

**CITY OF BIG SPRING, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2005**

Prepared by  
Finance Department

Peggy Walker  
Director of Finance

City of Big Spring  
 Comprehensive Annual Financial Report  
 For The Year Ended September 30, 2005

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal.....	1	
GFOA Certificate of Achievement.....	5	
Organizational Chart.....	6	
List of Principal Officials.....	7	
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report on Financial Statements.....	8	
Management's Discussion and Analysis (Required Supplementary Information).....	10	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	21	Exhibit A-1
Statement of Activities.....	22	Exhibit A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	24	Exhibit A-3
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	25	Exhibit A-4
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	26	Exhibit A-5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	27	Exhibit A-6
Statement of Net Assets - Proprietary Funds.....	28	Exhibit A-7
Statement of Revenues, Expenses, and Changes in		
Fund Net Assets - Proprietary Funds.....	30	Exhibit A-8
Statement of Cash Flows - Proprietary Funds.....	32	Exhibit A-9
Notes to the Financial Statements .....	34	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	49	Exhibit B-1
Correctional Center Fund.....	50	Exhibit B-2
Schedule of Funding Progress - Pension Plan.....	51	
Notes to Required Supplementary Information.....	52	
<u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	53	Exhibit C-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	54	Exhibit C-2

City of Big Spring  
 Comprehensive Annual Financial Report  
 For The Year Ended September 30, 2005

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	55	Exhibit C-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	58	Exhibit C-4
Budgetary Comparison Schedules:		
Hotel/Motel Occupancy Tax Fund.....	61	Exhibit C-5
Economic Development.....	62	Exhibit C-6
Employee's College Education Fund.....	63	Exhibit C-7
Municipal Court Security Fund.....	64	Exhibit C-8
Capehart Sewer Line Replacement.....	65	Exhibit C-9
Golf Course Improvement.....	66	Exhibit C-10
Police Seizure.....	67	Exhibit C-11
Cemetery Fund.....	68	Exhibit C-12
Cemetery Permanent Care Fund.....	69	Exhibit C-13
Debt Service Funds:		
Budgetary Comparison Schedule:		
2002 Refunding Fund.....	70	Exhibit C-14
Capital Projects Funds:		
Budgetary Comparison Schedule:		
Capital Replacement Fund.....	71	Exhibit C-15
Enterprise Funds:		
Budgetary Comparison Schedules:		
Water and Sewer Fund.....	72	Exhibit C-16
Airport/Industrial Park.....	73	Exhibit C-17
Emergency Medical Services Fund.....	74	Exhibit C-18
Internal Service Funds:		
Combining Statement of Net Assets.....	75	Exhibit C-19
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	76	Exhibit C-20
Combining Statement of Cash Flows.....	77	Exhibit C-21

City of Big Spring  
 Comprehensive Annual Financial Report  
 For The Year Ended September 30, 2005

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/Table</u>
Budgetary Comparison Schedules:		
Garage Fund.....	78	Exhibit C-22
Health Insurance Fund.....	79	Exhibit C-23
Occupational Accident Insurance Fund.....	80	Exhibit C-24
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	81	
Report on Compliance with Requirements Applicable To each Major Program and Internal Control over Compliance In Accordance With OMB Circular A-133.....	82	
Schedule of Findings and Questioned Costs .....	84	
Schedule of Expenditures of Federal Awards .....	85	Exhibit D-1
Notes to the Schedule of Expenditures of Federal Awards.....	86	
 STATISTICAL SECTION		
Government-wide Expenses by Function.....	87	Table E-1
Government-wide Revenues.....	89	Table E-2
General Governmental Expenditures by Function.....	91	Table E-3
General Governmental Revenues by Source.....	93	Table E-4
General Governmental Tax Revenues by Source.....	95	Table E-5
Property Tax Levies and Collections.....	96	Table E-6
Assessed and Estimated Actual Value of Property.....	97	Table E-7
Property Tax Rates - Direct and Overlapping Governments.....	99	Table E-8
Principal Taxpayers.....	100	Table E-9
Computation of Legal Debt Margin.....	101	Table E-10
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita.....	102	Table E-11
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures.....	103	Table E-12
Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds.....	104	Table E-13
Demographic Statistics.....	105	Table E-14
Property Value, Construction and Bank Deposits.....	106	Table E-15

*Introductory Section*

June 13, 2006

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

State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended September 30, 2005.

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

West, Davis & Company, LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Big Spring’s financial statements for the year ended September 30, 2005. The independent auditor’s report is located at the front of the financial section of this report.

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

### **Profile of the City**

The City of Big Spring, Texas, incorporated in 1907, is the county seat and principal city of Howard County. The city is located 39 miles northeast of Midland, Texas at the intersection of Interstate Highway 20 and U.S Highway 87. The city currently occupies a land area of 18.89 square miles and serves a population of 25,233. The city is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the city council.

The city has operated under the council-manager form of government since 1927. Policy-making and legislative authority are vested in a city council consisting of the mayor and six other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city's manager, attorney and municipal court judge. The city's manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the city, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. All council members are elected by district. The mayor is elected at large.

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

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

### **Economic Condition and Outlook**

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

Unemployment rates for the last ten years have increased by approximately 17%, from an initial rate of 4.8% in 1996 to a rate of 5.6% in 2005. However, rates are expected to remain fairly stable in the near future as overall economic conditions improve throughout the state and region.

During the past ten years, the city's expenses related to public safety have increased not only in amount, but also as a percentage of total expenses. Expenses related to public safety totaled \$8,652,200 in 1996 compared to \$63,358,000 in 2005, which is over a 632% increase. This increase is due primarily to two reasons: first, the city built a new prison facility in 1997 that increased the total number of prisoners housed at city-owned facilities, and second, the per-diem rate per prisoner paid by the Bureau of Prisons has increased from \$34.92 in 1996 to \$54.34 in 2005. All prison activities are reported in a special revenue fund, Correctional Center Fund. Public safety expenses related to General Fund activities have increased by 30% over the last ten years, from \$4,943,500 in 1996 to \$6,426,700 in 2005. This increase is due primarily to increases in total employees and payroll and benefits.

While current property tax revenue has risen by 28.7% in the last ten years, only a portion of that increase is due to an increase in property tax rates (approximately 17.3%) while the remainder of the increase in revenue is due to an 18.4% increase in taxable property values, from \$349,109,454 in 1996 to \$413,485,630 in 2005. Other revenue sources and expense categories have risen proportional to inflation or to compensate for new or increased levels of service that are provided to our citizens.

### **Long-term Financial Planning**

Unreserved, undesignated fund balance in the General Fund (30.3% of total General Fund expenditures) is higher than the policy guidelines set by the Council for budgetary and planning purposes (5% as defined by the city's master plan, which was adopted in 1995). Due to diligence in budgeting and monitoring, this balance has increased significantly over the past ten years. In 1996, General Fund's unreserved, undesignated fund balance represented 7.2% of total expenditures.

Total long-term debt in the General Fund, comprised of bonds and equipment lease payables that are not due for a year or more, amounts to less than \$1.5 million (or 11.7% of one year's total revenue). It is Council's intent to take a bond proposition to the voters in the fall of 2006. Individual propositions on the ballot will include street reconstruction in the downtown district, a new conference center, and renovations to the sports complex. The city has been in contact with both developers and investors to discuss revitalization of the downtown district, and the street reconstruction, and possibly the conference center, will be part of that revitalization.

### **Relevant Financial Policies**

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

### **Major Initiatives**

The Colorado River Municipal Water District (CRMWD), located in Big Spring, provides raw water from three lakes and four well fields to three member cities (including Big Spring) and to several non-member cities. CRMWD, in conjunction with its member cities, has completed the feasibility phase and has started the design phase of a reclamation treatment project that will treat and reuse effluent water flowing from the City of Big Spring's wastewater treatment plant. The costs associated with this multi-million dollar project will be passed through to all purchasers of CRMWD's raw water supplies. It is anticipated that the majority of the treated

CRMWD's raw water supplies. It is anticipated that the majority of the treated effluent will be used by the ALON, USA oil refinery located on Interstate 20 just one mile east of Big Spring.

In July of 2005, the city contracted with Siemens Building Technologies to perform a detailed energy audit on various aspects of the city's operations, including lighting, heating, ventilation and air conditioning, traffic controllers, treatment plant components and water meters. The results of that audit identified areas where the city could generate energy conservation savings or increased revenues that would pay for the renovations or upgrades through operating budgets instead of capital expenditures. As a result, the city will issue lease purchase debt in the approximate amount of \$5.5 million. Major components of this project will be the installation of an automated water meter reading system and a rebuild of the municipal golf course.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Big Spring for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2004. This was the eighth consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2004-05. In order to qualify for the Distinguished Budget Presentation Award, the city's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Gary Fuqua  
City Manager



Peggy S. Walker  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Big Spring,  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2004

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.



*Carla E. Perry*

President

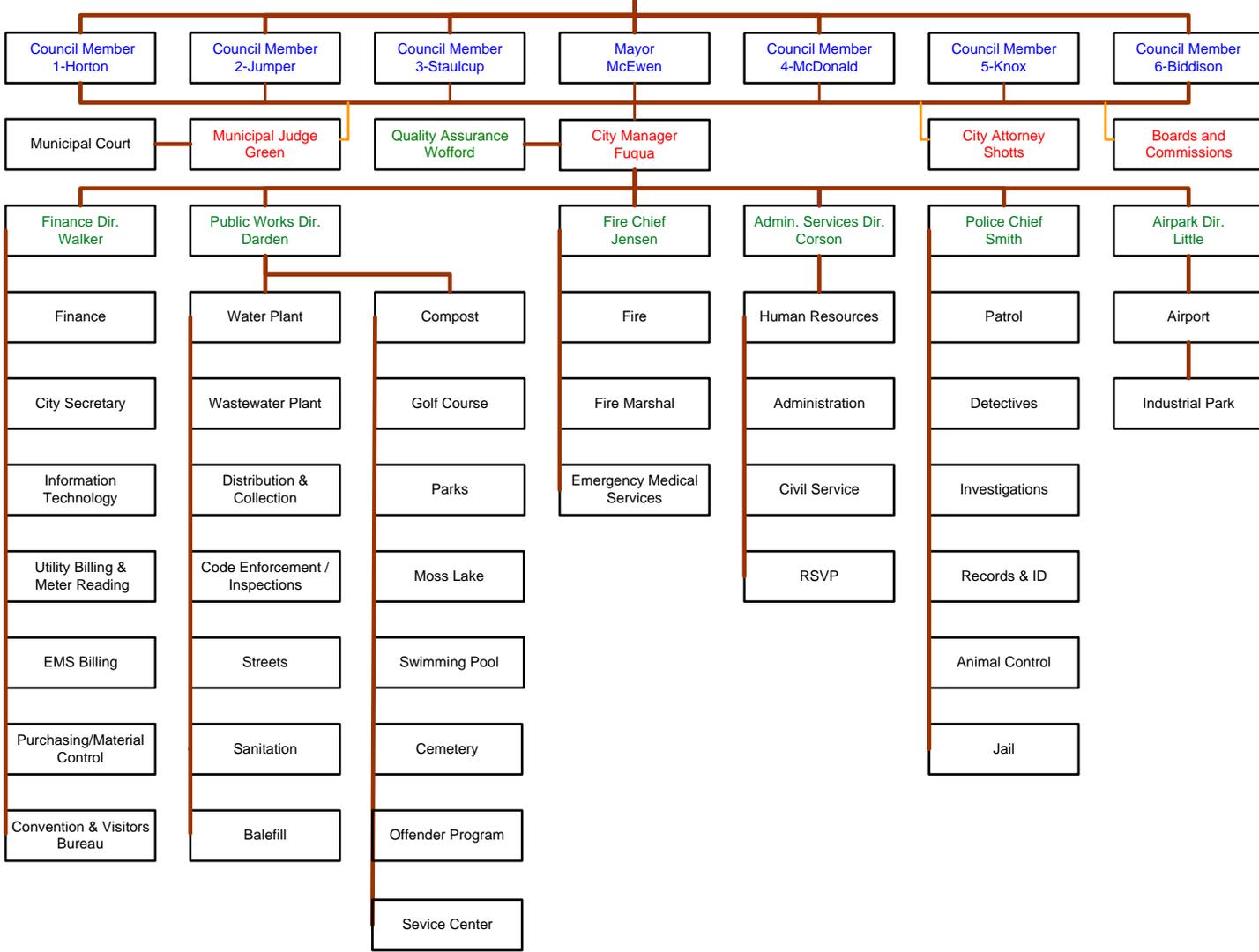
*Jeffrey R. Egan*

Executive Director



Big Spring, Texas

**Citizens of Big Spring**



**CITY OF BIG SPRING**

*LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2005*

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Elected Officials

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

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Appointed Officials

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<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

Austin, Texas 78759

**Independent Auditor's Report on Financial Statements**

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

Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Big Spring as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Big Spring's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

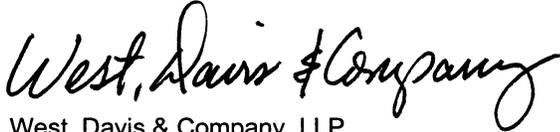
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Big Spring as of September 30, 2005, 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 13, 2006, on our consideration of City of Big Spring's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the City of Big Spring's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, AUDITS OF STATES,

LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS and the combining and individual fund financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



West, Davis & Company, LLP  
June 13, 2006

## 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, 2005. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, the independent auditor's report, and the basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

#### FINANCIAL HIGHLIGHTS

- The assets of the City of Big Spring exceeded its liabilities at September 30, 2005, by \$118,282 (net assets). Of this amount, \$10,008 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$1,600, primarily due to a reduction in the amount invested in capital assets in business-type activities. These capital assets increased by \$664 but were offset by an increase in accumulated depreciation of \$2,343.
- At September 30, 2005, the City's governmental funds reported combined ending fund balances of \$8,639, an increase of \$363 from the prior year. Over 95%, \$8,250, of this total amount is available for spending at the government's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$3,899, or 30% of total General Fund expenditures.
- The City's total debt decreased by \$4,923 during fiscal year 2004-05, caused by two primary factors. Accounts payable balances decreased by \$4,158 (primarily consisting of payables to the management contractor of the prisons) and noncurrent liabilities decreased by \$925, as debt service payments were made during the year.
- Resources available for appropriation in 2005-06 were \$325 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. These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what

resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the City were sold to departments within the City or to external customers and how the sales revenues covered the expenses of the goods or services.

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

## **Reporting the City as a Whole**

### ***The Statement of Net Assets and the Statement of Activities***

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

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

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

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

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

## **Reporting the City's Most Significant Funds**

### ***Fund Financial Statements***

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

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

### ***Notes to the Financial Statements***

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

### ***Other Information***

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. The City of Big Spring's assets exceeded liabilities by \$118,282 at September 30, 2005. The largest portion of the City's net assets (91 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings and equipment), less any related debt used to acquire these assets that is still outstanding. These assets are used to provide services to the citizens and are not available for future appropriation. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**NET ASSETS**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Assets:						
Cash and Cash Equivalents	\$ 7,153	\$ 6,057	\$ 3,077	\$ 3,327	\$ 10,230	\$ 9,384
Receivables	1,410	1,086	1,198	1,174	2,608	2,260
Due from Other Governments	5,861	9,874	30	1	5,891	9,876
Capital Assets	78,284	80,106	37,028	38,658	115,312	118,764
Other Assets	1,314	1,596	(595)	(597)	719	999
Total Assets	94,022	98,719	40,738	42,563	134,760	141,283
Liabilities:						
Accounts Payable and Other Current Liabilities	5,726	9,585	802	807	6,528	10,392
Long-term Liabilities	4,743	5,262	4,593	5,082	9,336	10,344
Other Liabilities	300	348	314	316	614	664
Total Liabilities	10,769	15,195	5,709	6,205	16,478	21,400
Net Assets:						
Invested in Capital Assets	76,117	77,849	31,426	33,008	107,543	110,857
Restricted	389	386	342	335	731	721
Unrestricted	6,747	5,289	3,261	3,015	10,008	8,304
Total Net Assets	\$ 83,253	\$ 83,524	\$ 35,029	\$ 36,358	\$ 118,282	\$ 119,883

An additional portion of the City's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$10,008) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was a decrease of \$3,314 in investment in capital assets (\$1,732 in governmental activities and \$1,582 in business-type activities) as infrastructure and other capital assets continue to depreciate at a faster rate than replacement and debt service reductions. Unrestricted net assets of governmental activities increased by \$1,458, due primarily to increases in sales tax revenue, property tax collections, and an increase in charges for services.

**Governmental Activities.** Governmental activities resulted in a decrease of \$271 in the City's net assets, accounting for 17 percent of the total decline in net assets. Key elements of this decrease are as follows:

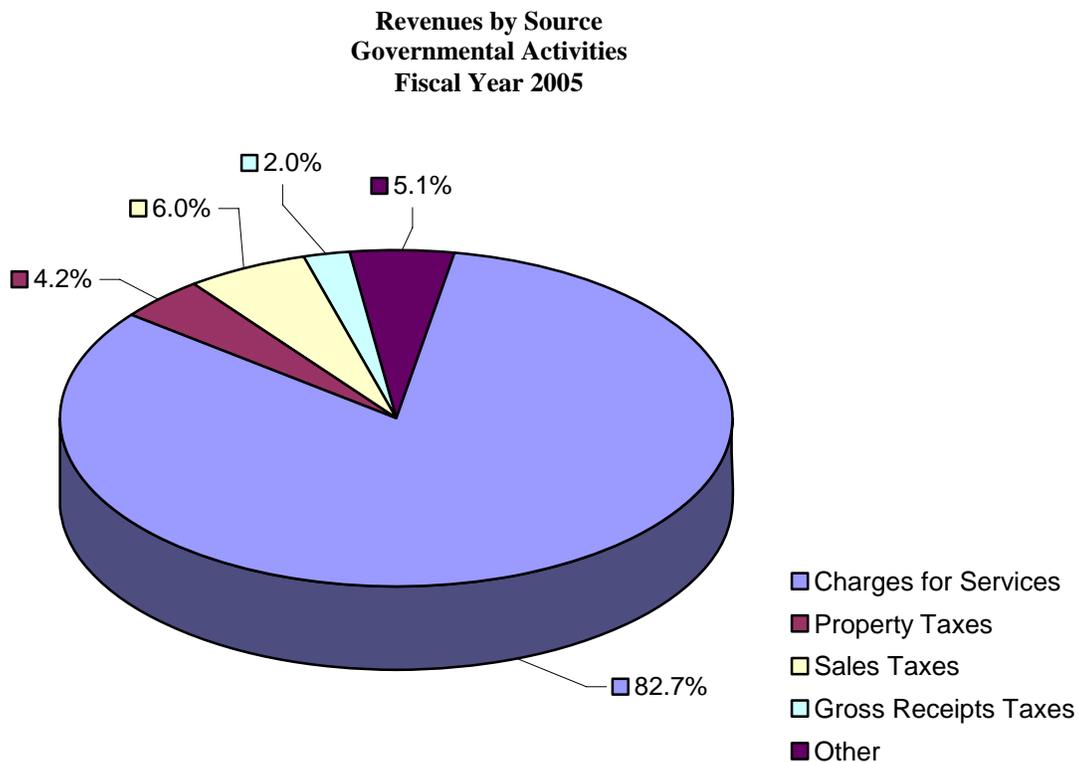
**Table II**  
**City of Big Spring, Texas**

**CHANGES IN NET ASSETS**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for Services	\$ 58,596	\$ 54,632	\$ 9,819	\$ 9,356	\$ 68,415	\$ 63,988
Operating Grants & Contributions	232	185	-	-	232	185
General Revenues						
Property Taxes	3,002	2,981	-	-	3,002	2,981
Sales Taxes	4,258	4,025	-	-	4,258	4,025
Gross Receipts Taxes	1,387	1,344	-	-	1,387	1,344
Grants and Contributions Not Restricted to Specific Programs	2,172	1,711	130	-	2,302	1,711
Investment Earnings	248	137	78	667	326	804
Miscellaneous	973	1,038	588	250	1,561	1,288
Total Revenues	<u>70,868</u>	<u>66,053</u>	<u>10,615</u>	<u>10,273</u>	<u>81,483</u>	<u>76,326</u>
Expenses:						
Water & Sewer	-	-	8,468	8,167	8,468	8,167
Airport/Industrial Park	-	-	1,892	1,841	1,892	1,841
Emergency Medical Services	-	-	1,585	1,486	1,585	1,486
General Government	1,742	1,599	-	-	1,742	1,599
Public Safety	63,358	59,753	-	-	63,358	59,753
Highways & Streets	2,005	1,865	-	-	2,005	1,865
Sanitation	1,440	1,749	-	-	1,440	1,749
Recreation & Parks	987	828	-	-	987	828
Economic Development	1,316	1,254	-	-	1,316	1,254
Other	291	300	-	-	291	300
Total Expenses	<u>71,139</u>	<u>67,348</u>	<u>11,945</u>	<u>11,494</u>	<u>83,084</u>	<u>78,842</u>
Increase (decrease) in net assets	(271)	(1,295)	(1,330)	(1,221)	(1,601)	(2,516)
Net assets at 10/1/04	<u>83,524</u>	<u>84,819</u>	<u>36,359</u>	<u>37,580</u>	<u>119,883</u>	<u>122,399</u>
Net assets at 9/30/05	<u>\$ 83,253</u>	<u>\$ 83,524</u>	<u>\$ 35,029</u>	<u>\$ 36,359</u>	<u>\$ 118,282</u>	<u>\$ 119,883</u>

- Charges for services and grants/contributions in the current fiscal year increased by \$3,964 and \$1,711 over the prior fiscal year, respectively, contributing to the overall increase of \$4,815 in revenues.
- Expenses were higher than the prior year in almost every category, resulting in total expenses of \$71,139 and an overall reduction in net assets of \$271.

Governmental activities this year totaled \$71,139, an increase of \$3,791 over the prior year. The majority of this increase is directly related to the number of prisoners housed at our correctional facilities and is offset by a proportionate increase in charges for services. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$8,647, or 12 percent, because the largest portion of the costs were paid by those who directly benefited from the programs (\$58,596), by other governments and organizations that subsidized certain programs with grants and contributions (\$2,404), by miscellaneous revenue sources (\$1,221) and by a reduction in net assets (\$271).

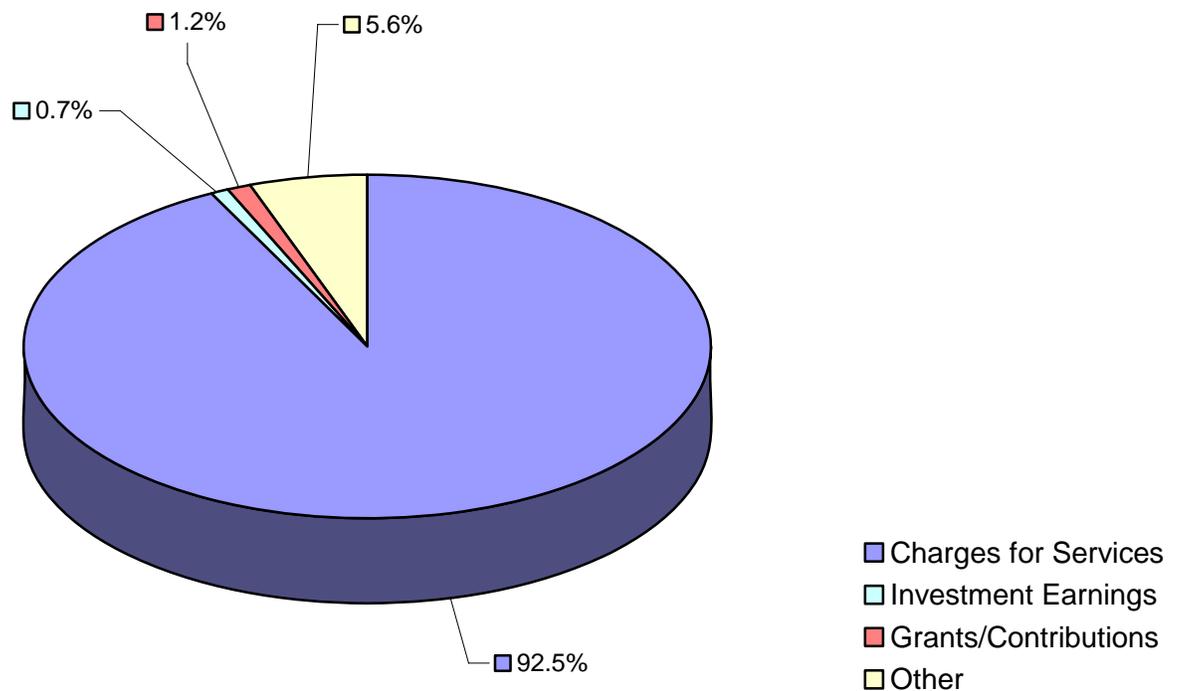


**Business-type Activities.** Business-type activities decreased the City of Big Spring’s net assets by \$1,330 in the current fiscal year, accounting for 83 percent of the decline in total net assets. Key elements of this decrease are as follows.

- The key revenue source for business-type activities is the charge for service that is passed through to the users of the business. However, charges for services for the year ended September 30, 2005, increased only nominally (\$463 or 5 percent) over the prior fiscal year.

- Each of the business-type activities saw increases in expenses (Water & Sewer - \$301, Airport/Industrial Park - \$51, and Emergency Medical Services - \$99) over the prior fiscal year.
- It appears, based on current and prior year decreases in net assets, that the rates that have been established to cover the cost of operations do not fully recover operating and capital replacement costs. The City Council and management will need to review our current rate structure to determine if these charges need to be increased or if operational efficiencies can be achieved in order to reduce expenses.

**Revenues by Source  
Business-type Activities  
Fiscal Year 2005**



**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

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

**Governmental funds.** The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city’s financing requirements. In particular, unreserved fund balance may serve as

a useful measure of a government's net resources available for appropriation at the end of the fiscal year.

As the City completed the year, its governmental funds reported combined ending fund balances of \$8,639, representing an increase of \$363 from the prior year's balance of \$8,276. The majority of this total balance (\$8,250 or 95.5 percent) constitutes unreserved, undesignated fund balance, which is available for spending at the City's discretion. The remainder of the fund balance (\$390 or 4.5 percent) is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to meet future debt service requirements on outstanding general obligation bonds (\$6), 2) to meet legal restrictions related to perpetual care of the City's cemetery (\$352), and 3) other restricted purposes (\$32).

The General Fund is the major operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$3,899, while total fund balance reached \$3,931. However, it should be noted that \$1,134 of the unreserved, undesignated fund balance is in a restricted cash account that the current Council has set aside for future liabilities associated with the closure and post-closure of the City's landfill. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total expenditures. Unreserved, undesignated fund balance represents 30 percent of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$559 during fiscal year 2004-05. Key factors in this growth are as follows:

- Economic growth caused local sales tax revenue to increase \$175 over the prior fiscal year's collections.
- The City accrued municipal court receivables for the first time in 2004-05, causing a one-time increase in court revenue (based on receivables net of corresponding allowance for doubtful accounts) of \$200.
- Charges for services increased by \$291, primarily as a result of increases in sanitation and landfill usage rates. This additional revenue is accounted for in a restricted cash account and is designated for future requirements associated with landfill closure and post-closure obligations.

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

Unrestricted net assets of the Water and Sewer Fund at the end of year amounted to \$1,380, and those for the Airport/Industrial Park Fund amounted to \$1,677. These balances represented an increase of \$369 in the Water and Sewer Fund and a decrease of \$101 in the Airport/Industrial Park Fund. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was a \$252 increase in appropriations between the original and final amended budget. The following details the main components of the increase which represents an increase of less than 2 percent over the original budget:

- General government appropriations increased by \$71 for a study to renovate the historic Settles Hotels in the downtown district and for software for the City's access channel.

- Appropriations for sanitation activities increased by \$146 due to unexpected repairs to landfill equipment, sanitation containers and garbage trucks.

## 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, 2005 amounts to \$115,312 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, water and sewer lines, and drainage improvements. The total decrease in the City's investment in capital assets for the current fiscal year was 3 percent (a 2.3 percent decrease for governmental activities and a 4.2 percent decrease for business-type activities).

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

- Equipment was purchased for General Fund in the amount of \$735, which included police sedans, a dump truck, a sanitation truck, playground equipment and an information technology upgrade.
- Major improvements and renovations were made to both the water and wastewater treatment plants, for a total cost of \$1,193.
- Depreciation is occurring at a faster rate than replacements or renovations in both governmental and business-type activities.

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

**CAPITAL ASSETS AT SEPTEMBER 30, 2005**  
**(Net of Depreciation, in thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 72,747	\$ 72,747	\$ 5,595	\$ 5,595	\$ 78,342	\$ 78,342
Infrastructure	252	277	-	-	252	277
Buildings and systems	2,303	4,479	27,984	28,485	30,287	32,964
Improvements other than buildings	784	728	2,611	3,107	3,395	3,835
Machinery and equipment	2,151	1,875	623	759	2,774	2,634
Construction in Progress	47	-	215	712	262	712
	<u>\$ 78,284</u>	<u>\$ 80,106</u>	<u>\$ 37,028</u>	<u>\$ 38,658</u>	<u>\$ 115,312</u>	<u>\$ 118,764</u>

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

***Long-Term Debt***

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$4,990. Of this amount, \$895 is debt backed by the full faith and credit of the government and \$4,095 is business-type activity debt, supported by water and sewer system revenues.

**OUTSTANDING DEBT AT SEPTEMBER 30, 2005**  
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds Served by Tax Revenues	\$ 895	\$ 1,125	\$ -	\$ -	\$ 895	\$ 1,125
General Obligation Bonds Served by Enterprise Fund Revenues	-	-	4,095	4,475	4,095	4,475
	\$ 895	\$ 1,125	\$ 4,095	\$ 4,475	\$ 4,990	\$ 5,600

The City of Big Spring’s total bonded debt decreased by \$610 during the current fiscal year. Debt serviced by tax revenues decreased by \$230 and debt serviced by enterprise funds decreased by \$380.

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 2006 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 2005 increased from 3.3 percent to 5.6 percent. However, bank deposits increased from \$340,325 to \$618,159. Community and residential construction permits were issued in the amounts of \$5,674 and \$2,891 respectively, representing a combined increase over the prior period of 117 percent.

These indicators were taken into account when adopting the General Fund budget for 2006. Amounts available for appropriation in the General Fund budget were \$16,802. The City will use its revenues to finance programs at consistent levels. Budgeted expenditures are expected to decrease by 2.6 percent to \$12,995 from \$13,338 in 2006. Decreases in capital outlay, debt service and vehicle maintenance account for the majority of the reduction in total expenditures, to some extent offset by increases in salaries, benefits and fuel costs. The City has added no major new programs or initiatives to the 2006 budget. If these estimates are realized, the City's budgetary General Fund balance is expected to increase modestly by the close of 2006, up by \$130.

## **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, 2005**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
<i>Cash and Cash Equivalents</i>	\$ 6,018,560	\$ 3,076,629	\$ 9,095,189	\$ 2,115,310
<i>Receivables (net of allowances for uncollectibles)</i>	1,410,072	1,198,436	2,608,508	84,862
<i>Internal Balances</i>	277,094	(277,094)	--	--
<i>Due from Other Governments</i>	5,861,095	30,252	5,891,347	--
<i>Notes Receivable</i>	236,062	--	236,062	552,592
<i>Inventories</i>	84,607	297,399	382,006	--
<i>Deferred Charges</i>	32,397	68,597	100,994	7,248
<i>Advances to Other Funds</i>	684,311	(684,311)	--	--
Restricted Assets:				
<i>Cash and Cash Equivalents</i>	1,134,037	--	1,134,037	--
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>	2,303,113	27,984,942	30,288,055	184,436
<i>Improvements other than Buildings</i>	784,143	2,610,401	3,394,544	--
<i>Machinery and Equipment</i>	2,151,073	622,684	2,773,757	12,153
<i>Infrastructure</i>	251,435	--	251,435	--
<i>Construction in Progress</i>	47,251	214,644	261,895	--
<b>Total Assets</b>	<b>94,022,187</b>	<b>40,737,728</b>	<b>134,759,915</b>	<b>3,069,031</b>
<b>LIABILITIES:</b>				
<i>Accounts Payable and Other Current Liabilities</i>	5,725,808	801,837	6,527,645	4,885
<i>Claims and Judgments Payable</i>	183,975	--	183,975	--
<i>Accrued Interest Payable</i>	1,424	20,602	22,026	--
<i>Unearned Revenue</i>	110,587	--	110,587	--
<i>Customer Deposits</i>	4,013	293,220	297,233	--
Noncurrent Liabilities-				
<i>Due within one year</i>	704,039	585,401	1,289,440	--
<i>Due in more than one year</i>	4,039,407	4,007,280	8,046,687	--
<b>Total Liabilities</b>	<b>10,769,253</b>	<b>5,708,340</b>	<b>16,477,593</b>	<b>4,885</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	76,116,555	31,425,926	107,542,481	309,019
Restricted For:				
Debt Service	5,593	342,645	348,238	--
Cemetery Perpetual Care	383,758	--	383,758	--
Unrestricted	6,747,028	3,260,817	10,007,845	2,755,127
<b>Total Net Assets</b>	<b>\$ 83,252,934</b>	<b>\$ 35,029,388</b>	<b>\$ 118,282,322</b>	<b>\$ 3,064,146</b>

The accompanying notes are an integral part of this statement.

**CITY OF BIG SPRING**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2005

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>			
Governmental Activities:			
<i>General Government</i>	\$ 1,741,763	\$ 190,868	\$ --
<i>Public Safety</i>	63,357,979	55,843,075	133,082
<i>Highways and Streets</i>	2,005,424	--	--
<i>Sanitation</i>	1,440,393	2,177,773	39,666
<i>Community Service</i>	75,926	--	59,691
<i>Recreation and Parks</i>	986,783	321,379	--
<i>Cemetery</i>	133,495	63,020	--
<i>Economic Development</i>	1,316,261	--	--
<i>Interest on Long-term Debt</i>	82,235	--	--
Total Governmental Activities	<u>71,140,259</u>	<u>58,596,115</u>	<u>232,439</u>
Business-type Activities:			
Water and Sewer	8,467,850	8,031,772	--
Airport/Industrial Park	1,891,731	604,809	--
Emergency Medical Services	1,584,557	1,182,332	--
Total Business-type Activities	<u>11,944,138</u>	<u>9,818,913</u>	<u>--</u>
Total Primary Government	<u>\$ 83,084,397</u>	<u>\$ 68,415,028</u>	<u>\$ 232,439</u>
<b>COMPONENT UNIT:</b>			
Economic Development Corporation	<u>\$ 537,585</u>	<u>\$ 10,907</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
\$ (1,550,895)		\$ (1,550,895)	
(7,381,822)		(7,381,822)	
(2,005,424)		(2,005,424)	
777,046		777,046	
(16,235)		(16,235)	
(665,404)		(665,404)	
(70,475)		(70,475)	
(1,316,261)		(1,316,261)	
(82,235)		(82,235)	
<u>(12,311,705)</u>		<u>(12,311,705)</u>	
--	\$ (436,078)	(436,078)	
--	(1,286,922)	(1,286,922)	
--	(402,225)	(402,225)	
--	<u>(2,125,225)</u>	<u>(2,125,225)</u>	
<u>(12,311,705)</u>	<u>(2,125,225)</u>	<u>(14,436,930)</u>	
			\$ (526,678)
3,001,978	--	3,001,978	--
4,258,228	--	4,258,228	1,056,920
1,386,769	--	1,386,769	--
301,660	--	301,660	--
2,172,243	130,000	2,302,243	--
247,938	78,221	326,159	61,228
1,257,385	2,167	1,259,552	271
(585,747)	585,747	--	--
<u>12,040,454</u>	<u>796,135</u>	<u>12,836,589</u>	<u>1,118,419</u>
<u>(271,251)</u>	<u>(1,329,090)</u>	<u>(1,600,341)</u>	<u>591,741</u>
83,524,185	36,358,478	119,882,663	2,472,405
<u>\$ 83,252,934</u>	<u>\$ 35,029,388</u>	<u>\$ 118,282,322</u>	<u>\$ 3,064,146</u>

**CITY OF BIG SPRING**BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2005

	General Fund	Correctional Center	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND OTHER DEBITS</b>				
Assets:				
<i>Cash and Cash Equivalents</i>	\$ 1,420,188	\$ 2,755,489	\$ 1,063,542	\$ 5,239,219
<i>Receivables (net of allowances for uncollectibles)</i>	1,281,103	--	128,878	1,409,981
<i>Due from Other Funds</i>	564,812	--	241,304	806,116
<i>Notes Receivable</i>	--	236,062	--	236,062
<i>Intergovernmental Receivables</i>	609,525	4,660,387	591,183	5,861,095
<i>Prepaid Items</i>	32,247	--	150	32,397
<i>Advances to Other Funds</i>	--	--	797,372	797,372
Restricted Assets:				
<i>Cash and Cash Equivalents</i>	1,134,037	--	--	1,134,037
<b>Total Assets and Other Debits</b>	<b>\$ 5,041,912</b>	<b>\$ 7,651,938</b>	<b>\$ 2,822,429</b>	<b>\$ 15,516,279</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
<i>Accounts Payable</i>	\$ 335,206	\$ 4,589,398	\$ 666,924	\$ 5,591,528
<i>Due to Other Funds</i>	47,310	252,712	229,000	529,022
<i>Deferred Revenue</i>	615,246	--	24,152	639,398
<i>Customer Deposits</i>	--	--	4,013	4,013
<i>Advances from Other Funds</i>	113,061	--	--	113,061
<b>Total Liabilities</b>	<b>1,110,823</b>	<b>4,842,110</b>	<b>924,089</b>	<b>6,877,022</b>
Fund Balances:				
Reserved Fund Balances:				
<i>Reserved for Debt Service</i>	--	--	5,593	5,593
<i>Reserved for Prepaid Items</i>	32,247	--	150	32,397
<i>Reserved for Perpetual Cemetery Care</i>	--	--	351,511	351,511
Unreserved	3,898,842	2,809,828	--	6,708,670
Unreserved, reported in nonmajor:				
<i>Special Revenue Funds</i>	--	--	(37,315)	(37,315)
<i>Capital Project Funds</i>	--	--	1,578,401	1,578,401
<b>Total Fund Balances</b>	<b>3,931,089</b>	<b>2,809,828</b>	<b>1,898,340</b>	<b>8,639,257</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,041,912</b>	<b>\$ 7,651,938</b>	<b>\$ 2,822,429</b>	<b>\$ 15,516,279</b>

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, 2005

Total fund balances - governmental funds balance sheet	\$ 8,639,257
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.	78,250,346
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	528,811
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	578,136
Payables for bond principal which are not due in the current period are not reported in the funds.	(895,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,269,719)
Payables for bond interest which are not due in the current period are not reported in the funds.	(1,424)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,076,206)
Closure/postclosure landfill liabilities are not reported in the funds.	<u>(1,501,267)</u>
Net assets of governmental activities - statement of net assets	<u>\$ 83,252,934</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, 2005**

	General Fund	Correctional Center	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
General Property Taxes	\$ 2,782,081	\$ --	\$ 269,366	\$ 3,051,447
General Sales Taxes	3,193,671	--	1,064,557	4,258,228
Gross Receipts Business Taxes	1,386,769	--	--	1,386,769
Motel Occupancy Taxes	--	--	301,660	301,660
License and Permits	192,618	--	--	192,618
Intergovernmental	1,518,844	55,860,022	857,149	58,236,015
Charges for Services	2,381,586	--	25,870	2,407,456
Fines	429,337	--	11,742	441,079
Recreation	321,379	--	--	321,379
Investment Earnings	85,405	88,783	73,750	247,938
Rents and Royalties	405,294	--	123,298	528,592
Miscellaneous	88,451	--	30	88,481
Contributions and Donations	42,562	--	--	42,562
Total revenues	<u>12,827,997</u>	<u>55,948,805</u>	<u>2,727,422</u>	<u>71,504,224</u>
Expenditures:				
Current:				
General Government	1,559,264	--	4,091	1,563,355
Public Safety	6,426,736	55,802,081	499,858	62,728,675
Highways and Streets	1,664,960	--	--	1,664,960
Sanitation	1,777,449	--	39,294	1,816,743
Community Service	--	--	75,926	75,926
Recreation and Parks	814,226	--	234,961	1,049,187
Economic Development	--	--	1,316,261	1,316,261
Cemetery	--	--	167,995	167,995
Debt Service:				
Principal	590,956	--	230,000	820,956
Interest and Fiscal Charges	49,331	--	35,945	85,276
Fiscal Agent's Fees	--	--	500	500
Total Expenditures	<u>12,882,922</u>	<u>55,802,081</u>	<u>2,604,831</u>	<u>71,289,834</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(54,925)</u>	<u>146,724</u>	<u>122,591</u>	<u>214,390</u>
Other Financing Sources (Uses):				
Transfers In	304,445	--	343,321	647,766
Transfers Out	(425,817)	(301,759)	(505,937)	(1,233,513)
Capital Leases	734,809	--	--	734,809
Total Other Financing Sources (Uses)	<u>613,437</u>	<u>(301,759)</u>	<u>(162,616)</u>	<u>149,062</u>
Net Change in Fund Balances	558,512	(155,035)	(40,025)	363,452
Fund Balances - Beginning	3,372,577	2,964,863	1,938,365	8,275,805
Fund Balances - Ending	<u>\$ 3,931,089</u>	<u>\$ 2,809,828</u>	<u>\$ 1,898,340</u>	<u>\$ 8,639,257</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, 2005*

Net change in fund balances - total governmental funds	\$ 363,452
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,262,721
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,097,150)
Proceeds from capital leases are shown as sources in the funds but not in the SOA.	(734,809)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(49,469)
Increases in closure/postclosure landfill liabilities are not reported as expenditures in the funds.	264,879
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	230,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	590,956
(Increase) decrease in accrued interest from beginning of period to end of period	3,541
The net revenue (expense) of internal service funds is reported with governmental activities.	731,685
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>162,943</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (271,251)</u>

The accompanying notes are an integral part of this statement.

**CITY OF BIG SPRING**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2005**

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Airport/ Industrial Park</u>
<b>ASSETS:</b>		
Current Assets:		
<i>Cash and Cash Equivalents</i>	\$ 1,305,714	\$ 1,696,905
<i>Receivables (net of allowances for uncollectibles)</i>	902,779	47,858
<i>Intergovernmental Receivables</i>	947	29,305
<i>Due from Other Funds</i>	--	--
<i>Inventories</i>	275,134	--
<i>Prepaid Items</i>	66,765	--
<i>Advances to Other Funds</i>	--	47,808
Total Current Assets	<u>2,551,339</u>	<u>1,821,876</u>
Noncurrent Assets:		
Capital Assets (net of accumulated depreciation):		
<i>Land</i>	5,036	5,590,113
<i>Buildings and System</i>	14,205,526	13,779,416
<i>Improvements other than Buildings</i>	64,746	2,545,655
<i>Machinery and Equipment</i>	306,662	102,840
<i>Construction in Progress</i>	214,644	--
Total Noncurrent Assets	<u>14,796,614</u>	<u>22,018,024</u>
Total Assets	<u>\$ 17,347,953</u>	<u>\$ 23,839,900</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
<i>Accounts Payable</i>	\$ 358,452	\$ 92,416
<i>Claims and Judgments Payable</i>	--	--
<i>Contracts Payable/Accrued Liabilities</i>	173,183	35,246
<i>Due to Other Funds</i>	277,094	--
<i>Customer Deposits</i>	276,455	16,765
<i>Accrued interest payable</i>	20,602	--
<i>Revenue bonds payable</i>	390,000	--
<i>Capital Leases Payable</i>	114,901	8,168
Total Current Liabilities	<u>1,610,687</u>	<u>152,595</u>
Noncurrent Liabilities:		
<i>Revenue Bonds Payable</i>	3,705,000	--
<i>Capital Leases Payable</i>	192,268	9,056
<i>Advances from Other Funds</i>	732,119	--
Total Noncurrent Liabilities	<u>4,629,387</u>	<u>9,056</u>
Total Liabilities	<u>6,240,074</u>	<u>161,651</u>
<b>NET ASSETS:</b>		
<i>Investment in Capital Assets, Net of Related Debt</i>	9,385,232	22,000,800
<i>Restricted for Debt Service</i>	342,645	--
<i>Unrestricted Net Assets</i>	1,380,002	1,677,449
Total Net Assets	<u>\$ 11,107,879</u>	<u>\$ 23,678,249</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-7

Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Emergency Medical Services		
\$ 74,010	\$ 3,076,629	\$ 779,341
247,799	1,198,436	91
--	30,252	--
--	--	100,000
22,265	297,399	84,607
1,832	68,597	--
--	47,808	--
<u>345,906</u>	<u>4,719,121</u>	<u>964,039</u>
--	5,595,149	10,000
--	27,984,942	--
--	2,610,401	--
213,182	622,684	23,606
--	214,644	--
<u>213,182</u>	<u>37,027,820</u>	<u>33,606</u>
\$ <u>559,088</u>	\$ <u>41,746,941</u>	\$ <u>997,645</u>
\$ 8,048	\$ 458,916	\$ 103,039
--	--	183,975
134,492	342,921	31,241
--	277,094	100,000
--	293,220	--
--	20,602	--
--	390,000	--
72,332	195,401	1,254
<u>214,872</u>	<u>1,978,154</u>	<u>419,509</u>
--	3,705,000	--
100,956	302,280	--
--	732,119	--
<u>100,956</u>	<u>4,739,399</u>	<u>--</u>
<u>315,828</u>	<u>6,717,553</u>	<u>419,509</u>
39,894	31,425,926	32,352
--	342,645	--
203,366	3,260,817	545,784
<u>\$ 243,260</u>	<u>\$ 35,029,388</u>	<u>\$ 578,136</u>

**CITY OF BIG SPRING**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET ASSETS - PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Airport/ Industrial Park</u>
OPERATING REVENUES:		
<i>Water Sales</i>	\$ 5,676,402	\$ --
<i>Sewer Charges</i>	2,072,915	--
<i>Emergency Medical Services</i>	--	--
<i>Commercial Rentals and Fees</i>	--	604,809
<i>Billings to Departments and Employees</i>	--	--
<i>Other Services</i>	282,455	2,101
Total Operating Revenues	<u>8,031,772</u>	<u>606,910</u>
OPERATING EXPENSES:		
<i>Personnel Services</i>	2,063,196	298,649
<i>Supplies and Materials</i>	2,946,889	43,162
<i>Contractual Services</i>	743,200	141,971
<i>Maintenance</i>	779,600	160,333
<i>Depreciation</i>	1,219,481	1,143,017
<i>Other</i>	493,552	104,010
Total Operating Expenses	<u>8,245,918</u>	<u>1,891,142</u>
Operating Income	<u>(214,146)</u>	<u>(1,284,232)</u>
NON-OPERATING REVENUES (EXPENSES):		
<i>Intergovernmental Revenue</i>	--	--
<i>Interest Revenue</i>	22,167	49,128
<i>Interest Expense and Paying Agent Fees</i>	(221,932)	(589)
Total Non-operating Revenues (Expenses)	<u>(199,765)</u>	<u>48,539</u>
Income Before Transfers	<u>(413,911)</u>	<u>(1,235,693)</u>
<i>Transfers In</i>	406,137	--
<i>Transfers Out</i>	(70,390)	--
Change in Net Assets	<u>(78,164)</u>	<u>(1,235,693)</u>
Total Net Assets - Beginning	11,186,043	24,913,942
Total Net Assets - Ending	<u>\$ 11,107,879</u>	<u>\$ 23,678,249</u>

The accompanying notes are an integral part of this statement.

Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Emergency Medical Services		
\$ --	\$ 5,676,402	\$ --
--	2,072,915	--
1,182,332	1,182,332	--
--	604,809	--
--	--	3,163,968
66	284,622	--
<u>1,182,398</u>	<u>9,821,080</u>	<u>3,163,968</u>
971,349	3,333,194	314,579
95,982	3,086,033	824,246
70,667	955,838	959,645
46,062	985,995	16,261
86,084	2,448,582	6,755
308,324	905,886	324,070
<u>1,578,468</u>	<u>11,715,528</u>	<u>2,445,556</u>
<u>(396,070)</u>	<u>(1,894,448)</u>	<u>718,412</u>
130,000	130,000	--
6,926	78,221	13,446
(6,089)	(228,610)	(173)
130,837	(20,389)	13,273
<u>(265,233)</u>	<u>(1,914,837)</u>	<u>731,685</u>
250,000	656,137	--
--	(70,390)	--
<u>(15,233)</u>	<u>(1,329,090)</u>	<u>731,685</u>
258,493	36,358,478	(153,549)
<u>\$ 243,260</u>	<u>\$ 35,029,388</u>	<u>\$ 578,136</u>

# CITY OF BIG SPRING

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Enterprise Funds		
	Water and Sewer	Airport/ Industrial Park	Emergency Medical Services
<b>Cash Flows from Operating Activities:</b>			
<i>Cash Received from Customers</i>	\$ 7,919,471	\$ 601,445	\$ 1,246,804
<i>Cash Receipts from Interfund Services Provided</i>	--	--	--
<i>Cash Payments to Employees for Services</i>	(2,063,196)	(298,649)	(971,349)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(4,935,825)	(686,388)	(521,869)
Net Cash Provided (Used) by Operating Activities	<u>920,450</u>	<u>(383,592)</u>	<u>(246,414)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
Intergovernmental Grants Received	--	--	130,000
Advances from (to) Other Funds	186,782	16,912	--
<i>Transfers From (To) Other Funds</i>	335,747	--	250,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>522,529</u>	<u>16,912</u>	<u>380,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Proceeds from Capital Leases	75,930	--	57,574
Principal and Interest Paid	(745,909)	(8,533)	(99,657)
Acquisition or Construction of Capital Assets	(760,677)	--	(57,575)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,430,656)</u>	<u>(8,533)</u>	<u>(99,658)</u>
<b>Cash Flows from Investing Activities:</b>			
<i>Interest and Dividends on Investments</i>	22,167	49,128	6,926
Net Cash Provided (Used) for Investing Activities	<u>22,167</u>	<u>49,128</u>	<u>6,926</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,490	(326,085)	40,854
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,271,224</u>	<u>2,022,990</u>	<u>33,156</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,305,714</u>	<u>\$ 1,696,905</u>	<u>\$ 74,010</u>
<b>Reconciliation of Operating Income to Net Cash</b>			
Provided by Operating Activities:			
<b>Operating Income (Loss)</b>	\$ (214,146)	\$ (1,284,232)	\$ (396,070)
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
Depreciation	1,219,481	1,143,017	86,084
<i>Provision for Uncollectible Accounts</i>	16,993	(2,137)	68,869
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	(129,294)	(3,051)	(4,463)
<i>Decrease (Increase) in Inventories</i>	47,012	--	(2,393)
<i>Decrease (Increase) in Prepaid Expenses</i>	9,989	--	875
<i>Increase (Decrease) in Accounts Payable</i>	(45,428)	65,177	(11,123)
<i>Increase (Decrease) in Interfund Payables</i>	39,643	(300,000)	--
<i>Increase (Decrease) in Customer Deposits</i>	30	(277)	--
<i>Increase (Decrease) in Accrued Expenses</i>	(23,830)	(2,089)	11,807
<i>Total Adjustments</i>	<u>1,134,596</u>	<u>900,640</u>	<u>149,656</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 920,450</u>	<u>\$ (383,592)</u>	<u>\$ (246,414)</u>

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 9,767,720	\$ --
--	3,167,602
(3,333,194)	(314,580)
<u>(6,144,082)</u>	<u>(2,286,088)</u>
<u>290,444</u>	<u>566,934</u>
130,000	--
203,694	--
585,747	--
<u>919,441</u>	<u>--</u>
133,504	
(854,099)	(5,051)
(818,252)	(19,230)
<u>(1,538,847)</u>	<u>(24,281)</u>
78,221	13,446
<u>78,221</u>	<u>13,446</u>
(250,741)	556,099
3,327,370	223,242
<u>\$ 3,076,629</u>	<u>\$ 779,341</u>
\$ (1,894,448)	\$ 718,412
2,448,582	6,755
83,725	--
--	
(136,808)	3,634
44,619	(9,128)
10,864	388
8,626	23,001
(260,357)	(150,000)
(247)	--
(14,112)	(26,128)
<u>2,184,892</u>	<u>(151,478)</u>
<u>\$ 290,444</u>	<u>\$ 566,934</u>

# CITY OF BIG SPRING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

### 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, 2005*

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

In addition, the City reports the following fund types:

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

b. **Measurement Focus, Basis of Accounting**

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

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

## **CITY OF BIG SPRING**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED SEPTEMBER 30, 2005*

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

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

Proprietary funds distinguish operating revenues and expenses from 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, 2005

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>Nonmajor and Other Funds</u>	<u>Water &amp; Sewer</u>	<u>Airport/ Industrial Park</u>
Receivables:				
Sanitation	\$ 282	\$ --	\$ --	\$ --
Taxes	566	--	--	--
Municipal Court	1,076	--	--	--
Accounts	264	150	979	49
Gross receivables	2,188	150	979	49
Less: allowance for uncollectibles	(907)	(21)	(76)	(1)
Net total receivables	\$ 1,281	\$ 129	\$ 903	\$ 48

	<u>Emergency Medical Services</u>	<u>Internal Service Funds</u>	<u>Total</u>
Receivables:			
Sanitation	\$ --	\$ --	\$ 282
Taxes	--	--	566
Municipal Court	--	--	1,076
Accounts	884	--	2,326
Gross receivables	884	--	4,250
Less: allowance for uncollectibles	(636)	--	(1,641)
Net total receivables	\$ 248	\$ --	\$ 2,609

Intergovernmental receivables are classified separately in the accompanying financial statements.

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

**CITY OF BIG SPRING**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

f. Interfund Activity

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

g. Use of Estimates

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

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).

Annual budgets are adopted for all governmental funds except the Grant and R.S.V.P. funds.

**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:

Fund Name	Deficit Amount	Remarks
Internal Service	\$	
Occupational Accident Insurance	172,996	The City plans to allocate funds from the General and Utility Funds to cover these costs.
Special Revenue		
Cemetery	85,905	This fund incurred additional capital costs in the prior year that will be recaptured.
Golf Course Improvement	81,013	This fund incurred additional capital costs in the current year that will be recaptured.

# CITY OF BIG SPRING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

### C. Deposits and Investments

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

#### 1. Cash Deposits:

At September 30, 2005, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,319,306 and the bank balance was \$2,550,937. The City's cash deposits at September 30, 2005 and during the period ended September 30, 2005, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

#### 2. Investments:

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

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

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

The City's investments at September 30, 2005 are shown below.

Investment or Investment Type	Maturity	Ratings	Fair Value	Percentage
TexPool Investment Pool	28 days average	AAAm	\$ 7,909,920	100%
Total Investments			<u>\$ 7,909,920</u>	

#### 3. Analysis of Specific Deposit and Investment Risks

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

##### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City's investments were rated as noted above.

## **CITY OF BIG SPRING**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED SEPTEMBER 30, 2005*

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City's investments representing more than 5% of total investments are disclosed above.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

#### Investment Accounting Policy

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

#### Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

# CITY OF BIG SPRING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

### D. Capital Assets

Capital asset activity for the period ended September 30, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 72,746,937	\$ --	\$ --	\$ 72,746,937
Construction in progress	--	47,251	--	47,251
Total capital assets not being depreciated	<u>72,746,937</u>	<u>47,251</u>	<u>--</u>	<u>72,794,188</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	5,711,462	--	--	5,711,462
Buildings and systems	23,973,120	--	--	23,973,120
Improvements other than buildings	1,401,391	181,470	15,758	1,567,103
Machinery and equipment	7,579,693	1,053,234	335,964	8,296,963
Total capital assets being depreciated	<u>38,665,666</u>	<u>1,234,704</u>	<u>351,722</u>	<u>39,548,648</u>
Less accumulated depreciation for:				
Infrastructure	5,434,676	25,351	--	5,460,027
Buildings and systems	19,494,171	2,175,836	--	21,670,007
Improvements other than buildings	672,823	110,137	--	782,960
Machinery and equipment	5,705,031	792,581	351,722	6,145,890
Total accumulated depreciation	<u>31,306,701</u>	<u>3,103,905</u>	<u>351,722</u>	<u>34,058,884</u>
Total capital assets being depreciated, net	<u>7,358,965</u>	<u>(1,869,201)</u>	<u>703,444</u>	<u>5,489,764</u>
Governmental activities capital assets, net	<u>\$ 80,105,902</u>	<u>\$ (1,821,950)</u>	<u>\$ 703,444</u>	<u>\$ 78,283,952</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 5,595,149	\$ --	\$ --	\$ 5,595,149
Construction in progress	711,857	83,609	580,822	214,644
Total capital assets not being depreciated	<u>6,307,006</u>	<u>83,609</u>	<u>580,822</u>	<u>5,809,793</u>
<i>Capital assets being depreciated:</i>				
Buildings and systems	61,898,145	1,193,437	--	63,091,582
Improvements other than buildings	24,333,610	--	--	24,333,610
Machinery and equipment	2,460,111	135,709	88,200	2,507,620
Total capital assets being depreciated	<u>88,691,866</u>	<u>1,329,146</u>	<u>88,200</u>	<u>89,932,812</u>
Less accumulated depreciation for:				
Buildings and systems	33,412,702	1,693,938	--	35,106,640
Improvements other than buildings	21,226,752	496,457	--	21,723,209
Machinery and equipment	1,701,268	271,868	88,200	1,884,936
Total accumulated depreciation	<u>56,340,722</u>	<u>2,462,263</u>	<u>88,200</u>	<u>58,714,785</u>
Total capital assets being depreciated, net	<u>32,351,144</u>	<u>(1,133,117)</u>	<u>--</u>	<u>31,218,027</u>
Business-type activities capital assets, net	<u>\$ 38,658,150</u>	<u>\$ (1,049,508)</u>	<u>\$ 580,822</u>	<u>\$ 37,027,820</u>
Total additions to accumulated depreciation		\$ 2,462,263		
Transfers in, at gross book value		13,681		
Depreciation expense		<u>\$ 2,448,582</u>		

**CITY OF BIG SPRING**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

Depreciation was charged to governmental activities as follows:

General Government	\$ 384,934
Public Safety	1,668,078
Highways and Streets	446,795
Sanitation	394,087
Recreation and Parks	203,256
	<u>\$ 3,097,150</u>
Depreciation charged to Internal Service Funds	6,755
Total depreciation charged to governmental activities	<u><u>3,103,905</u></u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2005, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water and Sewer Fund	\$ 80,000	Short-term loans
General Fund	Other Governmental Funds	232,100	Short-term loans
General Fund	Correctional Center Fund	252,712	Short-term loans
Other Governmental Funds	General Fund	44,210	Short-term loans
Other Governmental Funds	Water and Sewer Fund	197,094	Short-term loans
Internal Service Funds	Internal Service Funds	100,000	Short-term loans
	Total	<u>\$ 906,116</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	\$ 65,253	Loans
General Fund	Airport/Industrial Park Fund	47,808	Loans
Water and Sewer Fund	Other Governmental Funds	732,119	Loans
Water and Sewer Fund	Other Governmental Funds	--	Loans
Other Governmental Funds	Other Governmental Funds	--	Loans
	Total	<u>\$ 845,180</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2005, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Emergency Medical Svcs. Fund	\$ 250,000	Supplement other funds sources
General Fund	Other Governmental Funds	175,817	Supplement other funds sources
Correctional Center Fund	General Fund	301,759	Supplement other funds sources
Water and Sewer Fund	General Fund	2,687	Supplement other funds sources
Water and Sewer Fund	Other Governmental Funds	67,703	Supplement other funds sources
Other Governmental Funds	Water and Sewer Fund	406,137	Supplement other funds sources
Other Governmental Funds	Other Governmental Funds	99,800	Supplement other funds sources
	Total	<u>\$ 1,303,903</u>	

**CITY OF BIG SPRING**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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, 2005, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 1,125,000	\$ --	\$ 230,000	\$ 895,000	\$ 230,000
Capital leases	1,131,998	734,809	595,834	1,270,973	438,562
Compensated absences *	1,239,149	179,700	342,643	1,076,206	35,477
Closure/postclosure landfill	1,766,146	--	264,879	1,501,267	--
Total governmental activities	\$ 5,262,293	\$ 914,509	\$ 1,433,356	\$ 4,743,446	\$ 704,039
<u>Business-type activities:</u>					
General obligation bonds	\$ 4,475,000	\$ --	\$ 380,000	\$ 4,095,000	\$ 390,000
Capital leases	607,288	133,504	243,111	497,681	195,399
Total business-type activities	\$ 5,082,288	\$ 133,504	\$ 623,111	\$ 4,592,681	\$ 585,399

\* 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, 2005, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
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	\$ 895,000	\$ 67,898	\$ 962,898

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
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	450,000	94,375	544,375
2011-20014	2,000,000	178,148	2,178,148
Totals	\$ 4,095,000	\$ 815,465	\$ 4,910,465

# CITY OF BIG SPRING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

### 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, 2005, 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

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Machinery and Equipment	\$ 3,162,988	\$ 1,244,670
Less: Accumulated Depreciation	(1,346,109)	(385,471)
Total	<u>\$ 1,816,879</u>	<u>\$ 859,199</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2005, as follows:

<u>Year Ending September 30:</u>	Governmental		
	Principal	Interest	Total
2006	\$ 438,562	\$ 30,003	\$ 468,565
2007	340,251	18,894	359,145
2008	250,872	10,633	261,505
2009	189,047	4,181	193,228
2010	52,241	316	52,557
Total Minimum Rentals	<u>\$ 1,270,973</u>	<u>\$ 64,027</u>	<u>\$ 1,335,000</u>

The effective interest rate on capital leases is .

2.457 to 4.418%

<u>Year Ending September 30:</u>	Business-type Activities		
	Principal	Interest	Total
2006	\$ 195,399	\$ 11,081	\$ 206,480
2007	161,915	6,083	167,998
2008	89,110	2,552	91,662
2009	41,762	810	42,572
2010	9,495	58	9,553
Total Minimum Rentals	<u>\$ 497,681</u>	<u>\$ 20,584</u>	<u>\$ 518,265</u>

The effective interest rate on capital leases is .

2.457 to 4.418%

### 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.

## **CITY OF BIG SPRING**

### *NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005*

#### **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 2005, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

#### **H. Pension Plan**

##### **1. Plan Description**

The City's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides retirement, disability and death benefits to Plan members and beneficiaries through its affiliation with Texas Municipal Retirement System ("TMRS"), an agent multiple-employer public employee retirement system. TMRS operates under the authority of Texas Government Code, Title 8, Subtitle G. The Texas legislature has the authority to establish or amend benefit provisions and the governing body of the City adopts the plan provisions within the options and constraints established by the legislature. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, TX 78714-9153 or calling (800) 924-8677. Additional 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, 2005, 2004 and 2003 were \$623,818, \$568,979 and \$569,147, respectively, and were equal to the required contributions for each year.

##### **3. Annual Pension Cost**

The City's annual pension cost of \$623,818 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).

# CITY OF BIG SPRING

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 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, 2004 valuation date, a 7% investment rate of return was assumed. No assumptions were made for projected salary increases, inflation or cost of living adjustments.

### 4. Trend Information for the Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2003	\$ 569,147	100%	\$ --
September 30, 2004	568,979	100%	--
September 30, 2005	623,818	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, 2005 was \$2,447,039. Both the City and the firemen made the required contribution of \$265,988 and \$265,988 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 9/30/04</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
<u>Year Ending 9/30/05</u>					
Health Insurance Claims	\$ 47,203	\$ 710,361	\$ 712,818	\$ 44,746	
Workers' Compensation Claims	182,062	184,476	227,309	139,229	183,975

#### 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 \$995,574 in health insurance expense and administrative and other charges for the year ended September 30, 2005. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$44,746 at September 30, 2005.

## **CITY OF BIG SPRING**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005**

#### 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 \$268,622 in workers' compensation expense and administrative and other charges for the year ended September 30, 2005. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$139,229 at September 30, 2005.

#### 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, 2005.

#### 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 \$236,062 at September 30, 2005. 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 \$1,501,267.00 reported as landfill closure and postclosure care liability at September 30, 2005, represents the cumulative amount reported to date based on the use of 55.97 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$1,181,148 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. The City expects to close the landfill in the year 2029. 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, 2005*

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, 2005, the City has designated \$1,134,037 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, 2005

**EXHIBIT B-1**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
<i>General Property Taxes</i>	\$ 2,650,200	\$ 2,761,800	\$ 2,782,081	\$ 20,281
<i>General Sales Taxes</i>	2,875,000	3,165,000	3,193,671	28,671
<i>Gross Receipts Business Taxes</i>	1,345,000	1,378,495	1,386,769	8,274
<i>License and Permits</i>	172,950	182,900	192,618	9,718
<i>Intergovernmental</i>	1,466,246	1,512,089	1,518,844	6,755
<i>Charges for Services</i>	2,522,750	2,365,350	2,381,586	16,236
<i>Fines</i>	255,900	229,400	429,337	199,937
<i>Recreation</i>	398,000	315,420	321,379	5,959
<i>Investment Earnings</i>	36,500	55,000	85,405	30,405
<i>Rents and Royalties</i>	346,744	412,151	405,294	(6,857)
<i>Miscellaneous</i>	18,928	82,628	88,451	5,823
<i>Contributions and Donations</i>	15,000	41,800	42,562	762
Total revenues	<u>12,103,218</u>	<u>12,502,033</u>	<u>12,827,997</u>	<u>325,964</u>
Expenditures:				
Current:				
<i>General Government</i>	1,499,097	1,569,760	1,559,264	10,496
<i>Public Safety</i>	6,496,211	6,441,286	6,426,736	14,550
<i>Highways and Streets</i>	1,641,286	1,684,506	1,664,960	19,546
<i>Sanitation</i>	1,534,745	1,680,872	1,777,449	(96,577)
<i>Recreation and Parks</i>	791,567	830,764	814,226	16,538
Debt Service:				
<i>Principal</i>	632,000	660,817	590,956	69,861
<i>Interest and Fiscal Charges</i>	70,670	49,365	49,331	34
Total Expenditures	<u>12,665,576</u>	<u>12,917,370</u>	<u>12,882,922</u>	<u>34,448</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(562,358)</u>	<u>(415,337)</u>	<u>(54,925)</u>	<u>360,412</u>
Other Financing Sources (Uses):				
<i>Transfers In</i>	271,358	303,400	304,445	1,045
<i>Transfers Out</i>	(493,271)	(421,074)	(425,817)	(4,743)
<i>Capital Leases</i>	788,000	736,902	734,809	2,093
Total Other Financing Sources (Uses)	<u>566,087</u>	<u>619,228</u>	<u>613,437</u>	<u>5,791</u>
Net Change in Fund Balances	3,729	203,891	558,512	354,621
Fund Balances - Beginning	3,372,577	3,372,577	3,372,577	--
Fund Balances - Ending	<u>\$ 3,376,306</u>	<u>\$ 3,576,468</u>	<u>\$ 3,931,089</u>	<u>\$ 354,621</u>

**CITY OF BIG SPRING**  
CORRECTIONAL CENTER FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**EXHIBIT B-2**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Intergovernmental</i>	\$ 54,278,485	\$ 54,557,500	\$ 55,860,022	\$ 1,302,522
<i>Investment Earnings</i>	50,617	85,317	88,783	3,466
Total revenues	<u>54,329,102</u>	<u>54,642,817</u>	<u>55,948,805</u>	<u>1,305,988</u>
Expenditures:				
<i>Public Safety</i>	54,201,691	54,481,868	55,802,081	(1,320,213)
Debt Service:				
Total Expenditures	<u>54,201,691</u>	<u>54,481,868</u>	<u>55,802,081</u>	<u>(1,320,213)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>127,411</u>	<u>160,949</u>	<u>146,724</u>	<u>(14,225)</u>
Other Financing Sources (Uses):				
<i>Transfers Out</i>	<u>(271,358)</u>	<u>(300,713)</u>	<u>(301,759)</u>	<u>(1,046)</u>
Total Other Financing Sources (Uses)	<u>(271,358)</u>	<u>(300,713)</u>	<u>(301,759)</u>	<u>1,046</u>
Net Change in Fund Balances	(143,947)	(139,764)	(155,035)	(15,271)
Fund Balances - Beginning	2,964,863	2,964,863	2,964,863	--
Fund Balances - Ending	<u>\$ 2,820,916</u>	<u>\$ 2,825,099</u>	<u>\$ 2,809,828</u>	<u>\$ (15,271)</u>

**CITY OF BIG SPRING**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

YEAR ENDED SEPTEMBER 30, 2005

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/1995	\$ 7,257,181	\$ 8,342,690	\$ 1,085,509	87.0%	\$ 8,514,273	12.7%
12/31/1996	7,380,048	8,358,671	978,623	88.3%	5,275,300	18.6%
12/31/1997	7,700,299	8,562,031	861,732	89.9%	5,346,596	16.1%
12/31/1998	8,717,355	9,775,765	1,058,410	89.2%	5,384,857	19.7%
12/31/1999	9,816,222	10,895,864	1,079,642	90.1%	5,193,370	20.8%
12/31/2000	11,170,735	12,604,050	1,433,315	88.6%	5,283,148	27.1%
12/31/2001	11,579,403	13,241,684	1,662,281	87.4%	5,388,365	30.8%
12/31/2002	11,574,309	13,510,871	1,936,562	85.7%	5,677,661	34.1%
12/31/2003	12,589,350	15,137,393	2,548,043	83.2%	5,930,122	43.0%
12/31/2004	13,157,368	16,127,544	2,970,176	81.6%	6,128,079	48.5%

**CITY OF BIG SPRING**

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

Budgetary Information

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

*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, 2005

	Special Revenue Funds	Debt Service Fund 2002 Refunding Series	Capital Projects Fund Capital Replacement	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
<i>Cash and Cash Equivalents</i>	\$ 518,224	\$ 5,593	\$ 539,725	\$ 1,063,542
<i>Receivables (net of allowances for uncollectibles)</i>	128,878	--	--	128,878
<i>Due from Other Funds</i>	--	--	241,304	241,304
<i>Intergovernmental Receivables</i>	591,183	--	--	591,183
<i>Prepaid Items</i>	150	--	--	150
<i>Advances to Other Funds</i>	--	--	797,372	797,372
<b>Total Assets and Other Debits</b>	<b>\$ 1,238,435</b>	<b>\$ 5,593</b>	<b>\$ 1,578,401</b>	<b>\$ 2,822,429</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
<i>Accounts Payable</i>	\$ 666,924	\$ --	\$ --	\$ 666,924
<i>Due to Other Funds</i>	229,000	--	--	229,000
<i>Deferred Revenue</i>	24,152	--	--	24,152
<i>Customer Deposits</i>	4,013	--	--	4,013
<b>Total Liabilities</b>	<b>924,089</b>	<b>--</b>	<b>--</b>	<b>924,089</b>
<b>Fund Balances:</b>				
<b>Reserved Fund Balances:</b>				
<i>Reserved for Debt Service</i>	--	5,593	--	5,593
<i>Reserved for Prepaid Items</i>	150	--	--	150
<i>Reserved for Perpetual Cemetery Care</i>	351,511	--	--	351,511
<b>Unreserved, reported in nonmajor:</b>				
<i>Special Revenue Funds</i>	(37,315)	--	--	(37,315)
<i>Capital Project Funds</i>	--	--	1,578,401	1,578,401
<b>Total Fund Balances</b>	<b>314,346</b>	<b>5,593</b>	<b>1,578,401</b>	<b>1,898,340</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,238,435</b>	<b>\$ 5,593</b>	<b>\$ 1,578,401</b>	<b>\$ 2,822,429</b>

**CITY OF BIG SPRING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	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>	\$ --	\$ 269,366	\$ --	\$ 269,366
<i>General Sales Taxes</i>	1,064,557	--	--	1,064,557
<i>Motel Occupancy Taxes</i>	301,660	--	--	301,660
<i>Intergovernmental</i>	857,149	--	--	857,149
<i>Charges for Services</i>	25,870	--	--	25,870
<i>Fines</i>	11,742	--	--	11,742
<i>Investment Earnings</i>	9,934	710	63,106	73,750
<i>Rents and Royalties</i>	110,246	--	13,052	123,298
<i>Miscellaneous</i>	30	--	--	30
Total revenues	<u>2,381,188</u>	<u>270,076</u>	<u>76,158</u>	<u>2,727,422</u>
Expenditures:				
Current:				
<i>General Government</i>	4,091	--	--	4,091
<i>Public Safety</i>	499,858	--	--	499,858
<i>Sanitation</i>	39,294	--	--	39,294
<i>Community Service</i>	75,926	--	--	75,926
<i>Recreation and Parks</i>	234,961	--	--	234,961
<i>Economic Development</i>	1,316,261	--	--	1,316,261
<i>Cemetery</i>	167,995	--	--	167,995
Debt Service:				
<i>Principal</i>	--	230,000	--	230,000
<i>Interest and Fiscal Charges</i>	--	35,945	--	35,945
<i>Fiscal Agent's Fees</i>	--	500	--	500
Total Expenditures	<u>2,338,386</u>	<u>266,445</u>	<u>--</u>	<u>2,604,831</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>42,802</u>	<u>3,631</u>	<u>76,158</u>	<u>122,591</u>
Other Financing Sources (Uses):				
<i>Transfers In</i>	343,321	--	--	343,321
<i>Transfers Out</i>	(415,811)	--	(90,126)	(505,937)
Total Other Financing Sources (Uses)	<u>(72,490)</u>	<u>--</u>	<u>(90,126)</u>	<u>(162,616)</u>
Net Change in Fund Balances	(29,688)	3,631	(13,968)	(40,025)
Fund Balances - Beginning	344,034	1,962	1,592,369	1,938,365
Fund Balances - Ending	<u>\$ 314,346</u>	<u>\$ 5,593</u>	<u>\$ 1,578,401</u>	<u>\$ 1,898,340</u>

**CITY OF BIG SPRING**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2005

	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development	Employee's College Education
<b>ASSETS AND OTHER DEBITS</b>				
Assets:				
<i>Cash and Cash Equivalents</i>	\$ 57,421	\$ 1,728	\$ --	\$ 23,470
<i>Receivables (net of allowances for uncollectibles)</i>	44,517	38,679	--	--
<i>Intergovernmental Receivables</i>	--	95,042	193,762	--
<i>Prepaid Items</i>	--	--	--	--
<b>Total Assets and Other Debits</b>	<b>\$ 101,938</b>	<b>\$ 135,449</b>	<b>\$ 193,762</b>	<b>\$ 23,470</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
<i>Accounts Payable</i>	\$ 9,492	\$ 47,782	\$ 193,762	\$ 363
<i>Due to Other Funds</i>	--	85,000	--	--
<i>Deferred Revenue</i>	--	--	--	--
<i>Customer Deposits</i>	4,013	--	--	--
<b>Total Liabilities</b>	<b>13,505</b>	<b>132,782</b>	<b>193,762</b>	<b>363</b>
Fund Balances:				
Reserved Fund Balances:				
<i>Reserved for Prepaid Items</i>	--	--	--	--
<i>Reserved for Perpetual Cemetery Care</i>	--	--	--	--
Unreserved, reported in nonmajor:				
<i>Special Revenue Funds</i>	88,433	2,667	--	23,107
<b>Total Fund Balances</b>	<b>88,433</b>	<b>2,667</b>	<b>--</b>	<b>23,107</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 101,938</b>	<b>\$ 135,449</b>	<b>\$ 193,762</b>	<b>\$ 23,470</b>

<u>Municipal Court Security</u>	<u>Capehart Sewer Line Replacement</u>	<u>Golf Course Improvement</u>	<u>R.S.V.P.</u>	<u>Police Seizure</u>
\$ 4,999	\$ 62,927	\$ 1,987	\$ 4,293	\$ 4,735
4,812	--	--	4,980	--
--	300,384	--	1,995	--
--	--	--	150	--
<u>\$ 9,811</u>	<u>\$ 363,311</u>	<u>\$ 1,987</u>	<u>\$ 11,418</u>	<u>\$ 4,735</u>
\$ --	\$ 363,311	\$ --	\$ 10,418	\$ --
--	--	83,000	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>363,311</u>	<u>83,000</u>	<u>10,418</u>	<u>--</u>
--	--	--	150	--
--	--	--	--	--
9,811	--	(81,013)	850	4,735
<u>9,811</u>	<u>--</u>	<u>(81,013)</u>	<u>1,000</u>	<u>4,735</u>
<u>\$ 9,811</u>	<u>\$ 363,311</u>	<u>\$ 1,987</u>	<u>\$ 11,418</u>	<u>\$ 4,735</u>

**CITY OF BIG SPRING**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2005

	Cemetery	Cemetery Permanent Care	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS AND OTHER DEBITS</b>			
Assets:			
<i>Cash and Cash Equivalents</i>	\$ 5,153	\$ 351,511	\$ 518,224
<i>Receivables (net of allowances for uncollectibles)</i>	35,890	--	128,878
<i>Intergovernmental Receivables</i>	--	--	591,183
<i>Prepaid Items</i>	--	--	150
<b>Total Assets and Other Debits</b>	<b>\$ 41,043</b>	<b>\$ 351,511</b>	<b>\$ 1,238,435</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
<i>Accounts Payable</i>	\$ 41,796	\$ --	\$ 666,924
<i>Due to Other Funds</i>	61,000	--	229,000
<i>Deferred Revenue</i>	24,152	--	24,152
<i>Customer Deposits</i>	--	--	4,013
<b>Total Liabilities</b>	<b>126,948</b>	<b>--</b>	<b>924,089</b>
Fund Balances:			
Reserved Fund Balances:			
<i>Reserved for Prepaid Items</i>	--	--	150
<i>Reserved for Perpetual Cemetery Care</i>	--	351,511	351,511
Unreserved, reported in nonmajor:			
<i>Special Revenue Funds</i>	(85,905)	--	(37,315)
<b>Total Fund Balances</b>	<b>(85,905)</b>	<b>351,511</b>	<b>314,346</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 41,043</b>	<b>\$ 351,511</b>	<b>\$ 1,238,435</b>

**CITY OF BIG SPRING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development	Employee's College Education
Revenue:				
Taxes:				
General Sales Taxes	\$ --	\$ --	\$ 1,064,557	\$ --
Motel Occupancy Taxes	301,660	--	--	--
Intergovernmental	--	457,499	--	--
Charges for Services	--	--	--	25,870
Fines	--	--	--	--
Investment Earnings	829	--	--	543
Rents and Royalties	17,230	--	--	--
Miscellaneous	--	--	--	--
Total revenues	<u>319,719</u>	<u>457,499</u>	<u>1,064,557</u>	<u>26,413</u>
Expenditures:				
Current:				
General Government	--	--	--	4,091
Public Safety	--	495,878	--	--
Sanitation	--	39,294	--	--
Community Service	--	--	--	--
Recreation and Parks	--	41,791	--	--
Economic Development	251,704	--	1,064,557	--
Cemetery	--	--	--	--
Total Expenditures	<u>251,704</u>	<u>576,963</u>	<u>1,064,557</u>	<u>4,091</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>68,015</u>	<u>(119,464)</u>	<u>--</u>	<u>22,322</u>
Other Financing Sources (Uses):				
Transfers In	--	26,551	--	--
Transfers Out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>26,551</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	68,015	(92,913)	--	22,322
Fund Balances - Beginning	20,418	95,580	--	785
Fund Balances - Ending	<u>\$ 88,433</u>	<u>\$ 2,667</u>	<u>\$ --</u>	<u>\$ 23,107</u>

Municipal Court Security	Capehart Sewer Line Replacement	Golf Course Improvement	R.S.V.P.	Police Seizure
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	338,434	--	59,691	1,525
--	--	--	--	--
11,742	--	--	--	--
51	--	(1,426)	161	102
--	--	--	--	--
--	--	--	--	--
<u>11,793</u>	<u>338,434</u>	<u>(1,426)</u>	<u>59,852</u>	<u>1,627</u>
--	--	--	--	--
--	--	--	--	3,980
--	--	--	--	--
--	--	--	75,926	--
--	--	193,170	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>193,170</u>	<u>75,926</u>	<u>3,980</u>
<u>11,793</u>	<u>338,434</u>	<u>(194,596)</u>	<u>(16,074)</u>	<u>(2,353)</u>
--	67,703	133,192	16,074	--
--	(406,137)	--	--	--
<u>--</u>	<u>(338,434)</u>	<u>133,192</u>	<u>16,074</u>	<u>--</u>
11,793	--	(61,404)	--	(2,353)
(1,982)	--	(19,609)	1,000	7,088
<u>\$ 9,811</u>	<u>\$ --</u>	<u>\$ (81,013)</u>	<u>\$ 1,000</u>	<u>\$ 4,735</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, 2005

	Cemetery	Cemetery Permanent Care	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenue:			
Taxes:			
<i>General Sales Taxes</i>	\$ --	\$ --	\$ 1,064,557
<i>Motel Occupancy Taxes</i>	--	--	301,660
<i>Intergovernmental</i>	--	--	857,149
<i>Charges for Services</i>	--	--	25,870
<i>Fines</i>	--	--	11,742
<i>Investment Earnings</i>	--	9,674	9,934
<i>Rents and Royalties</i>	93,016	--	110,246
<i>Miscellaneous</i>	30	--	30
Total revenues	<u>93,046</u>	<u>9,674</u>	<u>2,381,188</u>
Expenditures:			
Current:			
<i>General Government</i>	--	--	4,091
<i>Public Safety</i>	--	--	499,858
<i>Sanitation</i>	--	--	39,294
<i>Community Service</i>	--	--	75,926
<i>Recreation and Parks</i>	--	--	234,961
<i>Economic Development</i>	--	--	1,316,261
<i>Cemetery</i>	167,995	--	167,995
Total Expenditures	<u>167,995</u>	<u>--</u>	<u>2,338,386</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(74,949)</u>	<u>9,674</u>	<u>42,802</u>
Other Financing Sources (Uses):			
<i>Transfers In</i>	99,801	--	343,321
<i>Transfers Out</i>	--	(9,674)	(415,811)
Total Other Financing Sources (Uses)	<u>99,801</u>	<u>(9,674)</u>	<u>(72,490)</u>
Net Change in Fund Balances	24,852	--	(29,688)
Fund Balances - Beginning	(110,757)	351,511	344,034
Fund Balances - Ending	<u>\$ (85,905)</u>	<u>\$ 351,511</u>	<u>\$ 314,346</u>

**CITY OF BIG SPRING**

HOTEL/MOTEL OCCUPANCY TAX FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

**EXHIBIT C-5**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>Motel Occupancy Taxes</i>	\$ 270,000	\$ 301,660	\$ 31,660
<i>Investment Earnings</i>	400	829	429
<i>Rents and Royalties</i>	14,800	17,230	2,430
Total revenues	<u>285,200</u>	<u>319,719</u>	<u>34,519</u>
Expenditures:			
<i>Economic Development</i>	251,079	251,704	(625)
Debt Service:			
Total Expenditures	<u>251,079</u>	<u>251,704</u>	<u>(625)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>34,121</u>	<u>68,015</u>	<u>33,894</u>
Net Change in Fund Balances	34,121	68,015	33,894
Fund Balances - Beginning	20,418	20,418	--
Fund Balances - Ending	<u>\$ 54,539</u>	<u>\$ 88,433</u>	<u>\$ 33,894</u>

**CITY OF BIG SPRING**  
*ECONOMIC DEVELOPMENT*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2005*

**EXHIBIT C-6**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>General Sales Taxes</i>	\$ 1,055,000	\$ 1,064,557	\$ 9,557
Total revenues	<u>1,055,000</u>	<u>1,064,557</u>	<u>9,557</u>
Expenditures:			
<i>Economic Development</i>	1,055,000	1,064,557	(9,557)
Debt Service:			
Total Expenditures	<u>1,055,000</u>	<u>1,064,557</u>	<u>(9,557)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	--	--	--
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, 2005

**EXHIBIT C-7**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Charges for Services	\$ 30,870	\$ 25,870	\$ (5,000)
Investment Earnings	400	543	143
Total revenues	<u>31,270</u>	<u>26,413</u>	<u>(4,857)</u>
Expenditures:			
Current:			
General Government	2,000	4,091	(2,091)
Debt Service:			
Total Expenditures	<u>2,000</u>	<u>4,091</u>	<u>(2,091)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>29,270</u>	<u>22,322</u>	<u>(6,948)</u>
Net Change in Fund Balances	29,270	22,322	(6,948)
Fund Balances - Beginning	785	785	--
Fund Balances - Ending	<u>\$ 30,055</u>	<u>\$ 23,107</u>	<u>\$ (6,948)</u>

**CITY OF BIG SPRING**

MUNICIPAL COURT SECURITY FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

**EXHIBIT C-8**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Fines</i>	\$ 7,000	\$ 11,742	\$ 4,742
<i>Investment Earnings</i>	--	51	51
Total revenues	<u>7,000</u>	<u>11,793</u>	<u>4,793</u>
Expenditures:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,000</u>	<u>11,793</u>	<u>4,793</u>
Net Change in Fund Balances	7,000	11,793	4,793
Fund Balances - Beginning	(1,982)	(1,982)	--
Fund Balances - Ending	<u>\$ 5,018</u>	<u>\$ 9,811</u>	<u>\$ 4,793</u>

**CITY OF BIG SPRING**

CAPEHART SEWER LINE REPLACEMENT  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

**EXHIBIT C-9**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Intergovernmental</i>	\$ 350,000	\$ 338,434	\$ (11,566)
Total revenues	<u>350,000</u>	<u>338,434</u>	<u>(11,566)</u>
Expenditures:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>350,000</u>	<u>338,434</u>	<u>(11,566)</u>
Other Financing Sources (Uses):			
<i>Transfers In</i>	70,000	67,703	(2,297)
<i>Transfers Out</i>	(406,137)	(406,137)	--
Total Other Financing Sources (Uses)	<u>(336,137)</u>	<u>(338,434)</u>	<u>2,297</u>
Net Change in Fund Balances	13,863	--	(13,863)
Fund Balances - Beginning	--	--	--
Fund Balances - Ending	<u>\$ 13,863</u>	<u>\$ --</u>	<u>\$ (13,863)</u>

**CITY OF BIG SPRING**

GOLF COURSE IMPROVEMENT  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

**EXHIBIT C-10**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Investment Earnings</i>	\$ (1,000)	\$ (1,426)	\$ (426)
Total revenues	<u>(1,000)</u>	<u>(1,426)</u>	<u>(426)</u>
Expenditures:			
Current:			
<i>Recreation and Parks</i>	199,938	193,170	6,768
Debt Service:			
Total Expenditures	<u>199,938</u>	<u>193,170</u>	<u>6,768</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(200,938)</u>	<u>(194,596)</u>	<u>6,342</u>
Other Financing Sources (Uses):			
<i>Transfers In</i>	<u>130,000</u>	<u>133,192</u>	<u>3,192</u>
Total Other Financing Sources (Uses)	<u>130,000</u>	<u>133,192</u>	<u>(3,192)</u>
Net Change in Fund Balances	(70,938)	(61,404)	9,534
Fund Balances - Beginning	(19,609)	(19,609)	--
Fund Balances - Ending	<u>\$ (90,547)</u>	<u>\$ (81,013)</u>	<u>\$ 9,534</u>

**CITY OF BIG SPRING**

*POLICE SEIZURE*

*SPECIAL REVENUE FUND*

*BUDGETARY COMPARISON SCHEDULE*

*FOR THE YEAR ENDED SEPTEMBER 30, 2005*

**EXHIBIT C-11**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Intergovernmental</i>	\$ --	\$ 1,525	\$ 1,525
<i>Investment Earnings</i>	75	102	27
Total revenues	<u>75</u>	<u>1,627</u>	<u>1,552</u>
Expenditures:			
Current:			
<i>Public Safety</i>	3,980	3,980	--
Debt Service:			
Total Expenditures	<u>3,980</u>	<u>3,980</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,905)</u>	<u>(2,353)</u>	<u>1,552</u>
Net Change in Fund Balances	(3,905)	(2,353)	1,552
Fund Balances - Beginning	7,088	7,088	--
Fund Balances - Ending	<u>\$ 3,183</u>	<u>\$ 4,735</u>	<u>\$ 1,552</u>

**CITY OF BIG SPRING**

CEMETERY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT C-12

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Rents and Royalties</i>	\$ 81,800	\$ 93,016	\$ 11,216
<i>Miscellaneous</i>	30	30	--
Total revenues	<u>81,830</u>	<u>93,046</u>	<u>11,216</u>
Expenditures:			
<i>Cemetery</i>	171,195	167,995	3,200
Debt Service:			
Total Expenditures	<u>171,195</u>	<u>167,995</u>	<u>3,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(89,365)</u>	<u>(74,949)</u>	<u>14,416</u>
Other Financing Sources (Uses):			
<i>Transfers In</i>	94,626	99,801	5,175
Total Other Financing Sources (Uses)	<u>95,526</u>	<u>99,801</u>	<u>(4,275)</u>
Net Change in Fund Balances	6,161	24,852	18,691
Fund Balances - Beginning	(110,757)	(110,757)	--
Fund Balances - Ending	<u>\$ (104,596)</u>	<u>\$ (85,905)</u>	<u>\$ 18,691</u>

**CITY OF BIG SPRING**

CEMETERY PERMANENT CARE FUND  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

**EXHIBIT C-13**

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Investment Earnings</i>	\$ 9,000	\$ 9,674	\$ 674
Total revenues	<u>9,000</u>	<u>9,674</u>	<u>674</u>
Expenditures:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,000</u>	<u>9,674</u>	<u>674</u>
Other Financing Sources (Uses):			
<i>Transfers Out</i>	(9,674)	(9,674)	--
Total Other Financing Sources (Uses)	<u>(9,674)</u>	<u>(9,674)</u>	<u>--</u>
Net Change in Fund Balances	(674)	--	674
Fund Balances - Beginning	351,511	351,511	--
Fund Balances - Ending	<u>\$ 350,837</u>	<u>\$ 351,511</u>	<u>\$ 674</u>

**CITY OF BIG SPRING**

**EXHIBIT C-14**

2002 REFUNDING FUND  
 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
<i>General Property Taxes</i>	\$ 266,020	\$ 269,366	\$ 3,346
<i>Investment Earnings</i>	580	710	130
Total revenues	<u>266,600</u>	<u>270,076</u>	<u>3,476</u>
Expenditures:			
Debt Service:			
<i>Principal</i>	230,000	230,000	--
<i>Interest and Fiscal Charges</i>	35,945	35,945	--
<i>Fiscal Agent's Fees</i>	500	500	--
Total Expenditures	<u>266,445</u>	<u>266,445</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>155</u>	<u>3,631</u>	<u>3,476</u>
Net Change in Fund Balances	155	3,631	3,476
Fund Balances - Beginning	1,962	1,962	--
Fund Balances - Ending	<u>\$ 2,117</u>	<u>\$ 5,593</u>	<u>\$ 3,476</u>

**CITY OF BIG SPRING**

CAPITAL REPLACEMENT FUND

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT C-15

	Budget	Actual	Variance Positive (Negative)
Revenue:			
<i>Investment Earnings</i>	\$ 55,000	\$ 63,106	\$ 8,106
<i>Rents and Royalties</i>	11,000	13,052	2,052
Total revenues	<u>66,000</u>	<u>76,158</u>	<u>10,158</u>
Expenditures:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>66,000</u>	<u>76,158</u>	<u>10,158</u>
Other Financing Sources (Uses):			
<i>Transfers Out</i>	(122,500)	(90,126)	32,374
Total Other Financing Sources (Uses)	<u>(122,500)</u>	<u>(90,126)</u>	<u>(32,374)</u>
Net Change in Fund Balances	(56,500)	(13,968)	42,532
Fund Balances - Beginning	1,592,369	1,592,369	--
Fund Balances - Ending	<u>\$ 1,535,869</u>	<u>\$ 1,578,401</u>	<u>\$ 42,532</u>

**CITY OF BIG SPRING**

WATER AND SEWER FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT C-16

	Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>			
<i>Water Sales</i>	\$ 5,625,000	\$ 5,676,402	\$ (51,402)
<i>Sewer Charges</i>	2,050,000	2,072,915	(22,915)
<i>Other Services</i>	261,555	282,455	(20,900)
Total Operating Revenues	<u>7,936,555</u>	<u>8,031,772</u>	<u>(95,217)</u>
<b>OPERATING EXPENSES:</b>			
<i>Personnel Services</i>	2,171,366	2,063,196	108,170
<i>Supplies and Materials</i>	2,879,947	2,946,889	(66,942)
<i>Contractual Services</i>	707,317	743,200	(35,883)
<i>Maintenance</i>	741,495	779,600	(38,105)
<i>Depreciation</i>	1,220,000	1,219,481	519
<i>Other</i>	463,283	493,552	(30,269)
Total Operating Expenses	<u>8,183,408</u>	<u>8,245,918</u>	<u>(62,510)</u>
Operating Income	<u>(246,853)</u>	<u>(214,146)</u>	<u>(32,707)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest Revenue</i>	21,850	22,167	(317)
<i>Interest Expense and Paying Agent Fees</i>	(169,660)	(221,932)	52,272
Total Non-operating Revenues (Expenses)	<u>(147,810)</u>	<u>(199,765)</u>	<u>51,955</u>
Income Before Transfers	<u>(394,663)</u>	<u>(413,911)</u>	<u>19,248</u>
<i>Transfers In</i>	460,413	406,137	54,276
<i>Transfers Out</i>	(752,687)	(70,390)	(682,297)
Change in Net Assets	<u>(686,937)</u>	<u>(78,164)</u>	<u>(608,773)</u>
Total Net Assets - Beginning	6,394,336	11,186,043	(4,791,707)
Total Net Assets - Ending	<u>\$ 5,707,399</u>	<u>\$ 11,107,879</u>	<u>\$ (5,400,480)</u>

**CITY OF BIG SPRING**

AIRPORT/INDUSTRIAL PARK

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT C-17

	Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>			
<i>Commercial Rentals and Fees</i>	\$ 634,000	\$ 604,809	\$ 29,191
<i>Other Services</i>	33,050	2,101	30,949
<b>Total Operating Revenues</b>	<u>667,050</u>	<u>606,910</u>	<u>60,140</u>
<b>OPERATING EXPENSES:</b>			
<i>Personnel Services</i>	300,081	298,649	1,432
<i>Supplies and Materials</i>	44,050	43,162	888
<i>Contractual Services</i>	147,941	141,971	5,970
<i>Maintenance</i>	171,850	160,333	11,517
<i>Depreciation</i>	1,144,000	1,143,017	983
<i>Other</i>	96,609	104,010	(7,401)
<b>Total Operating Expenses</b>	<u>1,904,531</u>	<u>1,891,142</u>	<u>13,389</u>
<b>Operating Income</b>	<u>(1,237,481)</u>	<u>(1,284,232)</u>	<u>46,751</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest Revenue</i>	46,000	49,128	(3,128)
<i>Interest Expense and Paying Agent Fees</i>	(8,533)	(589)	(7,944)
<b>Total Non-operating Revenues (Expenses)</b>	<u>37,467</u>	<u>48,539</u>	<u>(11,072)</u>
<b>Income Before Transfers</b>	<u>(1,200,014)</u>	<u>(1,235,693)</u>	<u>35,679</u>
<b>Change in Net Assets</b>	<u>(1,200,014)</u>	<u>(1,235,693)</u>	<u>35,679</u>
<b>Total Net Assets - Beginning</b>	24,913,942	24,913,942	--
<b>Total Net Assets - Ending</b>	<u>\$ 23,713,928</u>	<u>\$ 23,678,249</u>	<u>\$ 35,679</u>

**CITY OF BIG SPRING**

EMERGENCY MEDICAL SERVICES FUND  
 ENTERPRISE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT C-18

	Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>			
<i>Emergency Medical Services</i>	\$ 1,079,500	\$ 1,182,332	\$ (102,832)
<i>Other Services</i>	60,555	66	60,489
<b>Total Operating Revenues</b>	<u>1,140,055</u>	<u>1,182,398</u>	<u>(42,343)</u>
<b>OPERATING EXPENSES:</b>			
<i>Personnel Services</i>	967,719	971,349	(3,630)
<i>Supplies and Materials</i>	101,900	95,982	5,918
<i>Contractual Services</i>	74,046	70,667	3,379
<i>Maintenance</i>	45,395	46,062	(667)
<i>Depreciation</i>	87,000	86,084	916
<i>Other</i>	295,513	308,324	(12,811)
<b>Total Operating Expenses</b>	<u>1,571,573</u>	<u>1,578,468</u>	<u>(6,895)</u>
<b>Operating Income</b>	<u>(431,518)</u>	<u>(396,070)</u>	<u>(35,448)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Intergovernmental Revenue</i>	130,000	130,000	--
<i>Interest Revenue</i>	--	6,926	(6,926)
<i>Interest Expense and Paying Agent Fees</i>	(100,221)	(6,089)	(94,132)
<b>Total Non-operating Revenues (Expenses)</b>	<u>29,779</u>	<u>130,837</u>	<u>(101,058)</u>
<b>Income Before Transfers</b>	<u>(401,739)</u>	<u>(265,233)</u>	<u>(136,506)</u>
<i>Transfers In</i>	250,000	250,000	--
<b>Change in Net Assets</b>	<u>(151,739)</u>	<u>(15,233)</u>	<u>(136,506)</u>
<b>Total Net Assets - Beginning</b>	258,493	258,493	--
<b>Total Net Assets - Ending</b>	<u>\$ 106,754</u>	<u>\$ 243,260</u>	<u>\$ (136,506)</u>

**CITY OF BIG SPRING**

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2005

	Garage	Health Insurance	Occupational Accident Insurance	Total Internal Service Funds (See Exhibit A-7)
<b>ASSETS:</b>				
Current Assets:				
<i>Cash and Cash Equivalents</i>	\$ 50,676	\$ 635,582	\$ 93,083	\$ 779,341
<i>Receivables (net of allowances for uncollectibles)</i>	91	--	--	91
<i>Due from Other Funds</i>	--	100,000	--	100,000
<i>Inventories</i>	84,607	--	--	84,607
Total Current Assets	<u>135,374</u>	<u>735,582</u>	<u>93,083</u>	<u>964,039</u>
Noncurrent Assets:				
Capital Assets (net of accumulated depreciation):				
<i>Land</i>	10,000	--	--	10,000
<i>Machinery and Equipment</i>	23,606	--	--	23,606
Total Noncurrent Assets	<u>33,606</u>	<u>--</u>	<u>--</u>	<u>33,606</u>
Total Assets	<u>\$ 168,980</u>	<u>\$ 735,582</u>	<u>\$ 93,083</u>	<u>\$ 997,645</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
<i>Accounts Payable</i>	\$ 76,189	\$ --	\$ 26,850	\$ 103,039
<i>Claims and Judgments Payable</i>	--	44,746	139,229	183,975
<i>Contracts Payable/Accrued Liabilities</i>	31,241	--	--	31,241
<i>Due to Other Funds</i>	--	--	100,000	100,000
<i>Capital Leases Payable</i>	1,254	--	--	1,254
Total Current Liabilities	<u>108,684</u>	<u>44,746</u>	<u>266,079</u>	<u>419,509</u>
Total Liabilities	<u>108,684</u>	<u>44,746</u>	<u>266,079</u>	<u>419,509</u>
<b>NET ASSETS:</b>				
<i>Investment in Capital Assets, Net of Related Debt</i>	32,352	--	--	32,352
<i>Unrestricted Net Assets</i>	27,944	690,836	(172,996)	545,784
Total Net Assets	<u>\$ 60,296</u>	<u>\$ 690,836</u>	<u>\$ (172,996)</u>	<u>\$ 578,136</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, 2005

	Garage	Health Insurance	Occupational Accident Insurance	Total Internal Service Funds (See Exhibit A-8)
<b>OPERATING REVENUES:</b>				
<i>Billings to Departments and Employees</i>	\$ 1,375,896	\$ 1,489,072	\$ 299,000	\$ 3,163,968
<b>Total Operating Revenues</b>	<u>1,375,896</u>	<u>1,489,072</u>	<u>299,000</u>	<u>3,163,968</u>
<b>OPERATING EXPENSES:</b>				
<i>Personnel Services</i>	314,579	--	--	314,579
<i>Supplies and Materials</i>	824,246	--	--	824,246
<i>Contractual Services</i>	19,519	712,817	227,309	959,645
<i>Maintenance</i>	16,261	--	--	16,261
<i>Depreciation</i>	6,755	--	--	6,755
<i>Other</i>	--	282,757	41,313	324,070
<b>Total Operating Expenses</b>	<u>1,181,360</u>	<u>995,574</u>	<u>268,622</u>	<u>2,445,556</u>
<b>Operating Income</b>	<u>194,536</u>	<u>493,498</u>	<u>30,378</u>	<u>718,412</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
<i>Interest Revenue</i>	--	10,936	2,510	13,446
<i>Interest Expense and Paying Agent Fees</i>	(173)	--	--	(173)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(173)</u>	<u>10,936</u>	<u>2,510</u>	<u>13,273</u>
<b>Income Before Transfers</b>	<u>194,363</u>	<u>504,434</u>	<u>32,888</u>	<u>731,685</u>
<b>Change in Net Assets</b>	<u>194,363</u>	<u>504,434</u>	<u>32,888</u>	<u>731,685</u>
<b>Total Net Assets - Beginning</b>	(134,067)	186,402	(205,884)	(153,549)
<b>Total Net Assets - Ending</b>	<u>\$ 60,296</u>	<u>\$ 690,836</u>	<u>\$ (172,996)</u>	<u>\$ 578,136</u>

**CITY OF BIG SPRING**

COMBINING STATEMENT OF CASH FLOWS  
 ALL INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Garage	Health Insurance	Occupational Accident Insurance	Total Internal Service Funds (See Exhibit A-9)
<b>Cash Flows from Operating Activities:</b>				
<i>Cash Receipts from Interfund Services Provided</i>	\$ 1,375,805	\$ 1,492,797	\$ 299,000	\$ 3,167,602
<i>Cash Payments to Employees</i>	(314,580)	--	--	(314,580)
<i>Cash Payments to Suppliers for Goods and Services</i>	(994,369)	(998,031)	(293,688)	(2,286,088)
Net Cash Provided (Used) by Operating Activities	<u>66,856</u>	<u>494,766</u>	<u>5,312</u>	<u>566,934</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
<i>Principal and Interest Paid</i>	(5,051)	--	--	(5,051)
<i>Acquisition or Construction of Capital Assets</i>	(19,230)	--	--	(19,230)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(24,281)</u>	<u>--</u>	<u>--</u>	<u>(24,281)</u>
<b>Cash Flows from Investing Activities:</b>				
<i>Interest and Dividends on Investments</i>	--	10,936	2,510	13,446
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>10,936</u>	<u>2,510</u>	<u>13,446</u>
Net Increase (Decrease) in Cash and Cash Equivalents	42,575	505,702	7,822	556,099
Cash and Cash Equivalents at Beginning of Year	8,101	129,880	85,261	223,242
Cash and Cash Equivalents at End of Year	<u>\$ 50,676</u>	<u>\$ 635,582</u>	<u>\$ 93,083</u>	<u>\$ 779,341</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ 194,536	\$ 493,498	\$ 30,378	\$ 718,412
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
<i>Depreciation</i>	6,755	--	--	6,755
Change in Assets and Liabilities:				
<i>Decrease (Increase) in Receivables</i>	(91)	3,725	--	3,634
<i>Decrease (Increase) in Inventories</i>	(9,128)	--	--	(9,128)
<i>Decrease (Increase) in Prepaid Expenses</i>	388	--	--	388
<i>Increase (Decrease) in Accounts Payable</i>	25,458	(2,457)	--	23,001
<i>Increase (Decrease) in Interfund Payables</i>	(150,000)	--	--	(150,000)
<i>Increase (Decrease) in Accrued Expenses</i>	(1,062)	--	(25,066)	(26,128)
Total Adjustments	<u>(127,680)</u>	<u>1,268</u>	<u>(25,066)</u>	<u>(151,478)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 66,856</u>	<u>\$ 494,766</u>	<u>\$ 5,312</u>	<u>\$ 566,934</u>

**CITY OF BIG SPRING**

GARAGE FUND

INTERNAL SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

**EXHIBIT C-22**

	Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>			
<i>Billings to Departments and Employees</i>	\$ 1,339,470	\$ 1,375,896	\$ (36,426)
Total Operating Revenues	<u>1,336,970</u>	<u>1,375,896</u>	<u>(38,926)</u>
<b>OPERATING EXPENSES:</b>			
<i>Personnel Services</i>	314,046	314,579	(533)
<i>Supplies and Materials</i>	769,250	824,246	(54,996)
<i>Contractual Services</i>	21,984	19,519	2,465
<i>Maintenance</i>	14,080	16,261	(2,181)
<i>Depreciation</i>	7,000	6,755	245
Total Operating Expenses	<u>1,126,360</u>	<u>1,181,360</u>	<u>(55,000)</u>
Operating Income	<u>210,610</u>	<u>194,536</u>	<u>16,074</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest Expense and Paying Agent Fees</i>	(5,052)	(173)	(4,879)
Total Non-operating Revenues (Expenses)	<u>(5,052)</u>	<u>(173)</u>	<u>(4,879)</u>
Income Before Transfers	205,558	194,363	11,195
Change in Net Assets	<u>205,558</u>	<u>194,363</u>	<u>11,195</u>
Total Net Assets - Beginning	(134,067)	(134,067)	--
Total Net Assets - Ending	<u>\$ 71,491</u>	<u>\$ 60,296</u>	<u>\$ 11,195</u>

**CITY OF BIG SPRING**

HEALTH INSURANCE FUND

INTERNAL SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2005

EXHIBIT C-23

	Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>			
<i>Billings to Departments and Employees</i>	\$ 1,492,632	\$ 1,489,072	\$ 3,560
Total Operating Revenues	<u>1,492,632</u>	<u>1,489,072</u>	<u>3,560</u>
<b>OPERATING EXPENSES:</b>			
<i>Contractual Services</i>	905,010	712,817	192,193
<i>Other</i>	283,467	282,757	710
Total Operating Expenses	<u>1,188,477</u>	<u>995,574</u>	<u>192,903</u>
Operating Income	<u>304,155</u>	<u>493,498</u>	<u>(189,343)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest Revenue</i>	7,500	10,936	(3,436)
Total Non-operating Revenues (Expenses)	<u>7,500</u>	<u>10,936</u>	<u>(3,436)</u>
Income Before Transfers	<u>311,655</u>	<u>504,434</u>	<u>(192,779)</u>
Change in Net Assets	<u>311,655</u>	<u>504,434</u>	<u>(192,779)</u>
Total Net Assets - Beginning	186,402	186,402	--
Total Net Assets - Ending	<u>\$ 498,057</u>	<u>\$ 690,836</u>	<u>\$ (192,779)</u>

**CITY OF BIG SPRING**

OCCUPATIONAL ACCIDENT INSURANCE FUND  
INTERNAL SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

**EXHIBIT C-24**

	Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>			
<i>Billings to Departments and Employees</i>	\$ 299,000	\$ 299,000	\$ --
Total Operating Revenues	<u>299,000</u>	<u>299,000</u>	<u>--</u>
<b>OPERATING EXPENSES:</b>			
<i>Contractual Services</i>	293,000	227,309	65,691
<i>Other</i>	41,313	41,313	--
Total Operating Expenses	<u>334,313</u>	<u>268,622</u>	<u>65,691</u>
Operating Income	<u>(35,313)</u>	<u>30,378</u>	<u>(65,691)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
<i>Interest Revenue</i>	--	2,510	(2,510)
Total Non-operating Revenues (Expenses)	<u>--</u>	<u>2,510</u>	<u>(2,510)</u>
Income Before Transfers	<u>(35,313)</u>	<u>32,888</u>	<u>(68,201)</u>
Change in Net Assets	<u>(35,313)</u>	<u>32,888</u>	<u>(68,201)</u>
Total Net Assets - Beginning	(205,884)	(205,884)	--
Total Net Assets - Ending	<u>\$ (241,197)</u>	<u>\$ (172,996)</u>	<u>\$ (68,201)</u>

### *Other Supplementary Information*

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

**WEST, DAVIS & COMPANY, LLP**  
11615 Angus Road, Suite 219  
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 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, 2005, which collectively comprise the City of Big Spring's basic financial statements and have issued our report thereon dated June 13, 2006. 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 or other matters 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, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
West, Davis & Company, LLP  
June 13, 2006

**WEST, DAVIS & COMPANY, LLP**  
11615 Angus Road, Suite 219  
Austin, Texas 78759

**Independent Auditors' Report**

Report on Compliance with Requirements Applicable  
To each Major Program and Internal Control over Compliance  
In Accordance With OMB Circular A-133

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

Members of the City Council:

Compliance

We have audited the compliance of City of Big Spring with the types of compliance requirements described in the U. S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133 COMPLIANCE SUPPLEMENT that are applicable to its major federal program for the year ended September 30, 2005. City of Big Spring's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of City of Big Spring's management. Our responsibility is to express an opinion on City of Big Spring's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Big Spring's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Big Spring's compliance with those requirements.

In our opinion, City of Big Spring complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2005.

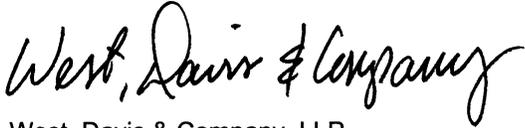
Internal Control Over Compliance

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

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program 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 compliance and its operation that we considered to be material weaknesses.

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

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP  
June 13, 2006

**CITY OF BIG SPRING**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2005*

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Reportable condition(s) identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

Reportable condition(s) identified that are not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.004	State Homeland Security Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes        No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**CITY OF BIG SPRING**

*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

**EXHIBIT D-1**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed Through Texas Department of Transportation: STEP Wave Grant *	20.600	585xxF6065	\$ 5,612
Total U. S. Department of Transportation			<u>5,612</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	262
Total U. S. Department of Justice			<u>262</u>
<b><u>U. S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>			
Passed Through Texas Department of Housing and Community Affairs: CDBG - Capehart Sewer Line Replacement Phase II 2003-04	14.228	724091	338,434
Total U. S. Department of Housing & Urban Development			<u>338,434</u>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>			
Passed Through Federal Emergency Management Agency:			
Assistance to Firefighters Grant FY 03	97.044	EMW-2003-FG-03338	1,860
Disaster Grants - Public Assistance	97.036	FEMA - 3216-DR -- Hurricane Katrina	61,659
Total Passed Through Federal Emergency Management Agency			<u>63,519</u>
Passed Through Texas Engineering Extension Service:			
Community Emergency Response Teams FY 04*	97.004	2004-GE-T4-0015	4,007
Domestic Preparedness Grant - SHSP Pre-2004*	97.004	Agreement No. 8236	9,774
FY2004 State Homeland Security Program*	97.004	2004-GE-T4-0015	261,611
2004 State Homeland Security LETPP*	97.004	2004-GE-T4-0015	38,903
Total Passed Through Texas Engineering Extension Service			<u>314,295</u>
Total Department of Homeland Security			<u>377,814</u>
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>			
Passed Through Federal Aid-Action:			
Retired and Senior Volunteer Program	94.002	04SRWTX001-01	30,491
Retired and Senior Volunteer Program	94.002	04SRWTX001-02	13,684
Total Passed Through Federal Aid-Action			<u>44,175</u>
Passed Through Texas Department of Aging:			
Retired and Senior Volunteer Program	94.002	04SRWTX007-02	--
Retired and Senior Volunteer Program	94.002	04SRWTX007	9,712
Total Passed Through Texas Department of Aging			<u>9,712</u>
Total Corporation for National and Community Service			<u>53,887</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>776,009</u></b>

\* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

**CITY OF BIG SPRING**

*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005*

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Big Spring and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

*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
2005	1,741,763	63,357,979	2,005,424	1,440,393	75,926	986,783	133,495

**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
	1,316,261	82,235	8,467,850	1,891,731	1,584,557	83,084,397

**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	
2005	68,415,028	232,439	3,001,978	4,258,228	--	1,386,769	

## 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
	301,660	2,172,243	247,938	1,257,385	81,273,668

**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>
1996	\$ 939,127	\$ 4,597,115	\$ 1,184,602	\$ 1,630,238	\$ 898,545	924,891
1998	1,360,243	5,034,062	1,235,987	1,337,614	870,070	889,635
1999	1,416,498	5,348,587	1,250,846	1,365,577	770,602	876,400
2000	1,232,005	5,232,253	1,225,033	1,727,057	640,057	846,727
2001	1,183,209	5,335,082	1,285,598	1,249,599	582,172	702,052
2002	1,199,474	5,994,151	1,619,531	1,721,177	994,005	670,611
2003	1,300,678	5,976,144	1,624,141	1,349,975	829,019	742,831
2004	1,321,499	5,918,715	1,498,337	1,490,687	720,135	765,451
2005	1,334,410	6,283,189	1,755,539	1,546,495	661,877	782,268
2005	1,559,264	6,426,736	1,664,960	1,777,449	814,226	906,732

(1) Includes General and Debt Service Funds.

**TABLE E-3**

	<u>Total</u>
\$	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
	13,149,367

**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>
1996	\$ 6,183,094	\$ 404,506	\$ 561,249	\$ 1,438,877
1998	6,395,572	235,069	594,103	1,534,365
1999	6,489,938	185,570	865,612	1,671,436
2000	6,743,919	264,396	993,184	1,703,069
2001	6,495,591	445,710	1,093,527	1,833,037
2002	6,878,025	363,499	1,133,286	1,847,377
2003	6,984,923	367,391	1,088,542	2,128,064
2004	6,832,628	342,585	1,381,312	2,092,518
2005	7,241,937	317,098	1,516,554	2,090,493
2005	7,631,887	192,618	1,518,844	2,381,586

(1) Includes General and Debt Service Funds.

TABLE E-4

	<u>Fines</u>	<u>Miscellaneous</u>	<u>Total</u>
\$	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
	429,337	943,801	13,098,073

**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>
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
2005	3,051,447	3,193,671	1,386,769	7,631,887

**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
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%
2005	3,005,417	2,815,327	93.7%	128,267	2,943,594	97.9%	565,792	18.8%

**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
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
2005	316,094,505	316,094,505	97,391,125	97,391,125

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

**TABLE E-7**

	Total		
Assessed Value		Estimated Actual Value	Ratio of Total Assessed Value To Total Estimated Actual Value
\$ 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%
413,485,630		413,485,630	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
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
2005	0.7163	1.5763	0.2760	0.5455	3.1141

**TAX LEVIES**

Fiscal Year	City	Big Spring Independent School District	Junior College	County	Total
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	2,961,798	9,686,453	3,149,671	6,334,564	22,132,486
2005	3,005,410	9,950,801	3,387,966	6,779,848	23,124,025

**CITY OF BIG SPRING**PRINCIPAL 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	\$ 24,615,190	6.0%
2	Scenic Mountain Medical Center	Hospital	10,003,246	2.4%
3	TXU Electric Delivery Co.	Electric Provider	9,067,820	2.2%
4	Southwestern Bell Telephone Co.	Telephone Utility	6,892,420	1.7%
5	Walmart Real Estate	Real Estate	6,370,000	1.5%
6	Walmart Stores Texas LP	Retail/Grocery	6,304,592	1.5%
7	Scenic Mountain Medical Center	Clinic	3,419,334	0.8%
8	TA Operating Corporation	Truck Stop	3,236,568	0.8%
9	Atmos Energy	Gas Utility	3,143,510	0.8%
10	Parker Hannifan Corp.	Hydraulics	2,426,890	0.6%
	Totals		<u>\$ 75,479,570</u>	<u>18.3%</u>

**CITY OF BIG SPRING**

COMPUTATION OF LEGAL DEBT MARGIN  
SEPTEMBER 30, 2004

**TABLE E-10**

Assessed valuations:	
Assessed Value	\$ 413,485,630
Add back: exempt real property	167,120,534
Total assessed value	<u>\$ 580,606,164</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	\$ 0.65067
Debt Service	<u>0.06563</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
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	0.89%	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	0.57%	97
2000	23,977	402,722,675	2,021,142	13	2,021,129	0.49%	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	0.40%	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
2005	25,233	413,485,630	895,000	5,593	889,407	0.22%	35

**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>
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%
2005	230,000	3,595	233,595	13,149,367	1.8%

(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**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of Big Spring	\$ 889,407	100.00%	\$ 889,407
Overlapping:			
Big Spring Independent School District	10,074,998	48.33%	4,869,247
Forsan Independent School District	2,846,590	0.62%	17,649
Howard County	1,165,000	36.07%	420,216
Total	<u>\$ 14,975,995</u>		<u>\$ 6,196,518</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
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%
2005	25,233	21,925	36.4	3,810	5.60%

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
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
2005	155,005,902	242,986,318	367,406,815	765,399,035

(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		
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
360	2,891,029	973	5,673,756		618,159,199