



City of Big Spring

**Comprehensive
Annual Financial Report
Fiscal Year Ended
September 30, 2004**

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2004

Prepared by
Finance Department

Peggy Walker
Director of Finance

City of Big Spring
 Comprehensive Annual Financial Report
 For The Year Ended September 30, 2004

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
INTRODUCTORY SECTION		
Letter of Transmittal.....	1	
GFOA Certificate of Achievement.....	6	
Organizational Chart.....	7	
List of Principal Officials.....	8	
FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	9	
Management's Discussion and Analysis (Required Supplementary Information).....	11	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	20	Exhibit A-1
Statement of Activities.....	21	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	23	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	24	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	25	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	26	Exhibit A-6
Statement of Net Assets - Proprietary Funds.....	27	Exhibit A-7
Statement of Revenues, Expenses, and Changes in		
Fund Net Assets - Proprietary Funds.....	29	Exhibit A-8
Statement of Cash Flows - Proprietary Funds.....	31	Exhibit A-9
Notes to the Financial Statements	33	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	47	Exhibit B-1
Correctional Center Fund.....	48	Exhibit B-2
<u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	49	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	50	Exhibit C-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	51	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	54	Exhibit C-4

City of Big Spring
 Comprehensive Annual Financial Report
 For The Year Ended September 30, 2004

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Budgetary Comparison Schedules:		
Hotel/Motel Occupancy Tax Fund.....	57	Exhibit C-5
Economic Development.....	58	Exhibit C-6
Employee's College Education Fund.....	59	Exhibit C-7
Municipal Court Security Fund.....	60	Exhibit C-8
Police Seizure.....	61	Exhibit C-9
Cemetery Fund.....	62	Exhibit C-10
Cemetery Permanent Care Fund.....	63	Exhibit C-11
Debt Service Funds:		
Budgetary Comparison Schedule:		
2002 Refunding Fund.....	64	Exhibit C-12
Enterprise Funds:		
Budgetary Comparison Schedules:		
Water and Sewer Fund.....	65	Exhibit C-13
Airport/Industrial Park Fund.....	66	Exhibit C-14
Emergency Medical Services Fund.....	67	Exhibit C-15
Internal Service Funds:		
Combining Statement of Net Assets.....	68	Exhibit C-16
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	69	Exhibit C-17
Combining Statement of Cash Flows.....	70	Exhibit C-18
Budgetary Comparison Schedules:		
Garage Fund.....	71	Exhibit C-19
Health Insurance Fund.....	72	Exhibit C-20
Occupational Accident Insurance Fund.....	73	Exhibit C-21
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	74	
 STATISTICAL SECTION		
Government-wide Expenses by Function.....	75	Table E-1
Government-wide Revenues.....	77	Table E-2
General Governmental Expenditures by Function.....	79	Table E-3
General Governmental Revenues by Source.....	81	Table E-4
General Governmental Tax Revenues by Source.....	83	Table E-5

City of Big Spring
Comprehensive Annual Financial Report
For The Year Ended September 30, 2004

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Property Tax Levies and Collections.....	84	Table E-6
Assessed and Estimated Actual Value of Property.....	85	Table E-7
Property Tax Rates - Direct and Overlapping Governments.....	87	Table E-8
Principal Taxpayers.....	88	Table E-9
Computation of Legal Debt Margin.....	89	Table E-10
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita.....	90	Table E-11
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures.....	91	Table E-12
Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds.....	92	Table E-13
Demographic Statistics.....	93	Table E-14
Property Value, Construction and Bank Deposits.....	94	Table E-15
Pension Plan.....	96	Table E-16

Introductory Section



June 8, 2005

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, 2004, 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, 2004, 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, 2004, 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). The legal level of budgetary control is the total fund level (total resources plus beginning equity). Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For all funds with appropriated annual budgets, including the general fund and other major funds, these comparisons are presented as Required Supplementary Information (RSI) in this report.

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 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.

Economic Development Projects for 2003 – 2004

Perhaps the most important variable of any company's decision process to expand or relocate their operation to a particular location is the availability of a skilled workforce. Moore Development works with industry leaders and educators in a combined effort to continuously increase the skills in the local labor market. The purpose of this endeavor is to develop and maintain a highly skilled workforce that meets the current and future needs of world class companies located in Howard County.

Previously, Moore Development funded a \$70,000 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, thirty-one in 2003-2004 and the program currently has thirty-five enrolled. It is highly anticipated that, with the generous donation to the school district of private lots, the students in the program will start construction of a new home which will take approximately two school years to complete.

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 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. Given this mandate, VA Secretary Anthony Principi brought the process under the Federal Advisory Committee Act (FACA) which prompted the appointment of individuals in the community and around the VA service area to a Local Advisory Panel (LAP). The study has been expanded to include any and all possible options regarding services provided by the Big

Spring VA Medical Center. Early data indicate that opportunities do exist for the Big Spring VA to expand its service offerings over the next several years.

In February of 2004, Big Spring was made aware of legislation being introduced that would focus on privatizing one State Hospital and closing one State Hospital. The Big Spring State Hospital provides inpatient psychiatric care for 78 counties in the Texas Panhandle and West Texas. The State Hospital is also a contract provider for the Veterans Administration in the provision of psychiatric care to veterans for the Veterans Integrated Service Network 18 (VISN 18). Big Spring retained the legislative consulting services of Hance, Scarborough, Wright, Woodward and Weisbart of Austin to monitor any changes in the political environment and pending legislative and regulatory matters. By the end of the legislative session, the Big Spring State Hospital not only escaped being privatized or closed, it also grew in the number of inpatient beds resulting in several more jobs for the community.

It is well known that 80% of all jobs in the country are created by small businesses. In May 2004 Rick's Automatic Transmission in Big Spring requested assistance from Moore Development for Big Spring to begin remanufacturing torque converters. The business owner acquired additional property and machinery and added four employees. The company now ships its converters to all parts of Texas and has begun delivering out of state as well.

A project involving many organizational partners in Big Spring and Howard County has brought the community to the forefront of competition in today's economic development environment. The U.S. Air Force announced in 2004 that it was seeking proposals on a new program which provides introductory flight training (IFT) to young officers desiring to become Air Force pilots. After visiting with several private companies, a partnership was formed between aerospace giant Boeing, Inc. and Big Spring. Submitting a proposal based on utilization of the former Webb Air Force Base, now called McMahan-Wrinkle Airpark, the Boeing/Big Spring effort has opened the doors to many future development opportunities for this former base. The anticipated decision date by the Air Force is early October 2005.

Summary

Fiscal year 2003-2004 saw significant increases in local companies making capital investments that were previously delayed because of uncertain economic conditions. The latest announcement by Sid Richardson Carbon Black located in Howard County is that the company will break ground soon on a cogeneration electricity plant with anticipated costs of over \$20 million and four new jobs adding over \$200,000 in new payroll to the area. Other companies are investing millions of dollars as well into their existing plants. Sales tax receipts can be a good indicator of how the local economy is doing. Total sales tax revenue for 2003-04, including the portion remitted to Moore Development, was over \$4 million, representing a 10.6% increase over the prior year's collections of \$3.6 million. The Big Spring VA Medical Facility and the Big Spring State Hospital significantly impact Big Spring both in terms of jobs and total payroll. It appears that these two entities may experience growth in both jobs and payroll over the next few years.

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 \$137 thousand 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.

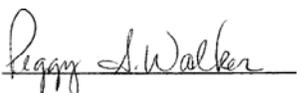
The government's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held by a financial institution's agent in the 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 G discusses risk management in more detail and note I 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, 2003. 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 Spring,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2003

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.



Nancy L. Zjelle

President

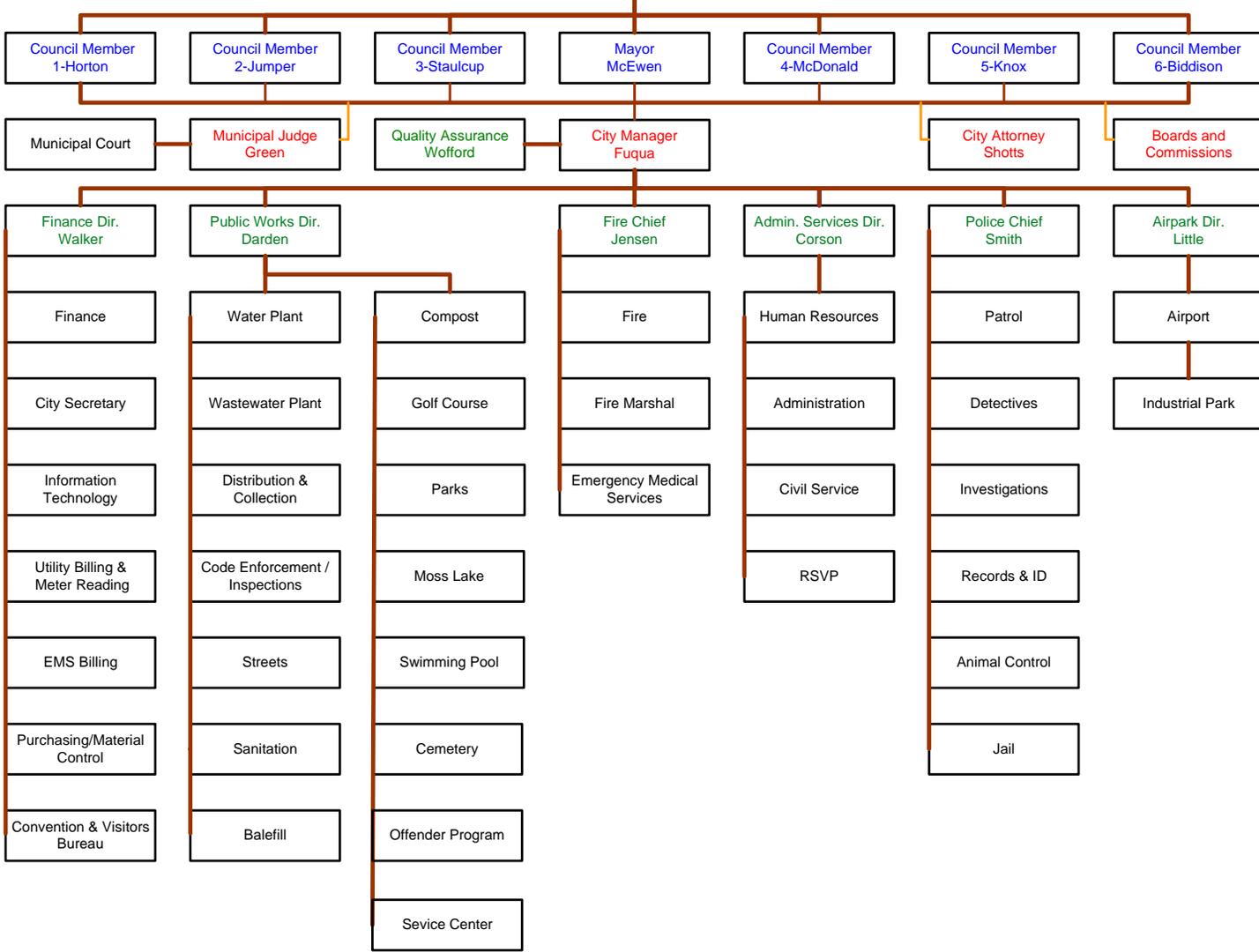
Jeffrey R. Emer

Executive Director



Big Spring, Texas

Citizens of Big Spring



CITY OF BIG SPRING

*LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2004*

Elected Officials

<u>Name</u>	<u>Office</u>
Russ McEwen	Mayor
Stephanie Horton	Mayor Pro-Tem, District 1
Woody Jumper	Council Member, District 2
Jo Ann Staulcup	Council Member, District 3
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 S. Walker	City Secretary
Timothy Green	Municipal Judge
Leigh Corson	Director of Administrative Services
Peggy S. Walker	Director of Finance
Todd Darden	Director of Public Works
Lonnie Smith	Chief of Police
Brian Jensen	Fire Chief
Jim Little	Airpark Director
Terry Wofford	Quality Assurance Director

Financial Section

WEST, DAVIS & COMPANY, LLP
11615 Angus Road, Suite 219 C
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 basic and combining financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Big Spring as of and for the year ended September 30, 2004, which collectively comprise the City's basic and combining 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, each major fund, and the aggregate remaining fund information of City of Big Spring as of September 30, 2004, 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. Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the discretely presented component unit of City of Big Spring 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 June 8, 2005, 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.

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 and combining financial statements. The accompanying supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic and combining financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic and combining 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 and combining financial statements and, accordingly, we express no opinion on them.

West, Davis & Company

West, Davis & Company, LLP
June 8, 2005

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, 2004. 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.

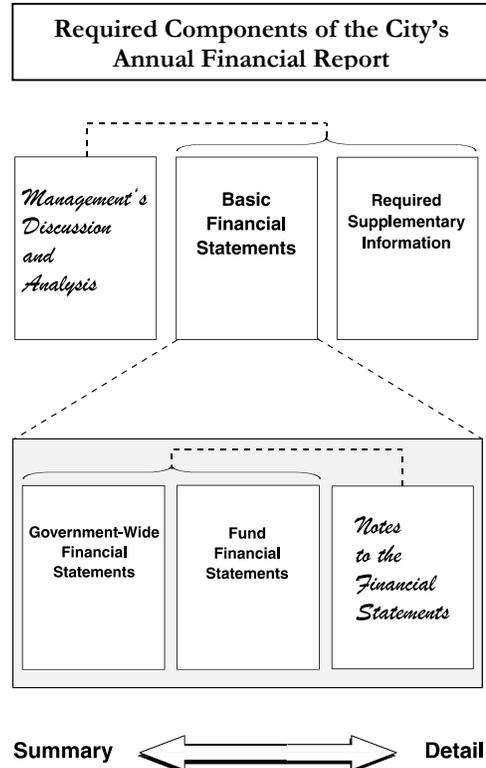
FINANCIAL HIGHLIGHTS

- The City's net assets totaled \$83.5 million for governmental activities and \$36.4 million for business-type activities.
- During the year, the City had expenses that were \$1.3 million more than the \$11.2 million generated in tax and other revenues for governmental programs.
- The General Fund ended the year with a fund balance of \$3.4 million, approximately 28 percent of total general fund expenditures.
- Resources available for appropriation in 2004-05 were \$298 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 non-financial factors (such as the condition of the City's facilities, unemployment rates and population growth or decline).

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

- Governmental activities—Most of the City's basic services are reported here, including general government, public safety, highways and streets, sanitation, and recreation and parks. Property taxes, sales taxes, user fees, and licenses and permits finance most of these activities.
- Business-type activities—The City accounts for business-type activities in its proprietary funds, where user fees and charges are intended to recover all or a significant portion of overall costs.
- Component Unit—The City has one component unit which is funded primarily through sales tax revenue for the purpose of economic development, 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 (major funds). Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City implemented GASB Statement #34 in 2003-04. 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 \$5.3 million at September 30, 2004, which represents an increase of \$300 thousand from the prior year, due primarily to an increase in sales tax revenue.

The City's total governmental expenses of \$67.3 million were funded by charges for services totaling \$54.6 million, operating grants and contributions of \$185 thousand, and general revenues of \$11.2 million. General revenues consist principally of taxes of \$8.3 million and miscellaneous revenues of \$2.9 million.

Table I
City of Big Spring, Texas

NET ASSETS
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Assets:						
Cash and Cash Equivalents	\$ 6,057	\$ 6,336	\$ 3,327	\$ 983	\$ 9,384	\$ 7,319
Receivables	1,086	1,079	1,174	1,408	2,260	2,487
Due from Other Governments	9,874	8,847	1	31	9,875	8,878
Capital Assets	80,106	81,979	38,658	39,690	118,764	121,669
Other Assets	1,596	1,154	(597)	2,299	999	3,453
Total Assets	<u>98,719</u>	<u>99,395</u>	<u>42,563</u>	<u>44,411</u>	<u>141,282</u>	<u>143,806</u>
Liabilities:						
Accounts Payable & Other Current Liabilities	9,585	8,714	807	1,015	10,392	9,729
Long-term Debt	5,262	5,412	5,082	5,498	10,344	10,910
Other Liabilities	348	450	316	318	664	768
Total Liabilities	<u>15,195</u>	<u>14,576</u>	<u>6,205</u>	<u>6,831</u>	<u>21,400</u>	<u>21,407</u>
Net Assets:						
Invested in Capital Assets	77,849	79,437	33,030	33,988	110,879	113,425
Restricted	386	393	335	323	721	716
Unrestricted	5,289	4,989	2,993	3,269	8,282	8,258
Total Net Assets	<u>\$ 83,524</u>	<u>\$ 84,819</u>	<u>\$ 36,358</u>	<u>\$ 37,580</u>	<u>\$ 119,882</u>	<u>\$ 122,399</u>

Table II
City of Big Spring, Texas

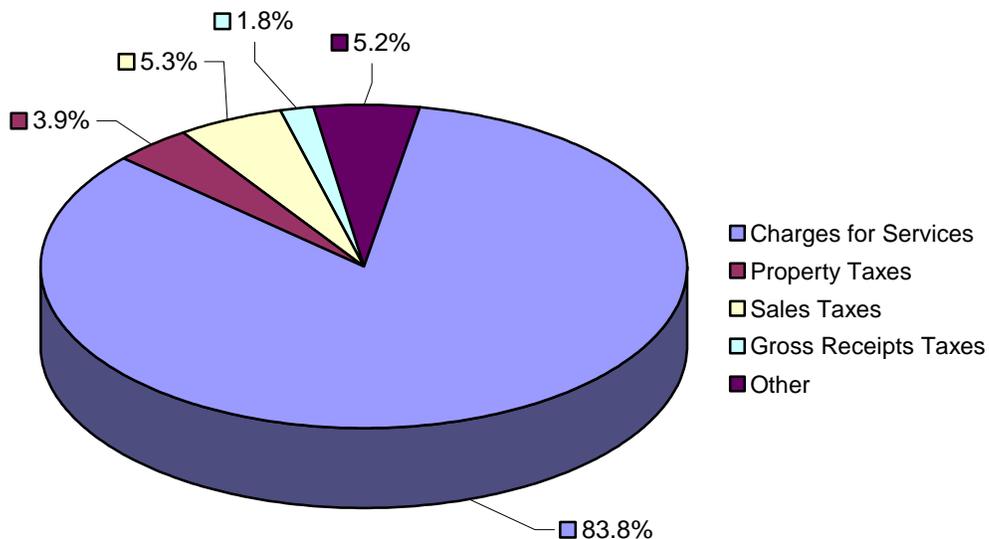
CHANGES IN NET ASSETS
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for Services	\$ 54,632	\$ 51,759	\$ 9,356	\$ 8,980	\$ 63,988	\$ 60,739
Operating Grants & Contributions	185	219	-	132	185	351
General Revenues						
Property Taxes	2,981	2,738	-	-	2,981	2,738
Sales Taxes	4,025	3,640	-	-	4,025	3,640
Gross Receipts Taxes	1,344	1,399	-	-	1,344	1,399
Investment Earnings	137	144	667	43	804	187
Miscellaneous	2,749	2,134	250	690	2,999	2,824
Total Revenues	66,053	62,033	10,273	9,845	76,326	71,878
Expenses:						
Water & Sewer	-	-	8,167	7,789	8,167	7,789
Airport/Industrial Park	-	-	1,841	1,824	1,841	1,824
Emergency Medical Services	-	-	1,486	1,501	1,486	1,501
General Government	1,599	1,582	-	-	1,599	1,582
Public Safety	59,753	56,594	-	-	59,753	56,594
Highways & Streets	1,865	1,984	-	-	1,865	1,984
Sanitation	1,749	1,804	-	-	1,749	1,804
Recreation & Parks	828	896	-	-	828	896
Economic Development	1,254	1,050	-	-	1,254	1,050
Other	300	301	-	-	300	301
Total Expenses	67,348	64,211	11,494	11,114	78,842	75,325
Increase in net assets	(1,295)	(2,178)	(1,221)	(1,269)	(2,516)	(3,447)
Net assets at 10/1/03	84,819	86,997	37,580	38,849	122,399	125,846
Net assets at 9/30/04	\$ 83,524	\$ 84,819	\$ 36,359	\$ 37,580	\$ 119,883	\$ 122,399

The cost of all governmental activities this year was \$67.3 million, an increase of 3.1 million over the prior year. This increase is directly related to the number of prisoners housed at our correctional facilities and is offset by a proportionate increase in revenue. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$8.4 million because a large portion of the costs were paid by those who directly benefited from the programs (\$54.6 million), by other governments and organizations that subsidized certain programs with grants and contributions (\$185 thousand), by miscellaneous revenue sources (\$2.9 million) and by a reduction in net assets (\$1.3 million).

Government-wide revenues totaled \$76.3 million in 2004. A significant portion, 83.8 percent, of the City's revenues are derived from charges for services while only 10.9 percent comes from taxes. (See Figure 1)

**Figure 1
Sources of Revenue
For Fiscal Year 2004**



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 \$8.3 million, up from the prior year's 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 \$3.4 million differs from the General Fund's budgetary fund balance of \$3.1 million reported in the budgetary comparison schedule. The \$298 thousand increase was due primarily to an increase in sales tax revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original General Fund budget of \$12.2 million was decreased to \$11.9 million through the budget amendment process. This decrease in budgeted appropriations of \$269 thousand represents a 2% decrease. Actual expenditures included \$276 thousand for major improvements to Birdwell Lane bridge, a construction project that was contracted and managed by the Texas Department of Transportation (TxDOT). This expenditure is offset by \$276 thousand that is reflected in the contributions and donations revenue category.

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, 2004 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, 2004
(Net of Depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 72,747	\$ 72,714	\$ 5,595	\$ 5,595	\$ 78,342	\$ 78,309
Buildings and systems	4,756	6,817	28,485	29,900	33,241	36,717
Improvements other than buildings	728	461	3,107	2,461	3,835	2,922
Machinery and equipment	1,875	1,984	759	868	2,634	2,852
Construction in Progress	-	3	712	866	712	869
	<u>\$ 80,106</u>	<u>\$ 81,979</u>	<u>\$ 38,658</u>	<u>\$ 39,690</u>	<u>\$118,764</u>	<u>\$121,669</u>

Several capital projects were completed in fiscal year 2003-04. The Texas Department of Transportation (TxDOT) completed major renovations to the Birdwell Lane bridge at Beals Creek. The total cost of this project was \$310 thousand, which included less than \$25,000 in City funds. Funding for the remainder of the project was provided by TxDOT. Construction of restroom facilities was completed at the Heart of the City Park and the number 2 green at the Comanche Trail Golf Course was rebuilt.

Decant basins were constructed at the water treatment plant. These basins will be used for sludge recovery and will eliminate annual costs associated with hiring a contractor to perform sludge removal. The digester and bar screen were rehabilitated at the wastewater treatment plant, and rehabilitation of Birdwell lift station was completed. The City continued its water line replacement program by replacing two miles of water lines at a cost of \$178 thousand.

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

Long Term Debt

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$5.6 million. Of this amount, \$1.125 million is general government debt supported by tax revenue, and \$4.475 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, 2004
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds						
Serviced by Tax revenues	\$1,125	\$1,360	-	-	\$1,125	\$1,360
General Obligation Bonds						
Serviced by Enterprise Fund Revenues	-	-	4,475	4,840	4,475	4,840
	<u>\$1,125</u>	<u>\$1,360</u>	<u>\$4,475</u>	<u>\$4,840</u>	<u>\$5,600</u>	<u>\$6,200</u>

The City of Big Spring's total bonded debt decreased by \$600 thousand during the current fiscal year. Debt serviced by tax revenues decreased by \$235 thousand and debt serviced by enterprise funds decreased by \$365 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.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when adopting the 2005 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 2003 decreased from 5.9 percent to 4.7 percent

These indicators were taken into account when adopting the General Fund budget for 2005. Amounts available for appropriation in the General Fund budget were \$16.5 million. The City will use its revenues to finance programs at consistent levels. Budgeted expenditures are expected to rise nearly 8 percent to \$13.2 million from \$12.2 million in 2004. Increased salaries, benefits and capital costs account for virtually all of the increase. The City has added no major new programs or initiatives to the 2005 budget. If these estimates are realized, the City's budgetary General Fund balance is expected to increase modestly by the close of 2005.

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, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
<i>Cash and Cash Equivalents</i>	\$ 5,161,692	\$ 2,975,777	\$ 8,137,469	\$ 1,342,241
<i>Receivables (net of allowances for uncollectibles)</i>	1,086,030	1,173,543	2,259,573	154,477
<i>Internal Balances</i>	537,451	(537,451)	--	--
<i>Due from Other Governments</i>	9,874,476	1,115	9,875,591	--
<i>Notes Receivable</i>	375,826	--	375,826	682,570
<i>Inventories</i>	75,479	342,018	417,497	--
<i>Deferred Charges</i>	126,576	79,461	206,037	7,226
<i>Advances to Other Funds</i>	480,617	(480,617)	--	--
Restricted Assets:				
<i>Cash and Cash Equivalents</i>	895,115	351,593	1,246,708	--
Capital Assets (net of accumulated depreciation):				
<i>Land</i>	72,746,937	5,595,149	78,342,086	112,430
<i>Buildings and System</i>	4,478,949	28,485,445	32,964,394	191,163
<i>Improvements other than Buildings</i>	728,567	3,106,859	3,835,426	--
<i>Machinery and Equipment</i>	1,874,665	758,844	2,633,509	13,094
<i>Infrastructure</i>	276,786	--	276,786	--
<i>Construction in Progress</i>	--	711,856	711,856	--
Total Assets	98,719,166	42,563,592	141,282,758	2,503,201
LIABILITIES:				
<i>Accounts Payable and Other Current Liabilities</i>	9,584,889	1,100,790	10,685,679	30,796
<i>Claims and Judgments Payable</i>	229,265	--	229,265	--
<i>Accrued Interest Payable</i>	4,965	22,037	27,002	--
<i>Unearned Revenue</i>	111,920	--	111,920	--
<i>Liabilities Payable from Restricted Assets</i>	1,650	--	1,650	--
Noncurrent Liabilities-				
<i>Due within one year</i>	766,924	606,125	1,373,049	--
<i>Due in more than one year</i>	4,495,369	4,476,161	8,971,530	--
Total Liabilities	15,194,982	6,205,113	21,400,095	30,796
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	77,848,906	33,008,493	110,857,399	316,687
Restricted For:				
Debt Service	1,962	334,551	336,513	--
Cemetery Perpetual Care	351,511	--	351,511	--
Other Purposes	32,540	--	32,540	7,226
Unrestricted	5,289,265	3,015,435	8,304,700	2,148,492
Total Net Assets	\$ 83,524,184	\$ 36,358,479	\$ 119,882,663	\$ 2,472,405

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2004

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT:			
Governmental Activities:			
<i>General Government</i>	\$ 1,598,837	\$ 164,761	\$ --
<i>Public Safety</i>	59,753,329	51,833,181	125,268
<i>Highways and Streets</i>	1,864,786	--	--
<i>Sanitation</i>	1,748,448	2,241,575	960
<i>Community Service</i>	73,937	--	58,868
<i>Recreation and Parks</i>	828,455	298,686	--
<i>Cemetery</i>	129,875	93,629	--
<i>Economic Development</i>	1,253,655	--	--
<i>Interest on Long-term Debt</i>	96,553	--	--
Total Governmental Activities	<u>67,347,875</u>	<u>54,631,832</u>	<u>185,096</u>
Business-type Activities:			
Water and Sewer	8,167,245	7,623,550	--
Airport/Industrial Park	1,840,550	630,480	--
Emergency Medical Services	1,486,434	1,101,470	--
Total Business-type Activities	<u>11,494,229</u>	<u>9,355,500</u>	<u>--</u>
Total Primary Government	<u>\$ 78,842,104</u>	<u>\$ 63,987,332</u>	<u>\$ 185,096</u>
COMPONENT UNIT:			
Economic Development Corporation	<u>\$ 549,247</u>	<u>\$ 10,551</u>	<u>\$ --</u>

General Revenues:

- Property Taxes*
- Sales Taxes*
- Gross Receipts Taxes*
- Motel Occupancy Taxes*
- Grants and Contributions Not Restricted to Specific Programs*
- Unrestricted Investment Earnings*
- Other*

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
\$ (1,434,076)		\$ (1,434,076)	
(7,794,880)		(7,794,880)	
(1,864,786)		(1,864,786)	
494,087		494,087	
(15,069)		(15,069)	
(529,769)		(529,769)	
(36,246)		(36,246)	
(1,253,655)		(1,253,655)	
(96,553)		(96,553)	
<u>(12,530,947)</u>		<u>(12,530,947)</u>	
--	\$ (543,695)	(543,695)	
--	(1,210,070)	(1,210,070)	
--	(384,964)	(384,964)	
<u>--</u>	<u>(2,138,729)</u>	<u>(2,138,729)</u>	
<u>(12,530,947)</u>	<u>(2,138,729)</u>	<u>(14,669,676)</u>	
			\$ (538,696)
2,981,435	--	2,981,435	--
4,024,731	--	4,024,731	994,048
1,344,025	--	1,344,025	--
253,684	--	253,684	--
1,710,957	--	1,710,957	--
137,333	--	137,333	35,497
1,039,461	667,337	1,706,798	--
(250,000)	250,000	--	--
<u>11,241,626</u>	<u>917,337</u>	<u>12,158,963</u>	<u>1,029,545</u>
<u>(1,294,947)</u>	<u>(1,221,392)</u>	<u>(2,516,339)</u>	<u>490,849</u>
84,819,131	37,579,871	122,399,002	1,981,556
<u>\$ 83,524,184</u>	<u>\$ 36,358,479</u>	<u>\$ 119,882,663</u>	<u>\$ 2,472,405</u>

CITY OF BIG SPRINGBALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2004

	General Fund	Correctional Center	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS				
Assets:				
<i>Cash and Cash Equivalents</i>	\$ 1,090,705	\$ 2,702,433	\$ 1,145,312	\$ 4,938,450
<i>Receivables (net of allowances for uncollectibles)</i>	1,005,323	--	76,982	1,082,305
<i>Due from Other Funds</i>	861,951	--	240,914	1,102,865
<i>Notes Receivable</i>	--	375,826	--	375,826
<i>Intergovernmental Receivables</i>	557,782	9,111,917	204,777	9,874,476
<i>Prepaid Items</i>	32,540	--	93,648	126,188
<i>Advances to Other Funds</i>	--	--	690,720	690,720
Restricted Assets:				
<i>Cash and Cash Equivalents</i>	895,115	--	--	895,115
Total Assets and Other Debits	\$ 4,443,416	\$ 12,190,176	\$ 2,452,353	\$ 19,085,945
LIABILITIES AND FUND BALANCES:				
Liabilities:				
<i>Accounts Payable</i>	\$ 194,628	\$ 8,980,362	\$ 317,782	\$ 9,492,772
<i>Due to Other Funds</i>	52,387	244,951	118,076	415,414
<i>Deferred Revenue</i>	669,347	--	20,853	690,200
<i>Customer Deposits</i>	--	--	1,650	1,650
<i>Advances from Other Funds</i>	154,477	--	55,626	210,103
Total Liabilities	1,070,839	9,225,313	513,987	10,810,139
Fund Balances:				
Reserved Fund Balances:				
<i>Reserved for Debt Service</i>	--	--	1,962	1,962
<i>Reserved for Prepaid Items</i>	32,540	--	--	32,540
<i>Reserved for Perpetual Cemetery Care</i>	--	--	351,511	351,511
Unreserved	3,340,037	2,964,863	--	6,304,900
Unreserved, reported in nonmajor:				
<i>Special Revenue Funds</i>	--	--	(7,476)	(7,476)
<i>Capital Project Funds</i>	--	--	1,592,369	1,592,369
Total Fund Balances	3,372,577	2,964,863	1,938,366	8,275,806
Total Liabilities and Fund Balances	\$ 4,443,416	\$ 12,190,176	\$ 2,452,353	\$ 19,085,945

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, 2004*

Total fund balances - governmental funds balance sheet	\$ 8,275,806
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.	80,105,904
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	578,280
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	(153,549)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,125,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,131,998)
Payables for bond interest which are not due in the current period are not reported in the funds.	(4,965)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,204,573)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(1,815,721)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 83,524,184</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, 2004**

	General Fund	Correctional Center	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
<i>General Property Taxes</i>	\$ 2,602,412	\$ --	\$ 276,952	\$ 2,879,364
<i>General Sales Taxes</i>	3,018,548	--	1,006,183	4,024,731
<i>Gross Receipts Business Taxes</i>	1,344,025	--	--	1,344,025
<i>Motel Occupancy Taxes</i>	--	--	253,684	253,684
<i>License and Permits</i>	317,098	--	--	317,098
<i>Intergovernmental</i>	1,516,554	51,853,927	351,799	53,722,280
<i>Charges for Services</i>	2,090,493	--	945	2,091,438
<i>Fines</i>	241,274	--	6,954	248,228
<i>Recreation</i>	298,686	--	--	298,686
<i>Investment Earnings</i>	32,732	53,350	51,251	137,333
<i>Rents and Royalties</i>	341,943	--	133,595	475,538
<i>Miscellaneous</i>	31,813	--	25	31,838
<i>Contributions and Donations</i>	292,810	--	5,000	297,810
Total revenues	<u>12,128,388</u>	<u>51,907,277</u>	<u>2,086,388</u>	<u>66,122,053</u>
Expenditures:				
Current:				
<i>General Government</i>	1,334,410	--	5,864	1,340,274
<i>Public Safety</i>	6,283,189	51,769,158	243,115	58,295,462
<i>Highways and Streets</i>	1,755,539	--	--	1,755,539
<i>Sanitation</i>	1,546,495	--	960	1,547,455
<i>Community Service</i>	--	--	73,937	73,937
<i>Recreation and Parks</i>	661,877	--	63,292	725,169
<i>Economic Development</i>	--	--	1,282,737	1,282,737
<i>Cemetery</i>	--	--	129,875	129,875
<i>Principal</i>	453,061	--	235,000	688,061
<i>Interest and Fiscal Charges</i>	51,052	--	46,154	97,206
<i>Fiscal Agent's Fees</i>	--	--	235	235
Total Expenditures	<u>12,085,623</u>	<u>51,769,158</u>	<u>2,081,169</u>	<u>65,935,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>42,765</u>	<u>138,119</u>	<u>5,219</u>	<u>186,103</u>
Other Financing Sources (Uses):				
<i>Transfers In</i>	305,061	--	56,615	361,676
<i>Transfers Out</i>	(302,511)	(295,061)	(14,104)	(611,676)
<i>Capital Leases</i>	398,526	--	--	398,526
Total Other Financing Sources (Uses)	<u>401,076</u>	<u>(295,061)</u>	<u>42,511</u>	<u>148,526</u>
Net Change in Fund Balances	443,841	(156,942)	47,730	334,629
Fund Balances - Beginning	2,928,736	3,121,805	1,890,636	7,941,177
Fund Balances - Ending	<u>\$ 3,372,577</u>	<u>\$ 2,964,863</u>	<u>\$ 1,938,366</u>	<u>\$ 8,275,806</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, 2004*

Net change in fund balances - total governmental funds	\$ 334,629
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	849,591
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,785,892)
Proceeds from capital leases are shown as sources in the funds but not in the SOA.	(398,526)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	102,071
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	78,804
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(82,530)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	235,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	453,061
(Increase) decrease in accrued interest from beginning of period to end of period	888
The net revenue (expense) of internal service funds is reported with governmental activities.	(8,586)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>(73,457)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (1,294,947)</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2004

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Airport/ Industrial Park</u>
ASSETS:		
Current Assets:		
<i>Cash and Cash Equivalents</i>	\$ 936,673	\$ 2,005,948
<i>Receivables (net of allowances for uncollectibles)</i>	790,478	70,860
<i>Intergovernmental Receivables</i>	--	1,115
<i>Due from Other Funds</i>	--	--
<i>Inventories</i>	322,146	--
<i>Prepaid Items</i>	76,754	--
<i>Advances to Other Funds</i>	--	64,720
Total Current Assets	<u>2,126,051</u>	<u>2,142,643</u>
Noncurrent Assets:		
Restricted:		
<i>Cash</i>	334,551	17,042
Capital Assets (net of accumulated depreciation):		
<i>Land</i>	5,036	5,590,113
<i>Buildings and System</i>	14,090,881	14,394,564
<i>Improvements other than Buildings</i>	72,840	3,034,019
<i>Machinery and Equipment</i>	374,807	142,345
<i>Construction in Progress</i>	711,856	--
Total Noncurrent Assets	<u>15,589,971</u>	<u>23,178,083</u>
Total Assets	<u>\$ 17,716,022</u>	<u>\$ 25,320,726</u>
LIABILITIES:		
Current Liabilities:		
<i>Accounts Payable</i>	\$ 403,880	\$ 27,239
<i>Claims and Judgments Payable</i>	--	--
<i>Contracts Payable/Accrued Liabilities</i>	197,013	37,335
<i>Due to Other Funds</i>	237,451	300,000
<i>Accrued Interest Payable</i>	22,037	--
<i>Revenue bonds payable</i>	380,000	--
<i>Capital Leases Payable</i>	131,936	7,944
<i>Other Current Liabilities</i>	276,425	--
Total Current Liabilities	<u>1,246,705</u>	<u>372,518</u>
Current Liabilities Payable from Restricted Assets-		
<i>Customer Deposits</i>	--	17,042
Total Current Liabilities Payable From Restricted Assets	<u>402,037</u>	<u>17,042</u>
Noncurrent Liabilities:		
<i>Revenue Bonds Payable</i>	4,095,000	--
<i>Capital Leases Payable</i>	240,899	17,224
<i>Advances from Other Funds</i>	545,337	--
Total Noncurrent Liabilities	<u>4,881,236</u>	<u>17,224</u>
Total Liabilities	<u>6,529,978</u>	<u>406,784</u>
NET ASSETS:		
<i>Investment in Capital Assets, Net of Related Debt</i>	9,840,211	23,135,873
<i>Restricted for Debt Service</i>	334,551	--
<i>Unrestricted Net Assets</i>	1,011,282	1,778,069
Total Net Assets	<u>\$ 11,186,044</u>	<u>\$ 24,913,942</u>

The accompanying notes are an integral part of this statement.

Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Emergency Medical Services		
\$ 33,156	\$ 2,975,777	\$ 223,242
312,205	1,173,543	3,725
--	1,115	--
--	--	100,000
19,872	342,018	75,479
2,707	79,461	388
--	64,720	--
<u>367,940</u>	<u>4,636,634</u>	<u>402,834</u>
--	351,593	--
--	5,595,149	10,000
--	28,485,445	--
--	3,106,859	--
241,692	758,844	11,131
--	711,856	--
<u>241,692</u>	<u>39,009,746</u>	<u>21,131</u>
\$ 609,632	\$ 43,646,380	\$ 423,965
\$ 19,171	\$ 450,290	\$ 59,814
--	--	229,265
122,685	357,033	32,303
--	537,451	250,000
--	22,037	--
--	380,000	--
86,245	226,125	4,878
--	276,425	--
<u>228,101</u>	<u>1,847,324</u>	<u>576,260</u>
--	17,042	--
--	419,079	--
--	4,095,000	--
123,038	381,161	1,254
--	545,337	--
<u>123,038</u>	<u>5,021,498</u>	<u>1,254</u>
<u>351,139</u>	<u>7,287,901</u>	<u>577,514</u>
32,409	33,008,493	--
--	334,551	--
226,084	3,015,435	(153,549)
<u>\$ 258,493</u>	<u>\$ 36,358,479</u>	<u>\$ (153,549)</u>

CITY OF BIG SPRING

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Airport/ Industrial Park</u>
OPERATING REVENUES:		
<i>Water Sales</i>	\$ 5,582,765	\$ --
<i>Sewer Charges</i>	1,801,256	--
<i>Emergency Medical Services</i>	--	--
<i>Commercial Rentals and Fees</i>	--	630,480
<i>Billings to Departments and Employees</i>	--	--
<i>Other Services</i>	239,529	--
Total Operating Revenues	<u>7,623,550</u>	<u>630,480</u>
OPERATING EXPENSES:		
<i>Personnel Services</i>	2,016,677	296,560
<i>Supplies and Materials</i>	2,964,253	45,984
<i>Contractual Services</i>	664,337	157,797
<i>Maintenance</i>	652,480	149,812
<i>Depreciation</i>	1,194,500	--
<i>Other</i>	442,256	1,189,590
Total Operating Expenses	<u>7,934,503</u>	<u>1,839,743</u>
Operating Income	<u>(310,953)</u>	<u>(1,209,263)</u>
NON-OPERATING REVENUES (EXPENSES):		
<i>Intergovernmental Revenue</i>	--	498,281
<i>Interest Revenue</i>	13,756	23,353
<i>Other Financing Sources</i>	--	658
<i>Interest Expense and Paying Agent Fees</i>	(232,742)	(807)
Total Non-operating Revenues (Expenses)	<u>(218,986)</u>	<u>521,485</u>
Income Before Transfers	<u>(529,939)</u>	<u>(687,778)</u>
<i>Transfers In</i>	--	--
Change in Net Assets	<u>(529,939)</u>	<u>(687,778)</u>
Total Net Assets - Beginning	11,715,983	25,601,720
Total Net Assets - Ending	<u>\$ 11,186,044</u>	<u>\$ 24,913,942</u>

The accompanying notes are an integral part of this statement.

Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Emergency Medical Services		
\$ --	\$ 5,582,765	\$ --
--	1,801,256	--
1,101,470	1,101,470	--
--	630,480	--
--	--	2,788,243
--	239,529	--
<u>1,101,470</u>	<u>9,355,500</u>	<u>2,788,243</u>
881,046	3,194,283	296,746
84,792	3,095,029	784,707
71,049	893,183	1,386,426
33,791	836,083	12,399
82,419	1,276,919	4,975
325,474	1,957,320	311,904
<u>1,478,571</u>	<u>11,252,817</u>	<u>2,797,157</u>
<u>(377,101)</u>	<u>(1,897,317)</u>	<u>(8,914)</u>
130,000	628,281	--
1,405	38,514	711
(116)	542	--
(7,863)	(241,412)	(383)
<u>123,426</u>	<u>425,925</u>	<u>328</u>
<u>(253,675)</u>	<u>(1,471,392)</u>	<u>(8,586)</u>
250,000	250,000	--
<u>(3,675)</u>	<u>(1,221,392)</u>	<u>(8,586)</u>
262,168	37,579,871	(144,963)
<u>\$ 258,493</u>	<u>\$ 36,358,479</u>	<u>\$ (153,549)</u>

CITY OF BIG SPRING

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Enterprise Funds		
	Water and Sewer	Airport/ Industrial Park	Emergency Medical Services
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 7,810,878	\$ 636,141	\$ 1,142,739
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	--	--	--
Cash Payments to Employees for Services	(2,016,677)	(296,560)	(881,046)
Cash Payments to Other Suppliers for Goods and Services	(4,778,395)	(315,982)	(590,158)
Net Cash Provided (Used) by Operating Activities	<u>1,015,806</u>	<u>23,599</u>	<u>(328,465)</u>
Cash Flows from Non-capital Financing Activities:			
Intergovernmental Grants Received	--	528,004	130,000
Other	--	998	(116)
Operating Transfers From (To) Other Funds	--	--	250,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>	<u>529,002</u>	<u>379,884</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Capital Leases	156,069	--	--
Principal and Interest Paid	(390,019)	(8,533)	(67,895)
Acquisition or Construction of Capital Assets	(773,283)	(530,139)	(21,600)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,007,233)</u>	<u>(538,672)</u>	<u>(89,495)</u>
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	13,756	23,353	1,405
Net Cash Provided (Used) for Investing Activities	<u>13,756</u>	<u>23,353</u>	<u>1,405</u>
Net Increase (Decrease) in Cash and Cash Equivalents	22,329	37,282	(36,671)
Cash and Cash Equivalents at Beginning of Year	1,248,895	1,985,708	69,827
Cash and Cash Equivalents at End of Year	<u>\$ 1,271,224</u>	<u>\$ 2,022,990</u>	<u>\$ 33,156</u>
Cash and Cash Equivalents at End of Year:			
Cash and Cash Equivalents	\$ 936,673	\$ 2,005,948	\$ 33,156
Restricted Cash	334,551	17,042	--
	<u>\$ 1,271,224</u>	<u>\$ 2,022,990</u>	<u>\$ 33,156</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (320,158)	\$ (1,209,263)	\$ (377,101)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	1,194,500	1,080,308	82,419
Provision for Uncollectible Accounts	--	1,462	53,447
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	187,328	20,290	(12,178)
Decrease (Increase) in Inventories	(3,623)	--	(1,587)
Decrease (Increase) in Prepaid Expenses	5,137	66,702	695
Increase (Decrease) in Accounts Payable	(137,584)	(26,388)	(102,552)
Increase (Decrease) in Interfund Payables	69,890	80,000	--
Increase (Decrease) in Accrued Expenses	20,316	10,488	28,392
Total Adjustments	<u>1,335,964</u>	<u>1,232,862</u>	<u>48,636</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,015,806</u>	<u>\$ 23,599</u>	<u>\$ (328,465)</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 9,589,758	\$ --
--	2,786,085
(3,194,283)	(296,746)
(5,684,535)	(2,501,106)
<u>710,940</u>	<u>(11,767)</u>
658,004	--
882	--
250,000	--
<u>908,886</u>	<u>--</u>
156,069	--
(466,447)	(5,051)
(1,325,022)	--
<u>(1,635,400)</u>	<u>(5,051)</u>
38,514	711
<u>38,514</u>	<u>711</u>
22,940	(16,107)
3,304,430	239,349
<u>\$ 3,327,370</u>	<u>\$ 223,242</u>
\$ 2,975,777	\$ 223,242
351,593	--
<u>\$ 3,327,370</u>	<u>\$ 223,242</u>
\$ (1,906,522)	\$ (8,914)
2,357,227	4,974
54,909	--
195,440	(2,158)
(5,210)	(6,830)
72,534	(388)
(266,524)	12,612
149,890	(35,000)
59,196	23,937
<u>2,617,462</u>	<u>(2,853)</u>
<u>\$ 710,940</u>	<u>\$ (11,767)</u>

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

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 215 West 3rd Street, 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, 2004

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.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

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.

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

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

c. Inventories and Prepaid Items

Inventories on the balance sheet are stated at first in first out method. Inventory items are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

CITY OF BIG SPRING
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

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:

<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 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 (in thousands):

	<u>General</u>	<u>Correctional Center</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Sanitation	\$ 249	\$ --	\$ --	\$ 249
Taxes	600	--	--	600
Accounts	184	--	77	261
Gross receivables	<u>1,033</u>	<u>--</u>	<u>77</u>	<u>1,110</u>
Less: allowance for				
Uncollectibles	(28)	--	--	(28)
Net total receivables	<u>\$ 1,005</u>	<u>\$ --</u>	<u>\$ 77</u>	<u>\$ 1,082</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.

CITY OF BIG SPRING

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004*

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

4. Budgetary Data

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

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

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

The budget is presented on a basis consistent with generally accepted accounting principles (GAAP).

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:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Internal Service	\$	
Garage	134,067	The City plans to transfer funds from the General and Utility Funds to cover these costs.
Occupational Accident Insurance	205,884	
Special Revenue		
Cemetery	110,757	This fund incurred additional capital costs in the prior year that will be recaptured.
Municipal Court Security	1,982	These funds incurred additional capital costs in the current year that will be recaptured.
Golf Course Improvement	19,608	

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.

CITY OF BIG SPRING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Cash Deposits:

At September 30, 2004, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,064,226 and the bank balance was \$1,594,115. The City's cash deposits at September 30, 2004 and during the year ended September 30, 2004, 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, 2004 are shown below.

<u>Investment</u>	<u>Category</u>			<u>Reported Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
		TexPool (state-wide investment pool)		\$ 8,319,951	\$ 8,319,951
Total Investments				\$ 8,319,951	\$ 8,319,951

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.

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

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, 2004, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 72,714,126	\$ 32,811	\$ --	\$ 72,746,937
Construction in progress	3,291	--	3,291	--
Total capital assets not being depreciated	<u>72,717,417</u>	<u>32,811</u>	<u>3,291</u>	<u>72,746,937</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	5,711,462	--	--	5,711,462
Buildings and systems	23,974,538	21,582	23,000	23,973,120
Improvements other than buildings	1,035,707	403,147	37,464	1,401,390
Machinery and equipment	7,500,229	690,950	611,483	7,579,696
Total capital assets being depreciated	<u>38,221,936</u>	<u>1,115,679</u>	<u>671,947</u>	<u>38,665,668</u>
Less accumulated depreciation for:				
Infrastructure	5,551,948	367	117,639	5,434,676
Buildings and systems	17,317,724	2,176,447	--	19,494,171
Improvements other than buildings	574,571	98,252	--	672,823
Machinery and equipment	5,516,412	800,105	611,486	5,705,031
Total accumulated depreciation	<u>28,960,655</u>	<u>3,075,171</u>	<u>729,125</u>	<u>31,306,701</u>
Total capital assets being depreciated, net	<u>9,261,281</u>	<u>(1,959,492)</u>	<u>1,401,072</u>	<u>7,358,967</u>
Governmental activities capital assets, net	<u>\$ 81,978,698</u>	<u>\$ (1,926,681)</u>	<u>\$ 1,404,363</u>	<u>\$ 80,105,904</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 5,595,149	\$ --	\$ --	\$ 5,595,149
Construction in progress	866,299	382,741	537,184	711,856
Total capital assets not being depreciated	<u>6,461,448</u>	<u>382,741</u>	<u>537,184</u>	<u>6,307,005</u>
<i>Capital assets being depreciated:</i>				
Buildings and systems	61,640,090	258,055	--	61,898,145
Improvements other than buildings	23,266,287	1,067,323	--	24,333,610
Machinery and equipment	2,607,067	154,087	301,041	2,460,113
Total capital assets being depreciated	<u>87,513,444</u>	<u>1,479,465</u>	<u>301,041</u>	<u>88,691,868</u>
Less accumulated depreciation for:				
Buildings and systems	31,740,426	1,672,928	654	33,412,700
Improvements other than buildings	20,805,407	421,344	--	21,226,751
Machinery and equipment	1,738,702	263,608	301,041	1,701,269
Total accumulated depreciation	<u>54,284,535</u>	<u>2,357,880</u>	<u>301,695</u>	<u>56,340,720</u>
Total capital assets being depreciated, net	<u>33,228,909</u>	<u>(878,415)</u>	<u>(654)</u>	<u>32,351,148</u>
Business-type activities capital assets, net	<u>\$ 39,690,357</u>	<u>\$ (495,674)</u>	<u>\$ 536,530</u>	<u>\$ 38,658,153</u>

CITY OF BIG SPRING

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004*

Depreciation was charged to governmental activities as follows:

General Government	\$ 258,563
Public Safety	1,551,628
Highways and Streets	419,240
Sanitation	393,138
Recreation and Parks	163,323
	<u>\$ 2,785,892</u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2004, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Airport/Industrial Park Fund	\$ 300,000	Short-term loans
General Fund	Water and Sewer Fund	70,000	Short-term loans
General Fund	Internal Service Funds	150,000	Short-term loans
General Fund	Other Governmental Funds	97,000	Short-term loans
General Fund	Correctional Center Fund	244,951	Short-term loans
Other Governmental Funds	General Fund	52,387	Short-term loans
Other Governmental Funds	Other Governmental Funds	188,527	Short-term loans
Internal Service Funds	Internal Service Funds	100,000	Short-term loans
	Total	<u>\$ 1,202,865</u>	

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

<u>Advances To Fund</u>	<u>Advances From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 89,757	Loans
Airport/Industrial Park Fund	General Fund	64,720	Loans
Water and Sewer Fund	Other Governmental Funds	545,337	Loans
Other Governmental Funds	Other Governmental Funds	55,626	Loans
	Total	<u>\$ 755,440</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2004, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Correctional Center Fund	General Fund	\$ 295,061	Supplement other funds sources
Other Governmental Funds	General Fund	10,000	Supplement other funds sources
General fund	Nonmajor Enterprise Fund	250,000	Supplement other funds sources
General fund	Other Governmental Funds	52,511	Supplement other funds sources
Other Governmental Funds	Other Governmental Funds	4,104	Supplement other funds sources
	Total	<u>\$ 611,676</u>	

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

F. 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, 2004, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 1,360,000	\$ --	\$ 235,000	\$ 1,125,000	\$ 230,000
Capital leases	1,186,533	398,526	453,061	1,131,998	502,348
Compensated absences *	1,165,692	180,565	107,108	1,239,149	34,576
Closure/postclosure landfill	1,683,983	82,163	--	1,766,146	--
Total governmental activities	<u>\$ 5,396,208</u>	<u>\$ 661,254</u>	<u>\$ 795,169</u>	<u>\$ 5,262,293</u>	<u>\$ 766,924</u>
<u>Business-type activities:</u>					
General obligation bonds	\$ 4,840,000	\$ --	\$ 365,000	\$ 4,475,000	\$ 380,000
Capital leases	657,827	156,069	206,610	607,286	226,125
Total business-type activities	<u>\$ 5,497,827</u>	<u>\$ 156,069</u>	<u>\$ 571,610</u>	<u>\$ 5,082,286</u>	<u>\$ 606,125</u>

* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2004, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
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	<u>\$ 1,125,000</u>	<u>\$ 103,843</u>	<u>\$ 1,228,843</u>

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
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	435,000	112,075	547,075
2010-20014	2,450,000	272,523	2,722,523
Totals	<u>\$ 4,475,000</u>	<u>\$ 984,625</u>	<u>\$ 5,459,625</u>

CITY OF BIG SPRING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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, 2004, 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, 2004, as follows:

<u>Year Ending September 30:</u>	Governmental		
	Principal	Interest	Total
2005	\$ 502,348	\$ 29,184	\$ 531,532
2006	297,627	13,268	310,895
2007	195,175	6,301	201,476
2008	101,530	2,304	103,834
2009	35,318	240	35,558
Total Minimum Rentals	\$ 1,131,998	\$ 51,297	\$ 1,183,295

The effective interest rate on capital leases is .

2.72%

<u>Year Ending September 30:</u>	Business-type Activities		
	Principal	Interest	Total
2005	\$ 226,126	\$ 14,815	\$ 240,941
2006	169,793	8,040	177,833
2007	135,557	3,795	139,352
2008	61,978	1,039	63,017
2009	13,832	94	13,926
Total Minimum Rentals	\$ 607,286	\$ 27,783	\$ 635,069

The effective interest rate on capital leases is .

2.72%

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.

G. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2004, 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.

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

H. Pension Plan

1. Plan Description

The City's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides retirement, disability and death benefits to Plan members and beneficiaries through its affiliation with Texas Municipal Retirement System ("TMRS"), an agent multiple-employer public employee retirement system. TMRS operates under the authority of Texas Government Code, Title 8, Subtitle G. The Texas legislature has the authority to establish or amend benefit provisions and the governing body of the City adopts the plan provisions within the options and constraints established by the legislature. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, TX 78714-9153 or calling (800) 924-8677. Additional 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, 2004, 2003 and 2002 were \$568,979, \$569,147 and \$501,010, respectively, and were equal to the required contributions for each year.

3. Annual Pension Cost

The City's annual pension cost of \$568,979 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 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, 2003 valuation is effective for rates beginning January 2005).

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, a 7% investment rate of return was assumed. No assumptions were made for projected salary increases, inflation or cost of living adjustments.

CITY OF BIG SPRING

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004*

4. Trend Information for the Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2002	\$ 501,010	100%	\$ --
September 30, 2003	569,147	100%	--
September 30, 2004	568,979	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 firemen'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, 2004 was \$2,375,823. Both the City and the firemen made the required contribution of \$258,362 and \$258,362 representing 11% and 11% of covered payroll, respectively.

I. 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	Total Internal Service Funds
<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	210,566
<u>Year Ending 9/30/04</u>					
Health Insurance Claims	\$ 89,138	\$ 1,067,610	\$ 1,109,545	\$ 47,203	
Workers' Compensation Claims	121,428	304,600	243,966	182,062	229,265

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 \$1,365,589 in health insurance expense and administrative and other charges for the year ended September 30, 2004. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$47,203 at September 30, 2004.

CITY OF BIG SPRING

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

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 \$311,919 in workers' compensation expense and administrative and other charges for the year ended September 30, 2004. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$182,062 at September 30, 2004.

J. 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, 2004.

K. 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 \$375,826 at September 30, 2004. 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.

L. 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 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 \$1,766,146 reported as landfill closure and postclosure care liability at September 30, 2004, represents the cumulative amount reported to date based on the use of 67.49 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$650,225 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2004. The City expects to close the landfill in the year 2024. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

CITY OF BIG SPRING

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004*

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, 2004, the City has designated \$895,115 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, 2004

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>General Property Taxes</i>	\$ 2,509,000	\$ 2,535,200	\$ 2,602,412	\$ 67,212
<i>General Sales Taxes</i>	2,780,000	2,875,000	3,018,548	143,548
<i>Gross Receipts Business Taxes</i>	1,410,025	1,340,089	1,344,025	3,936
<i>License and Permits</i>	335,050	320,355	317,098	(3,257)
<i>Intergovernmental</i>	1,495,860	1,512,479	1,516,554	4,075
<i>Charges for Services</i>	2,115,250	2,095,250	2,090,493	(4,757)
<i>Fines</i>	267,400	261,000	241,274	(19,726)
<i>Recreation</i>	331,000	308,925	298,686	(10,239)
<i>Investment Earnings</i>	35,000	31,000	32,732	1,732
<i>Rents and Royalties</i>	372,244	346,944	341,943	(5,001)
<i>Miscellaneous</i>	36,928	28,885	31,813	2,928
<i>Contributions and Donations</i>	14,353	15,473	292,810	277,337
Total revenues	<u>11,702,110</u>	<u>11,670,600</u>	<u>12,128,388</u>	<u>457,788</u>
Expenditures:				
Current:				
<i>General Government</i>	1,269,854	1,308,779	1,334,410	(25,631)
<i>Public Safety</i>	6,290,363	6,256,449	6,283,189	(26,740)
<i>Highways and Streets</i>	1,699,614	1,520,999	1,755,539	(234,540)
<i>Sanitation</i>	1,593,799	1,489,443	1,546,495	(57,052)
<i>Recreation and Parks</i>	666,118	716,101	661,877	54,224
<i>Principal</i>	612,087	569,094	453,061	116,033
<i>Interest and Fiscal Charges</i>	54,011	55,661	51,052	4,609
Total Expenditures	<u>12,185,846</u>	<u>11,916,526</u>	<u>12,085,623</u>	<u>(169,097)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(483,736)</u>	<u>(245,926)</u>	<u>42,765</u>	<u>288,691</u>
Other Financing Sources (Uses):				
<i>Transfers In</i>	349,481	301,324	305,061	3,737
<i>Transfers Out</i>	(308,196)	(304,061)	(302,511)	1,550
<i>Capital Leases</i>	546,000	394,324	398,526	(4,202)
Total Other Financing Sources (Uses)	<u>587,285</u>	<u>391,587</u>	<u>401,076</u>	<u>(9,489)</u>
Net Change in Fund Balances	103,549	145,661	443,841	298,180
Fund Balances - Beginning	2,928,736	2,928,736	2,928,736	--
Fund Balances - Ending	<u>\$ 3,032,285</u>	<u>\$ 3,074,397</u>	<u>\$ 3,372,577</u>	<u>\$ 298,180</u>

CITY OF BIG SPRING
CORRECTIONAL CENTER FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT B-2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Intergovernmental</i>	\$ 47,276,013	\$ 51,930,620	\$ 51,853,927	\$ (76,693)
<i>Investment Earnings</i>	67,800	52,800	53,350	550
Total revenues	<u>47,343,813</u>	<u>51,983,420</u>	<u>51,907,277</u>	<u>(76,143)</u>
Expenditures:				
<i>Public Safety</i>	47,140,213	51,827,977	51,769,158	58,819
Total Expenditures	<u>47,140,213</u>	<u>51,827,977</u>	<u>51,769,158</u>	<u>58,819</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>203,600</u>	<u>155,443</u>	<u>138,119</u>	<u>(17,324)</u>
Other Financing Sources (Uses):				
<i>Transfers Out</i>	(339,481)	(291,324)	(295,061)	(3,737)
Total Other Financing Sources (Uses)	<u>(339,481)</u>	<u>(291,324)</u>	<u>(295,061)</u>	<u>3,737</u>
Net Change in Fund Balances	(135,881)	(135,881)	(156,942)	(21,061)
Fund Balances - Beginning	3,121,805	3,121,805	3,121,805	--
Fund Balances - Ending	<u>\$ 2,985,924</u>	<u>\$ 2,985,924</u>	<u>\$ 2,964,863</u>	<u>\$ (21,061)</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, 2004

	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>	\$ 467,504	\$ 1,962	\$ 675,846	\$ 1,145,312
<i>Receivables (net of allowances for uncollectibles)</i>	76,982	--	--	76,982
<i>Due from Other Funds</i>	15,111	--	225,803	240,914
<i>Intergovernmental Receivables</i>	204,777	--	--	204,777
<i>Prepaid Items</i>	93,648	--	--	93,648
<i>Advances to Other Funds</i>	--	--	690,720	690,720
Total Assets and Other Debits	<u>\$ 858,022</u>	<u>\$ 1,962</u>	<u>\$ 1,592,369</u>	<u>\$ 2,452,353</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
<i>Accounts Payable</i>	\$ 317,782	\$ --	\$ --	\$ 317,782
<i>Due to Other Funds</i>	118,076	--	--	118,076
<i>Deferred Revenue</i>	20,853	--	--	20,853
<i>Customer Deposits</i>	1,650	--	--	1,650
<i>Advances from Other Funds</i>	55,626	--	--	55,626
Total Liabilities	<u>513,987</u>	<u>--</u>	<u>--</u>	<u>513,987</u>
Fund Balances:				
Reserved Fund Balances:				
<i>Reserved for Debt Service</i>	--	1,962	--	1,962
<i>Reserved for Perpetual Cemetery Care</i>	351,511	--	--	351,511
Unreserved, reported in nonmajor:				
<i>Special Revenue Funds</i>	(7,476)	--	--	(7,476)
<i>Capital Project Funds</i>	--	--	1,592,369	1,592,369
Total Fund Balances	<u>344,035</u>	<u>1,962</u>	<u>1,592,369</u>	<u>1,938,366</u>
Total Liabilities and Fund Balances	<u>\$ 858,022</u>	<u>\$ 1,962</u>	<u>\$ 1,592,369</u>	<u>\$ 2,452,353</u>

CITY OF BIG SPRING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	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>	\$ --	\$ 276,952	\$ --	\$ 276,952
<i>General Sales Taxes</i>	1,006,183	--	--	1,006,183
<i>Motel Occupancy Taxes</i>	253,684	--	--	253,684
<i>Intergovernmental</i>	351,799	--	--	351,799
<i>Charges for Services</i>	945	--	--	945
<i>Fines</i>	6,954	--	--	6,954
<i>Investment Earnings</i>	4,393	275	46,583	51,251
<i>Rents and Royalties</i>	114,983	--	18,612	133,595
<i>Miscellaneous</i>	25	--	--	25
<i>Contributions and Donations</i>	5,000	--	--	5,000
Total revenues	<u>1,743,966</u>	<u>277,227</u>	<u>65,195</u>	<u>2,086,388</u>
Expenditures:				
Current:				
<i>General Government</i>	5,864	--	--	5,864
<i>Public Safety</i>	243,115	--	--	243,115
<i>Sanitation</i>	960	--	--	960
<i>Community Service</i>	73,937	--	--	73,937
<i>Recreation and Parks</i>	63,292	--	--	63,292
<i>Economic Development</i>	1,282,737	--	--	1,282,737
<i>Cemetery</i>	129,875	--	--	129,875
<i>Principal</i>	--	235,000	--	235,000
<i>Interest and Fiscal Charges</i>	3,234	42,920	--	46,154
<i>Fiscal Agent's Fees</i>	--	235	--	235
Total Expenditures	<u>1,803,014</u>	<u>278,155</u>	<u>--</u>	<u>2,081,169</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(59,048)</u>	<u>(928)</u>	<u>65,195</u>	<u>5,219</u>
Other Financing Sources (Uses):				
<i>Transfers In</i>	56,615	--	--	56,615
<i>Transfers Out</i>	(14,104)	--	--	(14,104)
Total Other Financing Sources (Uses)	<u>42,511</u>	<u>--</u>	<u>--</u>	<u>42,511</u>
Net Change in Fund Balances	(16,537)	(928)	65,195	47,730
Fund Balances - Beginning	360,572	2,890	1,527,174	1,890,636
Fund Balances - Ending	<u>\$ 344,035</u>	<u>\$ 1,962</u>	<u>\$ 1,592,369</u>	<u>\$ 1,938,366</u>

CITY OF BIG SPRING
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2004

	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development
ASSETS AND OTHER DEBITS			
Assets:			
<i>Cash and Cash Equivalents</i>	\$ 2,480	\$ 78,927	\$ --
<i>Receivables (net of allowances for uncollectibles)</i>	44,987	--	--
<i>Due from Other Funds</i>	--	--	--
<i>Intergovernmental Receivables</i>	--	22,790	181,975
<i>Prepaid Items</i>	--	93,648	--
Total Assets and Other Debits	\$ 47,467	\$ 195,365	\$ 181,975
LIABILITIES AND FUND BALANCES:			
Liabilities:			
<i>Accounts Payable</i>	\$ 10,399	\$ 99,785	\$ 181,975
<i>Due to Other Funds</i>	15,000	--	--
<i>Deferred Revenue</i>	--	--	--
<i>Customer Deposits</i>	1,650	--	--
<i>Advances from Other Funds</i>	--	--	--
Total Liabilities	27,049	99,785	181,975
Fund Balances:			
Reserved Fund Balances:			
<i>Reserved for Perpetual Cemetery Care</i>	--	--	--
Unreserved, reported in nonmajor:			
<i>Special Revenue Funds</i>	20,418	95,580	--
Total Fund Balances	20,418	95,580	--
Total Liabilities and Fund Balances	\$ 47,467	\$ 195,365	\$ 181,975

Employee's College Education	Municipal Court Security	Golf Course Improvement	R.S.V.P.	Police Seizure
\$ 1,109	\$ 18	\$ 392	\$ 9,865	\$ 7,088
--	--	--	2,584	--
--	--	--	--	--
--	--	--	12	--
--	--	--	--	--
<u>\$ 1,109</u>	<u>\$ 18</u>	<u>\$ 392</u>	<u>\$ 12,461</u>	<u>\$ 7,088</u>
\$ 324	\$ --	\$ --	\$ 11,335	\$ --
--	2,000	20,000	--	--
--	--	--	126	--
--	--	--	--	--
--	--	--	--	--
<u>324</u>	<u>2,000</u>	<u>20,000</u>	<u>11,461</u>	<u>--</u>
--	--	--	--	--
785	(1,982)	(19,608)	1,000	7,088
<u>785</u>	<u>(1,982)</u>	<u>(19,608)</u>	<u>1,000</u>	<u>7,088</u>
<u>\$ 1,109</u>	<u>\$ 18</u>	<u>\$ 392</u>	<u>\$ 12,461</u>	<u>\$ 7,088</u>

CITY OF BIG SPRING

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2004

	Cemetery	Cemetery Permanent Care	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS AND OTHER DEBITS			
Assets:			
<i>Cash and Cash Equivalents</i>	\$ 1,003	\$ 366,622	\$ 467,504
<i>Receivables (net of allowances for uncollectibles)</i>	29,411	--	76,982
<i>Due from Other Funds</i>	15,111	--	15,111
<i>Intergovernmental Receivables</i>	--	--	204,777
<i>Prepaid Items</i>	--	--	93,648
Total Assets and Other Debits	\$ 45,525	\$ 366,622	\$ 858,022
LIABILITIES AND FUND BALANCES:			
Liabilities:			
<i>Accounts Payable</i>	\$ 13,964	\$ --	\$ 317,782
<i>Due to Other Funds</i>	65,965	15,111	118,076
<i>Deferred Revenue</i>	20,727	--	20,853
<i>Customer Deposits</i>	--	--	1,650
<i>Advances from Other Funds</i>	55,626	--	55,626
Total Liabilities	156,282	15,111	513,987
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>	(110,757)	--	(7,476)
Total Fund Balances	(110,757)	351,511	344,035
Total Liabilities and Fund Balances	\$ 45,525	\$ 366,622	\$ 858,022

CITY OF BIG SPRING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development
Revenue:			
Taxes:			
General Sales Taxes	\$ --	\$ --	\$ 1,006,183
Motel Occupancy Taxes	253,684	--	--
Intergovernmental	--	279,634	--
Charges for Services	--	--	--
Fines	--	--	--
Investment Earnings	(137)	58	--
Rents and Royalties	21,354	--	--
Miscellaneous	25	--	--
Contributions and Donations	5,000	--	--
Total revenues	<u>279,926</u>	<u>279,692</u>	<u>1,006,183</u>
Expenditures:			
Current:			
General Government	--	--	--
Public Safety	--	204,520	--
Sanitation	--	960	--
Community Service	--	--	--
Recreation and Parks	--	--	--
Economic Development	276,554	--	1,006,183
Cemetery	--	--	--
Interest and Fiscal Charges	--	--	--
Total Expenditures	<u>276,554</u>	<u>205,480</u>	<u>1,006,183</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,372</u>	<u>74,212</u>	<u>--</u>
Other Financing Sources (Uses):			
Transfers In	--	21,368	--
Transfers Out	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>21,368</u>	<u>--</u>
Net Change in Fund Balances	3,372	95,580	--
Fund Balances - Beginning	17,046	--	--
Fund Balances - Ending	<u>\$ 20,418</u>	<u>\$ 95,580</u>	<u>\$ --</u>

Employee's College Education	Municipal Court Security	Golf Course Improvement	R.S.V.P.	Police Seizure
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	58,868	13,297
945	--	--	--	--
--	6,954	--	--	--
54	10	(90)	69	102
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>999</u>	<u>6,964</u>	<u>(90)</u>	<u>58,937</u>	<u>13,399</u>
5,864	--	--	--	--
--	22,477	--	--	16,118
--	--	--	--	--
--	--	--	73,937	--
--	--	63,292	--	--
--	--	--	--	--
--	--	--	--	--
<u>5,864</u>	<u>22,477</u>	<u>63,292</u>	<u>73,937</u>	<u>16,118</u>
<u>(4,865)</u>	<u>(15,513)</u>	<u>(63,382)</u>	<u>(15,000)</u>	<u>(2,719)</u>
--	--	16,143	15,000	--
(10,000)	--	--	--	--
<u>(10,000)</u>	<u>--</u>	<u>16,143</u>	<u>15,000</u>	<u>--</u>
(14,865)	(15,513)	(47,239)	--	(2,719)
15,650	13,531	27,631	1,000	9,807
<u>\$ 785</u>	<u>\$ (1,982)</u>	<u>\$ (19,608)</u>	<u>\$ 1,000</u>	<u>\$ 7,088</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, 2004

	Cemetery	Cemetery Permanent Care	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:			
Taxes:			
<i>General Sales Taxes</i>	\$ --	\$ --	\$ 1,006,183
<i>Motel Occupancy Taxes</i>	--	--	253,684
<i>Intergovernmental</i>	--	--	351,799
<i>Charges for Services</i>	--	--	945
<i>Fines</i>	--	--	6,954
<i>Investment Earnings</i>	223	4,104	4,393
<i>Rents and Royalties</i>	93,629	--	114,983
<i>Miscellaneous</i>	--	--	25
<i>Contributions and Donations</i>	--	--	5,000
Total revenues	<u>93,852</u>	<u>4,104</u>	<u>1,743,966</u>
Expenditures:			
Current:			
<i>General Government</i>	--	--	5,864
<i>Public Safety</i>	--	--	243,115
<i>Sanitation</i>	--	--	960
<i>Community Service</i>	--	--	73,937
<i>Recreation and Parks</i>	--	--	63,292
<i>Economic Development</i>	--	--	1,282,737
<i>Cemetery</i>	129,875	--	129,875
<i>Interest and Fiscal Charges</i>	3,234	--	3,234
Total Expenditures	<u>133,109</u>	<u>--</u>	<u>1,803,014</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(39,257)</u>	<u>4,104</u>	<u>(59,048)</u>
Other Financing Sources (Uses):			
<i>Transfers In</i>	4,104	--	56,615
<i>Transfers Out</i>	--	(4,104)	(14,104)
Total Other Financing Sources (Uses)	<u>4,104</u>	<u>(4,104)</u>	<u>42,511</u>
Net Change in Fund Balances	(35,153)	--	(16,537)
Fund Balances - Beginning	(75,604)	351,511	360,572
Fund Balances - Ending	<u>\$ (110,757)</u>	<u>\$ 351,511</u>	<u>\$ 344,035</u>

CITY OF BIG SPRING

HOTEL/MOTEL OCCUPANCY TAX FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Motel Occupancy Taxes</i>	\$ 235,200	\$ 253,684	\$ 18,484
<i>Investment Earnings</i>	(100)	(137)	(37)
<i>Rents and Royalties</i>	20,400	21,354	954
<i>Miscellaneous</i>	25	25	--
<i>Contributions and Donations</i>	10,000	5,000	(5,000)
Total revenues	<u>265,525</u>	<u>279,926</u>	<u>14,401</u>
Expenditures:			
<i>Economic Development</i>	287,956	276,554	11,402
Total Expenditures	<u>287,956</u>	<u>276,554</u>	<u>11,402</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,431)</u>	<u>3,372</u>	<u>25,803</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(22,431)	3,372	25,803
Fund Balances - Beginning	17,046	17,046	--
Fund Balances - Ending	<u>\$ (5,385)</u>	<u>\$ 20,418</u>	<u>\$ 25,803</u>

CITY OF BIG SPRING
ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>General Sales Taxes</i>	\$ 958,335	\$ 1,006,183	\$ 47,848
Total revenues	<u>958,335</u>	<u>1,006,183</u>	<u>47,848</u>
Expenditures:			
<i>Economic Development</i>	958,335	1,006,183	(47,848)
Total Expenditures	<u>958,335</u>	<u>1,006,183</u>	<u>(47,848)</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, 2004

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for Services	\$ 5,000	\$ 945	\$ (4,055)
Investment Earnings	65	54	(11)
Total revenues	<u>5,065</u>	<u>999</u>	<u>(4,066)</u>
Expenditures:			
Current:			
General Government	5,250	5,864	(614)
Total Expenditures	<u>5,250</u>	<u>5,864</u>	<u>(614)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(185)</u>	<u>(4,865)</u>	<u>(4,680)</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(10,000)</u>	<u>(10,000)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>--</u>
Net Change in Fund Balances	(10,185)	(14,865)	(4,680)
Fund Balances - Beginning	15,650	15,650	--
Fund Balances - Ending	<u>\$ 5,465</u>	<u>\$ 785</u>	<u>\$ (4,680)</u>

CITY OF BIG SPRING

MUNICIPAL COURT SECURITY FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Fines</i>	\$ 7,200	\$ 6,954	\$ (246)
<i>Investment Earnings</i>	35	10	(25)
Total revenues	<u>7,235</u>	<u>6,964</u>	<u>(271)</u>
Expenditures:			
Current:			
<i>Public Safety</i>	22,476	22,477	(1)
Total Expenditures	<u>22,476</u>	<u>22,477</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,241)</u>	<u>(15,513)</u>	<u>(272)</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(15,241)	(15,513)	(272)
Fund Balances - Beginning	13,531	13,531	--
Fund Balances - Ending	<u>\$ (1,710)</u>	<u>\$ (1,982)</u>	<u>\$ (272)</u>

CITY OF BIG SPRING

POLICE SEIZURE

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Intergovernmental</i>	\$ 4,627	\$ 13,297	\$ 8,670
<i>Investment Earnings</i>	100	102	2
Total revenues	<u>4,727</u>	<u>13,399</u>	<u>8,672</u>
Expenditures:			
Current:			
<i>Public Safety</i>	12,774	16,118	(3,344)
Total Expenditures	<u>12,774</u>	<u>16,118</u>	<u>(3,344)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,047)</u>	<u>(2,719)</u>	<u>5,328</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(8,047)	(2,719)	5,328
Fund Balances - Beginning	9,807	9,807	--
Fund Balances - Ending	<u>\$ 1,760</u>	<u>\$ 7,088</u>	<u>\$ 5,328</u>

CITY OF BIG SPRING

CEMETERY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Investment Earnings</i>	\$ 500	\$ 223	\$ (277)
<i>Rents and Royalties</i>	72,200	93,629	21,429
Total revenues	<u>72,700</u>	<u>93,852</u>	<u>21,152</u>
Expenditures:			
<i>Cemetery</i>	130,514	129,875	639
<i>Interest and Fiscal Charges</i>	8,910	3,234	5,676
Total Expenditures	<u>139,424</u>	<u>133,109</u>	<u>6,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(66,724)</u>	<u>(39,257)</u>	<u>27,467</u>
Other Financing Sources (Uses):			
<i>Transfers In</i>	3,750	4,104	354
Total Other Financing Sources (Uses)	<u>3,750</u>	<u>4,104</u>	<u>(354)</u>
Net Change in Fund Balances	(62,974)	(35,153)	27,821
Fund Balances - Beginning	(75,604)	(75,604)	--
Fund Balances - Ending	<u>\$ (138,578)</u>	<u>\$ (110,757)</u>	<u>\$ 27,821</u>

CITY OF BIG SPRING

CEMETERY PERMANENT CARE FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Investment Earnings</i>	\$ 3,750	\$ 4,104	\$ 354
Total revenues	<u>3,750</u>	<u>4,104</u>	<u>354</u>
Expenditures:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,750</u>	<u>4,104</u>	<u>354</u>
Other Financing Sources (Uses):			
<i>Transfers Out</i>	(3,750)	(4,104)	(354)
Total Other Financing Sources (Uses)	<u>(3,750)</u>	<u>(4,104)</u>	<u>354</u>
Net Change in Fund Balances	--	--	--
Fund Balances - Beginning	351,511	351,511	--
Fund Balances - Ending	<u>\$ 351,511</u>	<u>\$ 351,511</u>	<u>\$ --</u>

CITY OF BIG SPRING

2002 REFUNDING FUND
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>General Property Taxes</i>	\$ 273,880	\$ 276,952	\$ 3,072
<i>Investment Earnings</i>	265	275	10
Total revenues	<u>274,145</u>	<u>277,227</u>	<u>3,082</u>
Expenditures:			
<i>Principal</i>	235,000	235,000	--
<i>Interest and Fiscal Charges</i>	42,920	42,920	--
<i>Fiscal Agent's Fees</i>	500	235	265
Total Expenditures	<u>278,420</u>	<u>278,155</u>	<u>265</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,275)</u>	<u>(928)</u>	<u>3,347</u>
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(4,275)	(928)	3,347
Fund Balances - Beginning	2,890	2,890	--
Fund Balances - Ending	<u>\$ (1,385)</u>	<u>\$ 1,962</u>	<u>\$ 3,347</u>

CITY OF BIG SPRING

WATER AND SEWER FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-13

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Water Sales</i>	\$ 5,700,000	\$ 5,582,765	\$ 117,235
<i>Sewer Charges</i>	1,775,000	1,801,256	(26,256)
<i>Other Services</i>	228,900	239,529	(10,629)
Total Operating Revenues	<u>7,703,900</u>	<u>7,623,550</u>	<u>80,350</u>
OPERATING EXPENSES:			
<i>Personnel Services</i>	2,028,327	2,016,677	11,650
<i>Supplies and Materials</i>	2,902,460	2,964,253	(61,793)
<i>Contractual Services</i>	680,941	664,337	16,604
<i>Maintenance</i>	645,719	652,480	(6,761)
<i>Depreciation</i>	913,125	1,194,500	(281,375)
<i>Other</i>	454,363	442,256	12,107
Total Operating Expenses	<u>7,624,935</u>	<u>7,934,503</u>	<u>(309,568)</u>
Operating Income	<u>78,965</u>	<u>(310,953)</u>	<u>389,918</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest Revenue</i>	10,900	13,756	(2,856)
<i>Other Financing Sources</i>	688,800	--	688,800
<i>Interest Expense and Paying Agent Fees</i>	(500,010)	(232,742)	(267,268)
Total Non-operating Revenues (Expenses)	<u>199,690</u>	<u>(218,986)</u>	<u>418,676</u>
Income Before Transfers	<u>278,655</u>	<u>(529,939)</u>	<u>808,594</u>
<i>Transfers In</i>	--	--	--
<i>Transfers Out</i>	(365,000)	--	(365,000)
Change in Net Assets	<u>(86,345)</u>	<u>(529,939)</u>	<u>443,594</u>
Total Net Assets - Beginning	11,715,983	11,715,983	--
Total Net Assets - Ending	<u>\$ 11,629,638</u>	<u>\$ 11,186,044</u>	<u>\$ 443,594</u>

CITY OF BIG SPRING
 AIRPORT/INDUSTRIAL PARK
 ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-14

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Commercial Rentals and Fees</i>	\$ 136,330	\$ 630,480	\$ (494,150)
Total Operating Revenues	<u>136,330</u>	<u>630,480</u>	<u>(494,150)</u>
OPERATING EXPENSES:			
<i>Personnel Services</i>	286,687	296,560	(9,873)
<i>Supplies and Materials</i>	44,855	45,984	(1,129)
<i>Contractual Services</i>	157,702	157,797	(95)
<i>Maintenance</i>	176,470	149,812	26,658
<i>Other</i>	117,575	1,189,590	(1,072,015)
Total Operating Expenses	<u>783,289</u>	<u>1,839,743</u>	<u>(1,056,454)</u>
Operating Income	<u>(646,959)</u>	<u>(1,209,263)</u>	<u>562,304</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Intergovernmental Revenue</i>	39,851	498,281	(458,430)
<i>Interest Revenue</i>	21,000	23,353	(2,353)
<i>Other Financing Sources</i>	650	658	(8)
<i>Interest Expense and Paying Agent Fees</i>	(8,533)	(807)	(7,726)
Total Non-operating Revenues (Expenses)	<u>52,968</u>	<u>521,485</u>	<u>(468,517)</u>
Income Before Transfers	<u>(593,991)</u>	<u>(687,778)</u>	<u>93,787</u>
<i>Transfers In</i>	--	--	--
Change in Net Assets	<u>(593,991)</u>	<u>(687,778)</u>	<u>93,787</u>
Total Net Assets - Beginning	25,601,720	25,601,720	--
Total Net Assets - Ending	<u>\$ 25,007,729</u>	<u>\$ 24,913,942</u>	<u>\$ 93,787</u>

CITY OF BIG SPRING

EMERGENCY MEDICAL SERVICES FUND
 ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-15

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Emergency Medical Services</i>	\$ 1,011,000	\$ 1,101,470	\$ (90,470)
Total Operating Revenues	<u>1,011,000</u>	<u>1,101,470</u>	<u>(90,470)</u>
OPERATING EXPENSES:			
<i>Personnel Services</i>	876,859	881,046	(4,187)
<i>Supplies and Materials</i>	87,650	84,792	2,858
<i>Contractual Services</i>	72,225	71,049	1,176
<i>Maintenance</i>	31,195	33,791	(2,596)
<i>Depreciation</i>	22,850	82,419	(59,569)
<i>Other</i>	292,183	325,474	(33,291)
Total Operating Expenses	<u>1,382,962</u>	<u>1,478,571</u>	<u>(95,609)</u>
Operating Income	<u>(371,962)</u>	<u>(377,101)</u>	<u>5,139</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Intergovernmental Revenue</i>	130,000	130,000	--
<i>Interest Revenue</i>	(650)	1,405	(2,055)
<i>Other Financing Sources</i>	22,714	(116)	22,830
<i>Interest Expense and Paying Agent Fees</i>	(89,650)	(7,863)	(81,787)
Total Non-operating Revenues (Expenses)	<u>62,414</u>	<u>123,426</u>	<u>(61,012)</u>
Income Before Transfers	<u>(309,548)</u>	<u>(253,675)</u>	<u>(55,873)</u>
<i>Transfers In</i>	250,000	250,000	--
Change in Net Assets	<u>(59,548)</u>	<u>(3,675)</u>	<u>(55,873)</u>
Total Net Assets - Beginning	262,168	262,168	--
Total Net Assets - Ending	<u>\$ 202,620</u>	<u>\$ 258,493</u>	<u>\$ (55,873)</u>

CITY OF BIG SPRING

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2004

	Garage	Health Insurance	Occupational Accident Insurance	Total Internal Service Funds (See Exhibit A-7)
ASSETS:				
Current Assets:				
<i>Cash and Cash Equivalents</i>	\$ 8,101	\$ 129,880	\$ 85,261	\$ 223,242
<i>Receivables (net of allowances for uncollectibles)</i>	--	3,725	--	3,725
<i>Due from Other Funds</i>	--	100,000	--	100,000
<i>Inventories</i>	75,479	--	--	75,479
<i>Prepaid Items</i>	388	--	--	388
Total Current Assets	<u>83,968</u>	<u>233,605</u>	<u>85,261</u>	<u>402,834</u>
Noncurrent Assets:				
Restricted:				
Capital Assets (net of accumulated depreciation):				
<i>Land</i>	10,000	--	--	10,000
<i>Machinery and Equipment</i>	11,131	--	--	11,131
Total Noncurrent Assets	<u>21,131</u>	<u>--</u>	<u>--</u>	<u>21,131</u>
Total Assets	<u>\$ 105,099</u>	<u>\$ 233,605</u>	<u>\$ 85,261</u>	<u>\$ 423,965</u>
LIABILITIES:				
Current Liabilities:				
<i>Accounts Payable</i>	\$ 50,731	\$ --	\$ 9,083	\$ 59,814
<i>Claims and Judgments Payable</i>	--	47,203	182,062	229,265
<i>Contracts Payable/Accrued Liabilities</i>	32,303	--	--	32,303
<i>Due to Other Funds</i>	150,000	--	100,000	250,000
<i>Capital Leases Payable</i>	4,878	--	--	4,878
Total Current Liabilities	<u>237,912</u>	<u>47,203</u>	<u>291,145</u>	<u>576,260</u>
Current Liabilities Payable from Restricted Assets-				
Noncurrent Liabilities:				
<i>Capital Leases Payable</i>	1,254	--	--	1,254
Total Noncurrent Liabilities	<u>1,254</u>	<u>--</u>	<u>--</u>	<u>1,254</u>
Total Liabilities	<u>239,166</u>	<u>47,203</u>	<u>291,145</u>	<u>577,514</u>
NET ASSETS:				
<i>Unrestricted Net Assets</i>	(134,067)	186,402	(205,884)	(153,549)
Total Net Assets	<u>\$ (134,067)</u>	<u>\$ 186,402</u>	<u>\$ (205,884)</u>	<u>\$ (153,549)</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, 2004

	Garage	Health Insurance	Occupational Accident Insurance	Total Internal Service Funds (See Exhibit A-8)
OPERATING REVENUES:				
<i>Billings to Departments and Employees</i>	\$ 1,164,417	\$ 1,334,326	\$ 289,500	\$ 2,788,243
Total Operating Revenues	<u>1,164,417</u>	<u>1,334,326</u>	<u>289,500</u>	<u>2,788,243</u>
OPERATING EXPENSES:				
<i>Personnel Services</i>	296,746	--	--	296,746
<i>Supplies and Materials</i>	784,707	--	--	784,707
<i>Contractual Services</i>	17,942	1,110,281	258,203	1,386,426
<i>Maintenance</i>	12,399	--	--	12,399
<i>Depreciation</i>	4,975	--	--	4,975
<i>Other</i>	9,500	248,688	53,716	311,904
Total Operating Expenses	<u>1,126,269</u>	<u>1,358,969</u>	<u>311,919</u>	<u>2,797,157</u>
Operating Income	<u>38,148</u>	<u>(24,643)</u>	<u>(22,419)</u>	<u>(8,914)</u>
NON-OPERATING REVENUES (EXPENSES):				
<i>Interest Revenue</i>	(1,448)	1,752	407	711
<i>Interest Expense and Paying Agent Fees</i>	(383)	--	--	(383)
Total Non-operating Revenues (Expenses)	<u>(1,831)</u>	<u>1,752</u>	<u>407</u>	<u>328</u>
Income Before Transfers	<u>36,317</u>	<u>(22,891)</u>	<u>(22,012)</u>	<u>(8,586)</u>
<i>Transfers In</i>	--	--	--	--
Change in Net Assets	<u>36,317</u>	<u>(22,891)</u>	<u>(22,012)</u>	<u>(8,586)</u>
Total Net Assets - Beginning	(170,384)	209,293	(183,872)	(144,963)
Total Net Assets - Ending	<u>\$ (134,067)</u>	<u>\$ 186,402</u>	<u>\$ (205,884)</u>	<u>\$ (153,549)</u>

CITY OF BIG SPRING

COMBINING STATEMENT OF CASH FLOWS
 ALL INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	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>	\$ 1,164,417	\$ 1,332,168	\$ 289,500	\$ 2,786,085
<i>Cash Payments to Employees</i>	(296,746)	--	--	(296,746)
<i>Cash Payments to Suppliers for Goods and Services</i>	(858,000)	(1,400,904)	(242,202)	(2,501,106)
Net Cash Provided (Used) by Operating Activities	<u>9,671</u>	<u>(68,736)</u>	<u>47,298</u>	<u>(11,767)</u>
Cash Flows from Capital and Related Financing Activities:				
<i>Principal and Interest Paid</i>	(5,051)	--	--	(5,051)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(5,051)</u>	<u>--</u>	<u>--</u>	<u>(5,051)</u>
Cash Flows from Investing Activities:				
<i>Interest and Dividends on Investments</i>	(1,448)	1,752	407	711
Net Cash Provided (Used) for Investing Activities	<u>(1,448)</u>	<u>1,752</u>	<u>407</u>	<u>711</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,172	(66,984)	47,705	(16,107)
Cash and Cash Equivalents at Beginning of Year	4,929	196,864	37,556	239,349
Cash and Cash Equivalents at End of Year	<u>\$ 8,101</u>	<u>\$ 129,880</u>	<u>\$ 85,261</u>	<u>\$ 223,242</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 38,148	\$ (24,643)	\$ (22,419)	\$ (8,914)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
<i>Depreciation</i>	4,974	--	--	4,974
Change in Assets and Liabilities:				
<i>Decrease (Increase) in Receivables</i>	--	(2,158)	--	(2,158)
<i>Decrease (Increase) in Inventories</i>	(6,830)	--	--	(6,830)
<i>Decrease (Increase) in Prepaid Expenses</i>	(388)	--	--	(388)
<i>Increase (Decrease) in Accounts Payable</i>	3,529	--	9,083	12,612
<i>Increase (Decrease) in Interfund Payables</i>	(35,000)	--	--	(35,000)
<i>Increase (Decrease) in Accrued Expenses</i>	5,238	(41,935)	60,634	23,937
Total Adjustments	<u>(28,477)</u>	<u>(44,093)</u>	<u>69,717</u>	<u>(2,853)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,671</u>	<u>\$ (68,736)</u>	<u>\$ 47,298</u>	<u>\$ (11,767)</u>

CITY OF BIG SPRING

GARAGE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-19

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Billings to Departments and Employees</i>	\$ 1,012,385	\$ 1,164,417	\$ (152,032)
Total Operating Revenues	<u>1,012,385</u>	<u>1,164,417</u>	<u>(152,032)</u>
OPERATING EXPENSES:			
<i>Personnel Services</i>	297,422	296,746	676
<i>Supplies and Materials</i>	680,925	784,707	(103,782)
<i>Contractual Services</i>	19,342	17,942	1,400
<i>Maintenance</i>	14,752	12,399	2,353
<i>Depreciation</i>	--	4,975	(4,975)
<i>Other</i>	9,500	9,500	--
Total Operating Expenses	<u>1,021,941</u>	<u>1,126,269</u>	<u>(104,328)</u>
Operating Income	<u>(9,556)</u>	<u>38,148</u>	<u>(47,704)</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest Revenue</i>	(2,500)	(1,448)	(1,052)
<i>Interest Expense and Paying Agent Fees</i>	(5,052)	(383)	(4,669)
Total Non-operating Revenues (Expenses)	<u>(7,552)</u>	<u>(1,831)</u>	<u>(5,721)</u>
Income Before Transfers	<u>(17,108)</u>	<u>36,317</u>	<u>(53,425)</u>
<i>Transfers In</i>	--	--	--
Change in Net Assets	<u>(17,108)</u>	<u>36,317</u>	<u>(53,425)</u>
Total Net Assets - Beginning	--	(170,384)	170,384
Total Net Assets - Ending	<u>\$ (17,108)</u>	<u>\$ (134,067)</u>	<u>\$ 116,959</u>

CITY OF BIG SPRING

HEALTH INSURANCE FUND
 INTERNAL SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-20

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Billings to Departments and Employees</i>	\$ 1,341,681	\$ 1,334,326	\$ 7,355
Total Operating Revenues	<u>1,341,681</u>	<u>1,334,326</u>	<u>7,355</u>
OPERATING EXPENSES:			
<i>Contractual Services</i>	1,185,685	1,110,281	75,404
<i>Other</i>	250,792	248,688	2,104
Total Operating Expenses	<u>1,436,477</u>	<u>1,358,969</u>	<u>77,508</u>
Operating Income	<u>(94,796)</u>	<u>(24,643)</u>	<u>(70,153)</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest Revenue</i>	1,700	1,752	(52)
Total Non-operating Revenues (Expenses)	<u>1,700</u>	<u>1,752</u>	<u>(52)</u>
Income Before Transfers	<u>(93,096)</u>	<u>(22,891)</u>	<u>(70,205)</u>
<i>Transfers In</i>	--	--	--
Change in Net Assets	<u>(93,096)</u>	<u>(22,891)</u>	<u>(70,205)</u>
Total Net Assets - Beginning	209,293	209,293	--
Total Net Assets - Ending	<u>\$ 116,197</u>	<u>\$ 186,402</u>	<u>\$ (70,205)</u>

CITY OF BIG SPRING

OCCUPATIONAL ACCIDENT INSURANCE FUND
 INTERNAL SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-21

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
<i>Billings to Departments and Employees</i>	\$ 270,365	\$ 289,500	\$ (19,135)
Total Operating Revenues	<u>270,365</u>	<u>289,500</u>	<u>(19,135)</u>
OPERATING EXPENSES:			
<i>Contractual Services</i>	215,000	258,203	(43,203)
<i>Other</i>	53,716	53,716	--
Total Operating Expenses	<u>268,716</u>	<u>311,919</u>	<u>(43,203)</u>
Operating Income	<u>1,649</u>	<u>(22,419)</u>	<u>24,068</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest Revenue</i>	--	407	(407)
Total Non-operating Revenues (Expenses)	<u>--</u>	<u>407</u>	<u>(407)</u>
Income Before Transfers	<u>1,649</u>	<u>(22,012)</u>	<u>23,661</u>
<i>Transfers In</i>	--	--	--
Change in Net Assets	<u>1,649</u>	<u>(22,012)</u>	<u>23,661</u>
Total Net Assets - Beginning	--	(183,872)	183,872
Total Net Assets - Ending	<u>\$ 1,649</u>	<u>\$ (205,884)</u>	<u>\$ 207,533</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 AND COMPANY, LLP

11615 Angus Road, Suite 219 C

Austin, Texas 78759

Independent Auditors' Report

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

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

Members of the City Council:

We have audited the basic and combining financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Big Spring as of and for the year ended September 30, 2004, and have issued our report thereon dated June 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

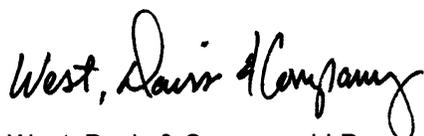
Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Big Spring's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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.

Compliance and Other Matters

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

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
June 8, 2005

Statistical Section

CITY OF BIG SPRING

*GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TWO FISCAL YEARS*

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Sanitation</u>	<u>Community Service</u>	<u>Recreation and Parks</u>	<u>Cemetery</u>
2003	\$ 1,582,278	\$ 56,593,832	\$ 1,983,861	\$ 757,039	\$ 70,742	\$ 896,606	179,568
2004	1,598,837	59,753,329	1,864,786	1,748,448	73,937	828,455	129,875

TABLE E-1

	<u>Economic Development</u>	<u>Interest on Long-term Debt</u>	<u>Water and Sewer</u>	<u>Airport/ Industrial Park</u>	<u>Emergency Medical Services</u>	<u>Total</u>
\$	1,050,143	\$ 96,774	\$ 7,788,542	\$ 1,824,411	\$ 1,501,056	\$ 74,324,852
	1,253,655	96,553	8,167,245	1,840,550	1,486,434	78,842,104

CITY OF BIG SPRING
 GOVERNMENT-WIDE REVENUES
 LAST TWO FISCAL YEARS

Fiscal Year	PROGRAM REVENUES					GENERAL	
	Charges for Services	Operating Grants and Contributions	Property Taxes	Sales Taxes	Licenses and Permits	Gross Receipts Taxes	
2003	\$ 60,738,627	\$ 218,672	\$ 2,738,315	\$ 3,640,107	\$ 1,399,420	\$ 192,433	
2004	63,987,332	185,096	2,981,435	4,024,731	--	1,344,025	

REVENUES

	Motel Occupancy Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Investment Earnings	Other	Total
\$	194,100	\$ 1,608,291	\$ 187,742	\$ 959,918	\$ 71,877,625
	253,684	1,710,957	137,333	1,701,172	76,325,765

CITY OF BIG SPRING*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>Recreation</u>	<u>Debt Service</u>
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
2004	1,334,410	6,283,189	1,755,539	1,546,495	661,877	782,268

(1) Includes General and Debt Service Funds.

TABLE E-3

	<u>Total</u>
\$	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
	12,363,778

CITY OF BIG SPRING*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>
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
2004	7,241,937	317,098	1,516,554	2,090,493

(1) Includes General and Debt Service Funds.

TABLE E-4

	<u>Fines</u>	<u>Miscellaneous</u>	<u>Total</u>
\$	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
	241,274	998,259	12,405,615

CITY OF BIG SPRING*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>
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
2004	2,879,364	3,018,548	1,344,025	7,241,937

CITY OF BIG SPRING
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
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%
2004	2,830,926	2,687,521	94.9%	92,805	2,780,326	98.2%	479,629	16.9%

CITY OF BIG SPRING

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
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
2004	315,221,277	315,221,277	97,269,748	97,269,748

(1) Total assessed value based on approximately 100 percent of estimated actual value.

TABLE E-7

	Total		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	
\$	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%
	412,491,025	412,491,025	100.00%

CITY OF BIG SPRING

PROPERTY TAX RATES AND LEVIES
 DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS

TABLE E-8**TAX RATES**

Fiscal Year	City	Big Spring Independent School District	Junior College	County	Total
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
2004	0.7163	1.5763	0.2756	0.5534	3.1216

TAX LEVIES

Fiscal Year	City	Big Spring Independent School District	Junior College	County	Total
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	4,826,703	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
2004	2,952,303	9,686,453	3,149,671	6,334,564	22,122,991

CITY OF BIG SPRINGPRINCIPAL TAXPAYERS
SEPTEMBER 30, 2004**TABLE E-9**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1	Western Container	Manufacture of Plastic Bottles	\$ 228,330,710	55.4%
2	Scenic Mountain Medical Center	Hospital	10,003,248	2.4%
3	Oncor Electric Delivery Co.	Electric Provider	9,293,980	2.3%
4	Walmart Real Estate	Real Estate	6,650,000	1.6%
5	Southwestern Bell Telephone Co.	Telephone Utility	6,568,770	1.6%
6	Walmart Stores Texas LP	Retail/Grocery	6,277,948	1.5%
7	Atmos Energy	Gas Utility	3,064,130	0.7%
8	Scenic Mountain Medical Center	Clinic	2,981,479	0.7%
9	Parker Hannifan Corp.	Hydraulics	2,758,290	0.7%
10	Innotek Powder Coatings LLC	Manufacture of Industrial Coatings	2,506,620	0.6%
	Totals		<u>\$ 278,435,175</u>	<u>67.5%</u>

Assessed valuations:	
Assessed Value	\$ 412,491,205
Add back: exempt real property	155,335,593
Total assessed value	<u>\$ 567,826,798</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>\$ 0.71630</u>
<u>Distribution:</u>	
General	\$ 0.64763
Debt Service	<u>0.06867</u>
Legal debt margin	<u>\$ 0.71630</u>

CITY OF BIG SPRING

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
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	405,604,712	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
2004	25,233	412,491,025	1,125,000	2,889	1,122,111	0.27%	44

CITY OF BIG SPRING

*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>
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%
2004	235,000	42,920	277,920	12,363,778	2.2%

(1) Includes general and debt service funds.

CITY OF BIG SPRING

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
SEPTEMBER 30, 2004

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	\$ 1,123,027	100.00%	\$ 1,123,027
Overlapping:			
Big Spring Independent School District	10,455,000	48.33%	5,052,902
Forsan Independent School District	227,890	0.62%	1,413
Howard County	1,200,000	34.64%	415,680
Total	<u>\$ 13,005,917</u>		<u>\$ 6,593,021</u>

CITY OF BIG SPRING
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS

TABLE E-14

Fiscal Year	(1) Population	(2) Per Capita Income	(2) Median Age	(3) School Enrollment	(2) Unemployment Rate
1995	23,093	\$ 16,017	40.0	4,500	5.00%
1996	23,093	21,527	34.0	4,460	4.80%
1997	23,977	22,000	37.0	4,460	4.53%
1998	23,977	22,500	34.0	4,450	4.92%
1999	23,977	22,500	34.0	4,224	6.30%
2000	23,977	22,500	36.0	4,083	5.04%
2001	25,233	21,404	36.4	4,042	3.60%
2002	25,233	20,323	35.1	3,958	5.90%
2003	25,233	20,323	36.4	3,907	4.70%
2004	25,233	21,501	36.4	3,798	3.30%

Data Sources:

- (1) Bureau of Census
- (2) Texas Workforce Commission
- (3) School District

CITY OF BIG SPRING

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Property Value (1)

Fiscal Year	Commercial	Residential	Nontaxable	Total
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
2004	156,361,550	240,156,951	369,428,526	765,947,027

(1) Source: Tax Appraisal Office

(2) Source: City of Big Spring Permit Department

(3) Source: Local City Banks and Credit Unions

Commercial Construction (2)		Residential Construction		Bank Deposits (3)
Number of Units	Value	Number of Units	Value	
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
352	2,965,595	614	987,497	340,324,923

CITY OF BIG SPRING

PENSION PLAN (TEXAS MUNICIPAL RETIREMENT SYSTEM - TMRS)
 SEPTEMBER 30, 2004

TABLE E-16

Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	Accrued Liability (JAAL)	Annual Covered Payroll	Unfunded Pension Benefits Obligation - %
1994	\$ 6,420,018	\$ 7,587,348	84.61%	\$ 1,167,330	\$ 8,622,288	13.54%
1995	7,257,181	8,342,690	86.99%	1,085,509	8,514,273	12.75%
1996	7,380,048	8,358,671	88.29%	978,623	5,275,300	18.55%
1997	7,700,299	8,562,031	89.94%	861,732	5,346,596	16.12%
1998	8,717,355	9,775,765	89.17%	1,058,410	5,384,857	19.66%
1999	9,816,222	10,895,864	90.09%	1,079,642	5,193,370	20.79%
2000	11,170,735	12,604,050	88.63%	1,433,315	5,283,148	27.13%
2001	11,579,403	13,241,684	87.45%	1,662,281	5,388,365	30.85%
2002	11,574,309	13,510,871	85.67%	1,936,562	5,677,661	34.11%
2003	12,589,350	15,137,393	83.17%	2,548,043	5,930,122	42.97%