Payable</i>	\$ 7,594	\$ --	\$ 194,660
<i>Due to Other Funds</i>	17,675	11,272	71,447
<i>Deferred Revenue</i>	19,227	--	24,833
<i>Customer Deposits</i>	--	--	500
<i>Advances from Other Funds</i>	61,592	--	61,592
Total Liabilities	106,088	11,272	353,032
Fund Balances:			
Reserved Fund Balances:			
<i>Reserved for Perpetual Cemetery Care</i>	--	351,511	351,511
Unreserved, reported in nonmajor:			
<i>Special Revenue Funds</i>	(75,604)	--	9,061
Total Fund Balances	(75,604)	351,511	360,572
Total Liabilities and Fund Balances	\$ 30,484	\$ 362,783	\$ 713,604

CITY OF BIG SPRING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development
Revenue:			
Taxes:			
<i>General Sales Taxes</i>	\$ --	\$ --	\$ 910,027
<i>Motel Occupancy Taxes</i>	194,100	--	--
<i>Intergovernmental</i>	--	145,431	--
<i>Charges for Services</i>	--	--	--
<i>Fines</i>	--	--	--
<i>Investment Earnings</i>	(43)	118	--
<i>Rents and Royalties</i>	350	--	--
<i>Contributions and Donations</i>	50,000	--	--
Total revenues	<u>244,407</u>	<u>145,549</u>	<u>910,027</u>
Expenditures:			
Current:			
<i>General Government</i>	--	--	--
<i>Public Safety</i>	--	120,497	--
<i>Sanitation</i>	--	43,385	--
<i>Health and Welfare</i>	--	--	--
<i>Recreation and Parks</i>	--	--	--
<i>Economic Development</i>	140,116	--	910,027
<i>Cemetery</i>	--	--	--
<i>Principal</i>	--	--	--
Capital Outlay:			
<i>General Government</i>	98,661	15,460	--
<i>Recreation and Parks</i>	--	--	--
Total Expenditures	<u>238,777</u>	<u>179,342</u>	<u>910,027</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,630</u>	<u>(33,793)</u>	<u>--</u>
Other Financing Sources (Uses):			
<i>Operating Transfers In</i>	--	33,793	--
<i>Operating Transfers Out</i>	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>33,793</u>	<u>--</u>
Net Change in Fund Balances	5,630	--	--
Fund Balances - Beginning	11,415	--	--
Fund Balances - Ending	<u>\$ 17,045</u>	<u>\$ --</u>	<u>\$ --</u>

Employee's College Education	Municipal Court Security	Golf Course Improvement	R.S.V.P.	Police Seizure
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	54,744	8,966
6,497	--	--	--	--
--	9,531	--	--	--
180	408	867	37	18
--	--	--	--	--
--	--	--	--	--
<u>6,677</u>	<u>9,939</u>	<u>867</u>	<u>54,781</u>	<u>8,984</u>
5,778	--	--	--	--
--	46,961	--	--	361
--	--	--	--	--
--	--	--	70,742	--
--	--	1,489	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	39,012	--	--
<u>5,778</u>	<u>46,961</u>	<u>40,501</u>	<u>70,742</u>	<u>361</u>
<u>899</u>	<u>(37,022)</u>	<u>(39,634)</u>	<u>(15,961)</u>	<u>8,623</u>
--	--	6,298	14,961	--
--	--	(29,697)	--	--
<u>--</u>	<u>--</u>	<u>(23,399)</u>	<u>14,961</u>	<u>--</u>
899	(37,022)	(63,033)	(1,000)	8,623
14,751	50,553	90,664	2,000	1,185
<u>\$ 15,650</u>	<u>\$ 13,531</u>	<u>\$ 27,631</u>	<u>\$ 1,000</u>	<u>\$ 9,808</u>

CITY OF BIG SPRING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Cemetery	Cemetery Permanent Care	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:			
Taxes:			
<i>General Sales Taxes</i>	\$ --	\$ --	\$ 910,027
<i>Motel Occupancy Taxes</i>	--	--	194,100
<i>Intergovernmental</i>	--	--	209,141
<i>Charges for Services</i>	--	--	6,497
<i>Fines</i>	--	--	9,531
<i>Investment Earnings</i>	949	4,718	7,252
<i>Rents and Royalties</i>	54,952	8,250	63,552
<i>Contributions and Donations</i>	2,500	--	52,500
Total revenues	<u>58,401</u>	<u>12,968</u>	<u>1,452,600</u>
Expenditures:			
Current:			
<i>General Government</i>	--	--	5,778
<i>Public Safety</i>	--	--	167,819
<i>Sanitation</i>	--	--	43,385
<i>Health and Welfare</i>	--	--	70,742
<i>Recreation and Parks</i>	--	--	1,489
<i>Economic Development</i>	--	--	1,050,143
<i>Cemetery</i>	179,568	--	179,568
<i>Principal</i>	1,722	--	1,722
Capital Outlay:			
<i>General Government</i>	--	--	114,121
<i>Recreation and Parks</i>	--	--	39,012
Total Expenditures	<u>181,290</u>	<u>--</u>	<u>1,673,779</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(122,889)</u>	<u>12,968</u>	<u>(221,179)</u>
Other Financing Sources (Uses):			
<i>Operating Transfers In</i>	4,718	--	59,770
<i>Operating Transfers Out</i>	--	(4,718)	(34,415)
Total Other Financing Sources (Uses)	<u>4,718</u>	<u>(4,718)</u>	<u>25,355</u>
Net Change in Fund Balances	(118,171)	8,250	(195,824)
Fund Balances - Beginning	42,567	343,261	556,396
Fund Balances - Ending	<u>\$ (75,604)</u>	<u>\$ 351,511</u>	<u>\$ 360,572</u>

CITY OF BIG SPRING

HOTEL/MOTEL OCCUPANCY TAX FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Motel Occupancy Taxes</i>	\$ 180,800	\$ 194,100	\$ 13,300
<i>Investment Earnings</i>	(35)	(43)	(8)
<i>Rents and Royalties</i>	--	350	350
<i>Contributions and Donations</i>	50,000	50,000	--
Total revenues	<u>230,765</u>	<u>244,407</u>	<u>13,642</u>
Expenditures:			
<i>Economic Development</i>	240,851	140,116	100,735
Capital Outlay:			
<i>General Government</i>	--	98,661	(98,661)
Total Expenditures	<u>240,851</u>	<u>238,777</u>	<u>2,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,086)</u>	<u>5,630</u>	<u>15,716</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(10,086)	5,630	15,716
Fund Balances - Beginning	11,415	11,415	--
Fund Balances - Ending	<u>\$ 1,329</u>	<u>\$ 17,045</u>	<u>\$ 15,716</u>

CITY OF BIG SPRING
ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>General Sales Taxes</i>	\$ 920,000	\$ 910,027	\$ (9,973)
Total revenues	<u>920,000</u>	<u>910,027</u>	<u>(9,973)</u>
Expenditures:			
<i>Economic Development</i>	920,000	910,027	9,973
Total Expenditures	<u>920,000</u>	<u>910,027</u>	<u>9,973</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances - Beginning	--	--	--
Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CITY OF BIG SPRING

EMPLOYEE'S COLLEGE EDUCATION FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for Services	\$ 6,000	\$ 6,497	\$ 497
Investment Earnings	200	180	(20)
Total revenues	<u>6,200</u>	<u>6,677</u>	<u>477</u>
Expenditures:			
Current:			
General Government	5,500	5,778	(278)
Total Expenditures	<u>5,500</u>	<u>5,778</u>	<u>(278)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>700</u>	<u>899</u>	<u>199</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	700	899	199
Fund Balances - Beginning	14,751	14,751	--
Fund Balances - Ending	<u>\$ 15,451</u>	<u>\$ 15,650</u>	<u>\$ 199</u>

CITY OF BIG SPRING

MUNICIPAL COURT SECURITY FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Fines</i>	\$ 9,500	\$ 9,531	\$ 31
<i>Investment Earnings</i>	350	408	58
Total revenues	<u>9,850</u>	<u>9,939</u>	<u>89</u>
Expenditures:			
Current:			
<i>Public Safety</i>	46,748	46,961	(213)
Total Expenditures	<u>46,748</u>	<u>46,961</u>	<u>(213)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,898)</u>	<u>(37,022)</u>	<u>(124)</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(36,898)	(37,022)	(124)
Fund Balances - Beginning	50,553	50,553	--
Fund Balances - Ending	<u>\$ 13,655</u>	<u>\$ 13,531</u>	<u>\$ (124)</u>

CITY OF BIG SPRING

POLICE SEIZURE

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Intergovernmental</i>	\$ 1,000	\$ 8,966	\$ 7,966
<i>Investment Earnings</i>	20	18	(2)
Total revenues	<u>1,020</u>	<u>8,984</u>	<u>7,964</u>
Expenditures:			
Current:			
<i>Public Safety</i>	361	361	--
Total Expenditures	<u>361</u>	<u>361</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>659</u>	<u>8,623</u>	<u>7,964</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	659	8,623	7,964
Fund Balances - Beginning	1,185	1,185	--
Fund Balances - Ending	<u>\$ 1,844</u>	<u>\$ 9,808</u>	<u>\$ 7,964</u>

CITY OF BIG SPRING

CEMETERY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Investment Earnings</i>	\$ 1,000	\$ 949	\$ (51)
<i>Rents and Royalties</i>	56,375	54,952	(1,423)
<i>Contributions and Donations</i>	72,500	2,500	(70,000)
Total revenues	<u>129,875</u>	<u>58,401</u>	<u>(71,474)</u>
Expenditures:			
<i>Cemetery</i>	178,232	179,568	(1,336)
<i>Principal</i>	4,455	1,722	2,733
Total Expenditures	<u>182,687</u>	<u>181,290</u>	<u>1,397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(52,812)</u>	<u>(122,889)</u>	<u>(70,077)</u>
Other Financing Sources (Uses):			
<i>Operating Transfers In</i>	(5,000)	4,718	9,718
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>4,718</u>	<u>(9,718)</u>
Net Change in Fund Balances	(57,812)	(118,171)	(60,359)
Fund Balances - Beginning	42,567	42,567	--
Fund Balances - Ending	<u>\$ (15,245)</u>	<u>\$ (75,604)</u>	<u>\$ (60,359)</u>

CITY OF BIG SPRING

CEMETERY PERMANENT CARE FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Investment Earnings</i>	\$ 5,000	\$ 4,718	\$ (282)
<i>Rents and Royalties</i>	8,600	8,250	(350)
Total revenues	<u>13,600</u>	<u>12,968</u>	<u>(632)</u>
Expenditures:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,600</u>	<u>12,968</u>	<u>(632)</u>
Other Financing Sources (Uses):			
<i>Operating Transfers Out</i>	(5,000)	(4,718)	282
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(4,718)</u>	<u>(282)</u>
Net Change in Fund Balances	8,600	8,250	(350)
Fund Balances - Beginning	343,261	343,261	--
Fund Balances - Ending	<u>\$ 351,861</u>	<u>\$ 351,511</u>	<u>\$ (350)</u>

CITY OF BIG SPRING

2002 REFUNDING FUND
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>General Property Taxes</i>	\$ 290,000	\$ 287,482	\$ (2,518)
<i>Investment Earnings</i>	500	353	(147)
Total revenues	<u>290,500</u>	<u>287,835</u>	<u>(2,665)</u>
Expenditures:			
<i>Principal</i>	240,000	240,000	--
<i>Interest and Fiscal Charges</i>	50,045	50,045	--
<i>Fiscal Agent's Fees</i>	1,000	223	777
Total Expenditures	<u>291,045</u>	<u>290,268</u>	<u>777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(545)</u>	<u>(2,433)</u>	<u>(1,888)</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(545)	(2,433)	(1,888)
Fund Balances - Beginning	5,323	5,323	--
Fund Balances - Ending	<u>\$ 4,778</u>	<u>\$ 2,890</u>	<u>\$ (1,888)</u>

CITY OF BIG SPRING

WATER AND SEWER FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-13

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Water Sales</i>	\$ 5,300,000	\$ 5,249,234	\$ 50,766
<i>Sewer Charges</i>	1,830,000	1,831,072	(1,072)
<i>Other Services</i>	235,400	228,846	6,554
Total Operating Revenues	<u>7,365,400</u>	<u>7,309,152</u>	<u>56,248</u>
OPERATING EXPENSES:			
<i>Personal Services</i>	1,913,775	1,937,128	(23,353)
<i>Supplies and Materials</i>	2,669,773	2,617,620	52,153
<i>Contractual Services</i>	650,764	620,500	30,264
<i>Maintenance</i>	710,015	751,235	(41,220)
<i>Capital Outlay</i>	773,923	746,075	27,848
<i>Other</i>	450,707	458,674	(7,967)
Total Operating Expenses	<u>7,168,957</u>	<u>7,131,232</u>	<u>37,725</u>
Operating Income	<u>196,443</u>	<u>177,920</u>	<u>18,523</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest Revenue</i>	20,500	15,568	4,932
<i>Other Financing Sources</i>	424,000	196,654	227,346
<i>Gain (Loss) on Sale of Capital Assets</i>	--	(21,718)	21,718
<i>Interest Expense and Paying Agent Fees</i>	(823,267)	(662,767)	(160,500)
Total Non-operating Revenues (Expenses)	<u>(378,767)</u>	<u>(472,263)</u>	<u>93,496</u>
Income Before Transfers	<u>(182,324)</u>	<u>(294,343)</u>	<u>112,019</u>
<i>Interfund Operating Transfers In</i>	--	--	--
<i>Interfund Operating Transfers Out</i>	(588)	--	(588)
Change in Net Assets	<u>(182,912)</u>	<u>(294,343)</u>	<u>111,431</u>
Total Net Assets - Beginning	182,912	12,010,326	(11,827,414)
Total Net Assets - Ending	<u>\$ --</u>	<u>\$ 11,715,983</u>	<u>\$ (11,715,983)</u>

CITY OF BIG SPRING

AIRPORT/INDUSTRIAL PARK

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-14

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Commercial Rentals and Fees</i>	\$ 640,057	\$ 642,612	\$ (2,555)
Total Operating Revenues	<u>640,057</u>	<u>642,612</u>	<u>(2,555)</u>
OPERATING EXPENSES:			
<i>Personal Services</i>	294,495	300,311	(5,816)
<i>Supplies and Materials</i>	48,390	54,512	(6,122)
<i>Contractual Services</i>	144,507	129,741	14,766
<i>Maintenance</i>	240,875	168,702	72,173
<i>Capital Outlay</i>	1,183,211	541,629	641,582
<i>Other</i>	90,122	93,385	(3,263)
Total Operating Expenses	<u>2,001,600</u>	<u>1,288,280</u>	<u>713,320</u>
Operating Income	<u>(1,361,543)</u>	<u>(645,668)</u>	<u>(715,875)</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Intergovernmental Revenue</i>	1,144,040	421,063	722,977
<i>Interest Revenue</i>	30,000	27,981	2,019
<i>Other Financing Sources</i>	86,766	85,920	846
<i>Gain (Loss) on Sale of Capital Assets</i>	--	(14,592)	14,592
<i>Interest Expense and Paying Agent Fees</i>	(6,635)	(6,628)	(7)
Total Non-operating Revenues (Expenses)	<u>1,254,171</u>	<u>513,744</u>	<u>740,427</u>
Income Before Transfers	<u>(107,372)</u>	<u>(131,924)</u>	<u>24,552</u>
<i>Interfund Operating Transfers In</i>	--	--	--
Change in Net Assets	<u>(107,372)</u>	<u>(131,924)</u>	<u>24,552</u>
Total Net Assets - Beginning	107,372	25,733,644	(25,626,272)
Total Net Assets - Ending	<u>\$ --</u>	<u>\$ 25,601,720</u>	<u>\$ (25,601,720)</u>

CITY OF BIG SPRING

AMBULANCE FUND
 ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-15

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Ambulance Service</i>	\$ 971,300	\$ 1,027,760	\$ (56,460)
Total Operating Revenues	<u>971,300</u>	<u>1,027,760</u>	<u>(56,460)</u>
OPERATING EXPENSES:			
<i>Personal Services</i>	863,883	860,610	3,273
<i>Supplies and Materials</i>	83,195	84,423	(1,228)
<i>Contractual Services</i>	62,082	65,161	(3,079)
<i>Maintenance</i>	34,555	27,945	6,610
<i>Capital Outlay</i>	119,381	115,818	3,563
<i>Other</i>	282,323	391,130	(108,807)
Total Operating Expenses	<u>1,445,419</u>	<u>1,545,087</u>	<u>(99,668)</u>
Operating Income	<u>(474,119)</u>	<u>(517,327)</u>	<u>43,208</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Intergovernmental Revenue</i>	130,000	130,000	--
<i>Interest Revenue</i>	(500)	(276)	(224)
<i>Other Financing Sources</i>	106,848	116,447	(9,599)
<i>Gain (Loss) on Sale of Capital Assets</i>	--	(8,334)	8,334
<i>Interest Expense and Paying Agent Fees</i>	(75,213)	(75,339)	126
Total Non-operating Revenues (Expenses)	<u>161,135</u>	<u>162,498</u>	<u>(1,363)</u>
Income Before Transfers	<u>(312,984)</u>	<u>(354,829)</u>	<u>41,845</u>
<i>Interfund Operating Transfers In</i>	250,000	250,000	--
Change in Net Assets	<u>(62,984)</u>	<u>(104,829)</u>	<u>41,845</u>
Total Net Assets - Beginning	62,984	366,997	(304,013)
Total Net Assets - Ending	<u>\$ --</u>	<u>\$ 262,168</u>	<u>\$ (262,168)</u>

CITY OF BIG SPRING

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2003

	Garage	Health Insurance	Occupational Accident Insurance	Total Internal Service Funds (See Exhibit A-7)
ASSETS:				
Current Assets:				
<i>Cash and Cash Equivalents</i>	\$ 4,929	\$ 196,864	\$ 37,556	\$ 239,349
<i>Receivables (net of allowances for uncollectibles)</i>	--	1,567	--	1,567
<i>Due from Other Funds</i>	--	100,000	--	100,000
<i>Inventories</i>	68,649	--	--	68,649
Total Current Assets	<u>73,578</u>	<u>298,431</u>	<u>37,556</u>	<u>409,565</u>
Noncurrent Assets:				
Restricted:				
Capital Assets:				
<i>Land</i>	10,000	--	--	10,000
<i>Buildings and System</i>	115,531	--	--	115,531
<i>Machinery and Equipment</i>	105,089	--	--	105,089
<i>Less Accumulated Depreciation</i>	(204,515)	--	--	(204,515)
Total Noncurrent Assets	<u>26,105</u>	<u>--</u>	<u>--</u>	<u>26,105</u>
Total Assets	<u>\$ 99,683</u>	<u>\$ 298,431</u>	<u>\$ 37,556</u>	<u>\$ 435,670</u>
LIABILITIES:				
Current Liabilities:				
<i>Accounts Payable</i>	\$ 47,202	\$ --	\$ --	\$ 47,202
<i>Claims and Judgments Payable</i>	--	89,138	121,428	210,566
<i>Contracts Payable/Accrued Liabilities</i>	27,065	--	--	27,065
<i>Due to Other Funds</i>	185,000	--	100,000	285,000
<i>Capital Leases Payable</i>	4,668	--	--	4,668
Total Current Liabilities	<u>263,935</u>	<u>89,138</u>	<u>221,428</u>	<u>574,501</u>
Current Liabilities Payable from Restricted Assets-				
Noncurrent Liabilities:				
<i>Capital Leases Payable</i>	6,132	--	--	6,132
Total Noncurrent Liabilities	<u>6,132</u>	<u>--</u>	<u>--</u>	<u>6,132</u>
Total Liabilities	<u>270,067</u>	<u>89,138</u>	<u>221,428</u>	<u>580,633</u>
NET ASSETS:				
<i>Unrestricted Net Assets</i>	(170,384)	209,293	(183,872)	(144,963)
Total Net Assets	<u>\$ (170,384)</u>	<u>\$ 209,293</u>	<u>\$ (183,872)</u>	<u>\$ (144,963)</u>

CITY OF BIG SPRING

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Garage	Health Insurance	Occupational Accident Insurance	Total Internal Service Funds (See Exhibit A-8)
OPERATING REVENUES:				
<i>Billings to Departments and Employees</i>	\$ 1,019,120	\$ 1,274,161	\$ 175,000	\$ 2,468,281
<i>Other Services</i>	7,867	--	230	8,097
Total Operating Revenues	<u>1,026,987</u>	<u>1,274,161</u>	<u>175,230</u>	<u>2,476,378</u>
OPERATING EXPENSES:				
<i>Personal Services</i>	292,961	--	--	292,961
<i>Supplies and Materials</i>	659,552	--	--	659,552
<i>Contractual Services</i>	29,310	1,047,811	171,320	1,248,441
<i>Maintenance</i>	16,690	--	--	16,690
<i>Depreciation</i>	7,771	--	--	7,771
<i>Other</i>	3,209	232,447	--	235,656
Total Operating Expenses	<u>1,009,493</u>	<u>1,280,258</u>	<u>171,320</u>	<u>2,461,071</u>
Operating Income	<u>17,494</u>	<u>(6,097)</u>	<u>3,910</u>	<u>15,307</u>
NON-OPERATING REVENUES (EXPENSES):				
<i>Interest Revenue</i>	(2,618)	2,398	--	(220)
<i>Gain (Loss) on Sale of Capital Assets</i>	(10,438)	--	--	(10,438)
<i>Interest Expense and Paying Agent Fees</i>	(585)	--	--	(585)
Total Non-operating Revenues (Expenses)	<u>(13,641)</u>	<u>2,398</u>	<u>--</u>	<u>(11,243)</u>
Income Before Transfers	<u>3,853</u>	<u>(3,699)</u>	<u>3,910</u>	<u>4,064</u>
<i>Interfund Operating Transfers In</i>	--	--	--	--
Change in Net Assets	<u>3,853</u>	<u>(3,699)</u>	<u>3,910</u>	<u>4,064</u>
Total Net Assets - Beginning	(174,237)	212,992	(187,782)	(149,027)
Total Net Assets - Ending	<u>\$ (170,384)</u>	<u>\$ 209,293</u>	<u>\$ (183,872)</u>	<u>\$ (144,963)</u>

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

	Garage	Health Insurance	Occupational Accident Insurance	Total Internal Service Funds (See Exhibit A-9)
Cash Flows from Operating Activities:				
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	\$ 1,026,987	\$ 1,272,594	\$ 175,230	\$ 2,474,811
<i>Cash Payments to Employees</i>	(292,961)	--	--	(292,961)
<i>Cash Payments to Suppliers for Goods and Services</i>	(722,680)	(1,210,352)	(298,158)	(2,231,190)
Net Cash Provided (Used) by Operating Activities	<u>11,346</u>	<u>62,242</u>	<u>(122,928)</u>	<u>(49,340)</u>
Cash Flows from Non-capital Financing Activities:				
<i>Proceeds (Payments) from (for) Borrowings</i>	--	(100,000)	100,000	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>	<u>(100,000)</u>	<u>100,000</u>	<u>--</u>
Cash Flows from Capital and Related Financing Activities:				
<i>Principal and Interest Paid</i>	(5,054)	--	--	(5,054)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(5,054)</u>	<u>--</u>	<u>--</u>	<u>(5,054)</u>
Cash Flows from Investing Activities:				
<i>Interest and Dividends on Investments</i>	(2,618)	2,398	--	(220)
Net Cash Provided (Used) for Investing Activities	<u>(2,618)</u>	<u>2,398</u>	<u>--</u>	<u>(220)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,674	(35,360)	(22,928)	(54,614)
Cash and Cash Equivalents at Beginning of Year	1,255	232,224	60,484	293,963
Cash and Cash Equivalents at End of Year	<u>\$ 4,929</u>	<u>\$ 196,864</u>	<u>\$ 37,556</u>	<u>\$ 239,349</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 17,494	\$ (6,097)	\$ 3,910	\$ 15,307
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
<i>Depreciation</i>	7,771	--	--	7,771
Change in Assets and Liabilities:				
<i>Decrease (Increase) in Receivables</i>	2,928	(1,567)	--	1,361
<i>Decrease (Increase) in Inventories</i>	3,420	--	--	3,420
<i>Decrease (Increase) in Due from Other Governments</i>	10,560	--	--	10,560
<i>Increase (Decrease) in Accounts Payable</i>	(30,827)	--	--	(30,827)
<i>Increase (Decrease) in Accrued Expenses</i>	--	69,906	(126,838)	(56,932)
Total Adjustments	<u>(6,148)</u>	<u>68,339</u>	<u>(126,838)</u>	<u>(64,647)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 11,346</u>	<u>\$ 62,242</u>	<u>\$ (122,928)</u>	<u>\$ (49,340)</u>

CITY OF BIG SPRING

GARAGE FUND

INTERNAL SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-19

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Billings to Departments and Employees</i>	\$ 994,907	\$ 1,019,120	\$ (24,213)
<i>Other Services</i>	10,000	7,867	2,133
Total Operating Revenues	<u>1,004,907</u>	<u>1,026,987</u>	<u>(22,080)</u>
OPERATING EXPENSES:			
<i>Personal Services</i>	293,968	292,961	1,007
<i>Supplies and Materials</i>	614,825	659,552	(44,727)
<i>Contractual Services</i>	30,750	29,310	1,440
<i>Maintenance</i>	17,764	16,690	1,074
<i>Capital Outlay</i>	4,240	--	4,240
<i>Other</i>	3,000	3,209	(209)
Total Operating Expenses	<u>964,547</u>	<u>1,001,722</u>	<u>(37,175)</u>
 Operating Income	 <u>40,360</u>	 <u>25,265</u>	 <u>15,095</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest Revenue</i>	(5,000)	(2,618)	(2,382)
<i>Gain (Loss) on Sale of Capital Assets</i>	--	(10,438)	10,438
<i>Interest Expense and Paying Agent Fees</i>	(5,052)	(5,054)	2
Total Non-operating Revenues (Expenses)	<u>(10,052)</u>	<u>(18,110)</u>	<u>8,058</u>
Income Before Transfers	<u>30,308</u>	<u>7,155</u>	<u>23,153</u>
 <i>Interfund Operating Transfers In</i>	 --	 --	 --
 Change in Net Assets	 <u>30,308</u>	 <u>7,155</u>	 <u>23,153</u>
Total Net Assets - Beginning	(30,308)	(177,539)	147,231
Total Net Assets - Ending	<u>\$ --</u>	<u>\$ (170,384)</u>	<u>\$ 170,384</u>

CITY OF BIG SPRING

HEALTH INSURANCE FUND
 INTERNAL SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-20

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Billings to Departments and Employees</i>	\$ 1,269,050	\$ 1,274,161	\$ (5,111)
Total Operating Revenues	<u>1,269,050</u>	<u>1,274,161</u>	<u>(5,111)</u>
OPERATING EXPENSES:			
<i>Contractual Services</i>	980,640	1,047,811	(67,171)
<i>Other</i>	232,508	232,447	61
Total Operating Expenses	<u>1,213,148</u>	<u>1,280,258</u>	<u>(67,110)</u>
Operating Income	<u>55,902</u>	<u>(6,097)</u>	<u>61,999</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest Revenue</i>	3,000	2,398	602
Total Non-operating Revenues (Expenses)	<u>3,000</u>	<u>2,398</u>	<u>602</u>
Income Before Transfers	<u>58,902</u>	<u>(3,699)</u>	<u>62,601</u>
<i>Interfund Operating Transfers In</i>	--	--	--
Change in Net Assets	<u>58,902</u>	<u>(3,699)</u>	<u>62,601</u>
Total Net Assets - Beginning	(58,902)	212,992	(271,894)
Total Net Assets - Ending	<u>\$ --</u>	<u>\$ 209,293</u>	<u>\$ (209,293)</u>

CITY OF BIG SPRING

OCCUPATIONAL ACCIDENT INSURANCE FUND
 INTERNAL SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXHIBIT C-21

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Billings to Departments and Employees</i>	\$ 150,000	\$ 175,000	\$ (25,000)
<i>Other Services</i>	--	230	(230)
Total Operating Revenues	<u>150,000</u>	<u>175,230</u>	<u>(25,230)</u>
OPERATING EXPENSES:			
<i>Contractual Services</i>	127,000	171,320	(44,320)
<i>Other</i>	54,400	--	54,400
Total Operating Expenses	<u>181,400</u>	<u>171,320</u>	<u>10,080</u>
Operating Income	<u>(31,400)</u>	<u>3,910</u>	<u>(35,310)</u>
NON-OPERATING REVENUES (EXPENSES):			
Total Non-operating Revenues (Expenses)	<u>--</u>	<u>--</u>	<u>--</u>
Income Before Transfers	<u>(31,400)</u>	<u>3,910</u>	<u>(35,310)</u>
<i>Interfund Operating Transfers In</i>	--	--	--
Change in Net Assets	<u>(31,400)</u>	<u>3,910</u>	<u>(35,310)</u>
Total Net Assets - Beginning	31,400	(187,782)	219,182
Total Net Assets - Ending	<u>\$ --</u>	<u>\$ (183,872)</u>	<u>\$ 183,872</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

WEST, DAVIS & COMPANY, LLP
11615 Angus Road, Suite 104 N
Austin, Texas 78759

Independent Auditors' Report

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

City Council
City of Big Spring
310 Nolan
Big Spring, Texas

Members of the City Council:

We have audited the basic financial statements of City of Big Spring as of and for the year ended September 30, 2003, and have issued our report thereon dated July 15, 2004. 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.

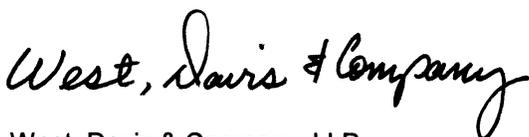
Compliance

As part of obtaining reasonable assurance about whether City of Big Spring's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under GOVERNMENT AUDITING STANDARDS.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Big Spring's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization and the City Council and is not intended to be and should not be used by anyone other than these specified parties.



West, Davis & Company, LLP
July 15, 2004

Statistical Section

CITY OF BIG SPRING, TEXAS*GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS*

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Sanitation</u>	<u>Health</u>	<u>Recreation</u>	<u>Debt Service</u>
1994	\$ 1,000,554	\$ 4,097,450	\$ 1,297,448	\$ 1,014,249	\$ 93,510	\$ 530,475	836,373
1995	1,074,447	4,861,235	1,361,847	1,058,510	--	650,967	816,651
1996	939,127	4,597,115	1,184,602	1,630,238	--	898,545	924,891
1997	1,360,243	5,034,062	1,235,987	1,337,614	--	870,070	889,635
1998	1,416,498	5,348,587	1,250,846	1,365,577	--	770,602	876,400
1999	1,232,005	5,232,253	1,225,033	1,727,057	--	640,057	846,727
2000	1,183,209	5,335,082	1,285,598	1,249,599	--	582,172	702,052
2001	1,199,474	5,994,151	1,619,531	1,721,177	--	994,005	670,611
2002	1,300,678	5,976,144	1,624,141	1,349,975	--	829,019	742,831
2003	1,321,499	5,918,715	1,498,337	1,490,687	--	720,135	765,451

(1) Includes General and Debt Service Funds.

TABLE E-1

	<u>Total</u>
\$	8,870,059
	9,823,657
	10,174,518
	10,727,611
	11,028,510
	10,903,132
	10,337,712
	12,198,949
	11,822,788
	11,714,824

CITY OF BIG SPRING, TEXAS*GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS*

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- governmental</u>	<u>Charges for Services</u>	<u>Fines</u>
1994	\$ 5,792,335	\$ 191,330	\$ 430,220	\$ 1,355,626	\$ 228,651
1995	6,024,489	285,619	527,880	1,437,568	227,996
1996	6,183,094	404,506	561,249	1,438,877	291,975
1997	6,395,572	235,069	594,103	1,534,365	310,813
1998	6,489,938	185,570	865,612	1,671,436	281,506
1999	6,743,919	264,396	993,184	1,703,069	315,899
2000	6,495,591	445,710	1,093,527	1,833,037	292,139
2001	6,878,025	363,499	1,133,286	1,847,377	255,679
2002	6,984,923	367,391	1,088,542	2,128,064	226,086
2003	6,832,628	342,585	1,381,312	2,092,518	287,756

(1) Includes General and Debt Service Funds.

TABLE E-2

<u>Miscellaneous</u>	<u>Total</u>
\$ 577,825	\$ 8,575,987
442,637	8,946,189
513,558	9,393,259
1,060,663	10,130,585
854,530	10,348,592
949,884	10,970,351
994,907	11,154,911
1,136,012	11,613,878
1,020,006	11,815,012
997,943	11,934,742

CITY OF BIG SPRING, TEXAS*GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS*

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Sanitation</u>	<u>Health</u>	<u>Recreation</u>	<u>Debt Service</u>
1994	\$ 1,000,554	\$ 4,097,450	\$ 1,297,448	\$ 1,014,249	\$ 93,510	\$ 530,475	836,373
1995	1,074,447	4,861,235	1,361,847	1,058,510	--	650,967	816,651
1996	939,127	4,597,115	1,184,602	1,630,238	--	898,545	924,891
1997	1,360,243	5,034,062	1,235,987	1,337,614	--	870,070	889,635
1998	1,416,498	5,348,587	1,250,846	1,365,577	--	770,602	876,400
1999	1,232,005	5,232,253	1,225,033	1,727,057	--	640,057	846,727
2000	1,183,209	5,335,082	1,285,598	1,249,599	--	582,172	702,052
2001	1,199,474	5,994,151	1,619,531	1,721,177	--	994,005	670,611
2002	1,300,678	5,976,144	1,624,141	1,349,975	--	829,019	742,831
2003	1,321,499	5,918,715	1,498,337	1,490,687	--	720,135	765,451

(1) Includes General and Debt Service Funds.

TABLE E-3

	<u>Total</u>
\$	8,870,059
	9,823,657
	10,174,518
	10,727,611
	11,028,510
	10,903,132
	10,337,712
	12,198,949
	11,822,788
	11,714,824

CITY OF BIG SPRING, TEXAS*GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS*

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- governmental</u>	<u>Charges for Services</u>
1994	\$ 5,792,335	\$ 191,330	\$ 430,220	\$ 1,355,626
1995	6,024,489	285,619	527,880	1,437,568
1996	6,183,094	404,506	561,249	1,438,877
1997	6,395,572	235,069	594,103	1,534,365
1998	6,489,938	185,570	865,612	1,671,436
1999	6,743,919	264,396	993,184	1,703,069
2000	6,495,591	445,710	1,093,527	1,833,037
2001	6,878,025	363,499	1,133,286	1,847,377
2002	6,984,923	367,391	1,088,542	2,128,064
2003	6,832,628	342,585	1,381,312	2,092,518

(1) Includes General Fund and Debt Service Funds.

TABLE E-4

	<u>Fines</u>	<u>Miscellaneous</u>	<u>Total</u>
\$	228,651	\$ 577,825	\$ 8,575,987
	227,996	442,637	8,946,189
	291,975	513,558	9,393,259
	310,813	1,060,663	10,130,585
	281,506	854,530	10,348,592
	315,899	949,884	10,970,351
	292,139	994,907	11,154,911
	255,679	1,136,012	11,613,878
	226,086	1,020,006	11,815,012
	287,756	997,943	11,934,742

CITY OF BIG SPRING, TEXAS*GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS***TABLE E-5**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Business Gross Receipts Tax</u>	<u>Total</u>
1994	\$ 1,472,535	\$ 2,609,397	\$ 1,083,335	\$ 5,165,267
1995	1,637,280	2,679,751	1,149,204	5,466,235
1996	1,814,720	2,642,340	1,182,888	5,639,948
1997	1,970,792	2,653,487	1,223,406	5,847,685
1998	1,962,473	2,739,854	1,244,358	5,946,685
1999	2,021,246	2,844,028	1,363,518	6,228,792
2000	2,096,582	2,692,767	1,290,957	6,080,306
2001	2,313,922	2,767,655	1,479,015	6,560,592
2002	2,370,734	2,801,300	1,505,759	6,677,793
2003	2,703,128	2,730,080	1,399,420	6,832,628

CITY OF BIG SPRING, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE E-6

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1994	\$ 2,101,628	\$ 1,991,956	94.8%	\$ 60,868	\$ 2,052,824	97.7%	\$ 601,973	28.6%
1995	2,143,851	2,060,045	96.1%	64,117	2,124,162	99.1%	535,280	25.0%
1996	2,269,209	2,180,637	96.1%	93,642	2,274,279	100.2%	500,526	22.1%
1997	2,474,193	2,389,914	96.6%	69,347	2,459,261	99.4%	500,654	20.2%
1998	2,462,608	2,379,106	96.6%	59,864	2,438,970	99.0%	455,883	18.5%
1999	2,513,551	2,414,365	96.1%	56,464	2,470,829	98.3%	462,700	18.4%
2000	2,497,899	2,377,916	95.2%	73,619	2,451,535	98.1%	476,189	19.1%
2001	2,644,134	2,511,365	95.0%	65,594	2,576,959	97.5%	512,972	19.4%
2002	2,693,926	2,549,800	94.6%	73,904	2,623,704	97.4%	560,820	20.8%
2003	2,699,300	2,530,568	93.7%	99,342	2,629,910	97.4%	596,007	22.1%

CITY OF BIG SPRING, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (1)
 LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1994	\$ 233,939,299	\$ 233,939,299	\$ 86,919,922	\$ 86,919,922
1995	234,136,388	234,136,388	93,167,909	93,167,909
1996	267,424,415	267,424,415	81,685,039	81,685,039
1997	267,515,521	267,515,521	138,089,192	138,089,192
1998	286,168,604	286,168,604	117,537,140	117,537,140
1999	288,063,111	288,063,111	123,995,970	123,995,970
2000	270,971,147	270,971,147	131,751,528	131,751,528
2001	296,099,061	296,099,061	106,778,706	106,778,706
2002	305,338,253	305,338,253	105,116,794	105,116,794
2003	314,715,405	314,715,405	96,575,202	96,575,202

(1) The values for real property were assessed by the Howard County Tax Assessor-Collector. They are assessed at 100% of the appraised value.

TABLE E-7

	Total		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	
\$	320,859,221	\$ 320,859,221	100.00%
	327,304,297	327,304,297	100.00%
	349,109,454	349,109,454	100.00%
	405,604,713	405,604,713	100.00%
	403,705,744	403,705,744	100.00%
	412,059,081	412,059,081	100.00%
	402,722,675	402,722,675	100.00%
	402,877,767	402,877,767	100.00%
	410,455,047	410,455,047	100.00%
	411,290,607	411,290,607	100.00%

CITY OF BIG SPRING, TEXAS**TABLE E-8**

PROPERTY TAX RATES
 DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS

TAX RATES

Tax Year	City	Big Spring Independent School District	Junior College	County	Total
1994	0.6550	1.4220	0.2000	0.4099	2.6869
1995	0.6550	1.4220	0.2000	0.4432	2.7202
1996	0.6500	1.4220	0.2000	0.4750	2.7470
1997	0.6100	1.4930	0.2050	0.4647	2.7727
1998	0.6100	1.5563	0.2123	0.4589	2.8375
1999	0.6100	1.5763	0.2123	0.4589	2.8575
2000	0.6200	1.5663	0.2585	0.4589	2.9037
2001	0.6563	1.5663	0.2585	0.4489	2.9300
2002	0.6563	1.5763	0.2585	0.4207	2.9118
2003	0.6563	1.5763	0.2699	0.4736	2.9761

TAX LEVIES

1994	\$ 2,101,628	\$ 8,893,527	\$ 2,301,189	\$ 4,642,368	\$ 17,938,712
1995	2,143,851	8,556,649	2,151,210	4,774,261	17,625,971
1996	2,269,209	8,750,299	2,085,685	4,960,842	18,066,035
1997	2,474,193	10,103,121	2,254,853	5,117,276	19,949,443
1998	2,462,608	10,353,915	2,452,223	5,308,139	20,576,885
1999	2,513,551	10,562,495	2,377,769	5,145,933	20,599,748
2000	2,497,899	9,656,398	2,379,800	4,479,466	19,013,563
2001	2,644,134	9,962,464	2,776,307	482,703	20,209,608
2002	2,644,134	10,280,046	3,060,916	4,986,833	20,971,929
2003	2,693,926	9,744,438	3,061,095	5,379,311	20,878,770

CITY OF BIG SPRING, TEXASPRINCIPAL TAXPAYERS
SEPTEMBER 30, 2003**TABLE E-9**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1	Western Container	Manufacture of Plastic Bottles	\$ 29,523,090	33.86%
2	Scenic Mountain Medical Center	Hospital and Clinic	14,796,737	16.97%
3	Oncor Electric Delivery	Electric Utility	8,965,830	10.28%
4	Southwestern Bell Telephone	Telephone Utility	7,705,840	8.84%
5	Walmart Real Estate	Real Estate	6,650,000	7.63%
6	Wal-Mart Stores Inc.	Retail/Grocery	6,166,502	7.07%
7	H.E. Butt Grocery Company	Grocery	3,529,867	4.05%
8	Atmos Energy Corporation	Gas Utility	3,142,310	3.60%
9	Innotek Powder Coatings	Manufacture Industrial Coatings	2,441,980	2.80%
10	Hobbs and Curry Family	Nursing Home	2,149,126	2.46%
11	Rip Griffin Truck Stop	Truck Stop/Restaurant/Tire Store	<u>2,121,955</u>	<u>2.43%</u>
	Totals		<u>\$ 87,193,237</u>	<u>100.00%</u>

Assessed valuations:	
Assessed Value	\$ 411,290,607
Add back: exempt real property	155,335,593
Total assessed value	<u>\$ 566,626,200</u>

FUNDED DEBT LIMITATION

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

City tax rate	<u>\$0.6863</u>
<u>Distribution</u>	
General	\$0.6157
Debt Service	<u>\$0.0706</u>
	<u>\$0.6863</u>

CITY OF BIG SPRING, TEXAS

TABLE E-11

*RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS*

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1994	23,093	\$ 320,859,221	\$ 4,127,796	\$ 103,185	\$ 4,024,611	1.25%	\$ 174
1995	23,093	327,304,297	3,805,865	105,136	3,700,729	1.13%	160
1996	23,093	349,109,454	3,472,377	4,017	3,468,360	0.99%	150
1997	23,977	405,604,713	3,100,798	2,506	3,098,292	0.76%	129
1998	23,977	403,705,744	2,710,840	67,443	2,643,397	0.65%	110
1999	23,977	412,059,081	2,328,658	7,975	2,320,683	0.56%	97
2000	23,977	402,722,675	2,021,142	13	2,021,129	0.50%	84
2001	25,233	402,877,767	1,800,000	123	1,799,877	0.45%	71
2002	25,233	410,455,047	1,600,000	5,323	1,594,677	0.39%	63
2003	25,233	411,290,607	1,360,000	2,890	1,357,110	0.33%	54

- (1) Annual government census
- (2) From Table 5
- (3) Amount does not include special assessment bonds and revenue bonds.
- (4) Amount available for repayment of general obligation bonds.
- (5) These amounts include the general obligation bonds that are being repaid from the Water and Sewer Authority.

CITY OF BIG SPRING, TEXAS

*RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT (1)
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS*

TABLE E-12

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1994	\$ 371,836	\$ 289,731	\$ 661,567	\$ 8,870,059	7.5%
1995	321,931	248,233	570,164	9,823,657	5.8%
1996	333,488	215,469	548,957	10,174,518	5.4%
1997	371,579	177,203	548,782	10,727,611	5.1%
1998	389,958	156,036	545,994	11,028,510	5.0%
1999	382,182	133,695	515,877	10,903,132	4.7%
2000	307,516	113,661	421,177	10,337,712	4.1%
2001	221,142	86,035	307,177	12,198,949	2.5%
2002	225,000	84,285	309,285	11,822,788	2.6%
2003	240,000	50,045	290,045	11,714,824	2.5%

(1) Includes General and Debt Service Funds.

CITY OF BIG SPRING, TEXAS

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
SEPTEMBER 30, 2003

TABLE E-13

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Big Spring	\$ 1,357,110	100.00%	\$ 1,357,110
Overlapping:			
Big Spring ISD	10,805,000	48.33%	5,222,057
Howard County	1,275,000	34.64%	441,660
Total	<u>\$ 13,437,110</u>		<u>\$ 7,020,827</u>

CITY OF BIG SPRING, TEXAS
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS

TABLE E-14

Fiscal Year	(1) Population	(2) Per Capita Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate
1994	23,093	\$ 15,073	40.0	4550.0	4.40%
1995	23,093	16,017	40.0	4500.0	5.00%
1996	23,093	21,527	34.0	4460.0	4.80%
1997	23,977	22,000	37.0	4460.0	4.53%
1998	23,977	22,500	34.0	4450.0	4.92%
1999	23,977	22,500	34.0	4224.0	6.30%
2000	23,977	22,500	36.0	4083.0	5.04%
2001	25,233	21,404	36.4	4042.0	3.60%
2002	25,233	20,323	35.1	3958.0	5.90%
2003	25,233	20,323	36.4	3907.0	4.70%

Data Sources:

- (1) Bureau of Census
- (2) Texas Workforce Commission
- (3) Texas Workforce Commission
- (4) Big Spring Independent School District (ISD)
- (5) Texas Workforce Commission

CITY OF BIG SPRING, TEXAS

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Property Value (1)

<u>Fiscal Year</u>	<u>Commercial</u>	<u>Residential</u>	<u>Nontaxable</u>	<u>Total</u>
1994	\$ 71,783,420	\$ 183,624,009	\$ 342,655,698	\$ 598,063,127
1995	81,496,383	203,052,702	342,900,000	627,449,085
1996	97,781,787	202,689,914	343,000,000	643,471,701
1997	149,457,945	205,436,429	343,100,000	697,994,374
1998	134,576,917	228,915,928	343,720,631	707,213,476
1999	128,526,255	233,213,225	343,943,979	705,683,459
2000	163,604,932	239,117,743	357,847,943	760,570,618
2001	168,138,383	234,739,384	381,606,123	784,483,890
2002	165,159,629	240,852,195	367,691,721	773,703,545
2003	156,020,876	238,075,166	381,460,562	775,556,604

(1) Source: Tax Appraisal Office

(2) Source: City of Big Spring Permit Department

(3) Source: Local City Banks

Commercial Construction (2)		Residential Construction (2)		Bank Deposits (3)
Number of Units	Value	Number of Units	Value	
6	\$ 13,690,144	179	\$ 2,562,975	\$ 337,920,594
37	2,805,986	141	2,418,967	360,616,355
835	10,175,652	3,289	11,370,967	377,837,367
176	13,168,870	656	4,241,871	391,551,436
66	1,440,955	276	3,172,579	407,286,375
609	1,438,572	271	11,345,791	399,635,987
731	1,415,678	479	7,118,461	465,090,236
328	3,224,391	770	1,829,068	475,439,385
295	6,123,463	768	2,923,291	501,200,119
400	4,050,639	770	2,307,896	494,195,543

CITY OF BIG SPRING, TEXAS

MISCELLANEOUS STATISTICS
 SEPTEMBER 30, 2003

TABLE E-16

CALENDAR YEAR	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	PERCENTAGE FUNDED	ACCRUED LIABILITY (UAAL)	ANNUAL COVERED PAYROLL	UNFUNDED PENSION BENEFITS OBLIGATION -- %
1994	\$ 5,793,550	\$ 6,926,952	83.64%	\$ 1,133,402	\$ 7,776,993	14.57%
1995	6,420,018	7,587,348	84.61%	1,167,330	8,622,288	13.54%
1996	7,257,181	8,342,690	86.99%	1,085,509	8,514,273	12.75%
1997	7,380,048	8,358,671	88.29%	978,623	5,275,300	18.55%
1998	7,700,299	8,562,031	89.94%	861,732	5,346,596	16.12%
1999	8,717,355	9,775,765	89.17%	1,058,410	5,384,857	19.66%
2000	9,816,222	10,895,864	90.09%	1,079,642	5,193,370	20.79%
2001	11,170,735	12,604,050	88.63%	1,433,315	5,283,148	27.13%
2002	11,579,403	13,241,684	87.45%	1,662,281	5,388,365	30.85%
2003	11,574,309	13,510,871	85.67%	1,936,562	5,677,661	34.11%