

CITY OF BIG SPRING, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2010

CAFR Prepared by the Finance Department

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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INTRODUCTORY SECTION



March 22, 2011

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, 2010.

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

Bolinger, Segars, Gilbert & Moss, L.L.P., Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Big Spring’s financial statements for the year ended September 30, 2010. 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, (the City) incorporated in 1907, is the county seat and principal city of Howard County. The City is located 39 miles northeast of Midland, Texas at the intersection of Interstate Highway 20 and U.S Highway 87. The City currently occupies a land area of 18.89 square miles and serves a population of 25,233. The City is empowered to levy a

property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the city council.

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

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

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

Economic Condition and Outlook

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

Volatility in the oil and gas markets, uncertainty in the nation's economy and lack of winter rains for the cotton crop generate both positive and negative impacts on the City's revenue streams for 2010-11. Capital expenses related to the 2007 and 2010 bonds will continue in the current fiscal year, increasing overall capital spending. The downtown street reconstruction project was completed in 2010.

Unemployment rates for the last ten years have varied from a low of 4.4% in 2008 to a high of 7.5% in 2009. Trends in unemployment rates are one indicator of economic strength and the City's rates for the past ten years are presented in Table E-15 in the statistical section.

Property tax revenue (using the modified accrual basis of accounting) has risen by 79.6% in the last five years, from \$3,051 in 2006 to \$5,482 in 2010. This increase resulted primarily from additional levies for new bonded debt (20.6661¢ per \$100 valuation) and the narcotics task force (7.9335¢ per \$100). Additionally, new construction and increases in appraised values added an additional 26.7% to total assessed values. Sales tax revenue has increased by 34.7% over the same five year period, indicating significant economic growth in the region. The City's hotel occupancy tax revenue has seen a major increase from 2006 to 2010, reflecting slightly more than a 65.5% increase. This growth can be explained primarily by the following factor: newly constructed and recently renovated hotels along the interstate. Other revenue sources and expense categories have risen proportionally to inflation or to compensate for new or increased levels of service that are provided to our citizens.

Long-term Financial Planning

Unreserved fund balance in the General Fund (42% of total General Fund expenditures) is higher than the policy guidelines set by the council for budgetary and planning purposes (5% as defined by the City's master plan, which was adopted in 1995). Due to diligence in budgeting and monitoring, this balance has increased significantly over the past ten years. In 1997, General Fund's unreserved, undesignated fund balance represented 1.4% of total expenditures.

Total long-term debt related to governmental activities which is not due for a year or more, comprised of bonds, equipment leases and debt related to an energy conservation project, amounts to \$19,879. In 2010, the City issued new governmental activity debt in the form of capital leases in the amount of \$1,006. Business-type activities saw long-term debt increase by \$89 in new capital leases.

Relevant Financial Policies

The City anticipates opening a new section of the current City/County landfill within the next few years, with an anticipated cost of approximately \$2 million. Additionally, the City has begun the planning process for the permitting and opening of a new landfill within the next ten to fifteen years. The cost associated with this process, as well as expenses associated with closure and post-closure of the current landfill, requires that the City begin accumulating funds to cover those expenses. To that end, revenues derived from recent fee increases in sanitation rates, gate fees and commercial tipping fees, as well as annual contributions from Howard County, are being placed in a cash/investment escrow account that the current council has designated for that purpose. At the end of 2010, the City has placed \$2,516 into the designated escrow account to cover this future liability.

The City of Big Spring has no material liability for other post-employment benefits. While retirees are allowed to remain on the City's health insurance plan, they are required to pay 100% of their premiums. Currently there are 14 retirees who have elected to participate in this benefit.

Internal Controls

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

Major Initiatives

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

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

The City of Big Spring swimming pool was closed in 2008 due to leaks, ADA compliance issues and the new requirements mandated by the new Virginia Graeme Baker Act. The cost to renovate the existing pool would be between \$2.0 and \$2.5 million. On March 8, 2010, the City Council approved issuance of certificates of obligation in the amount of \$4.2 million to build a new family aquatic center at the site of the old swimming pool. The new aquatic center will

include zero depth entry, interactive water play area, one slide, a lazy river, pavilions, sand play areas and concessions and is scheduled to open in the summer of 2011.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Big Spring for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2009. This was the thirteenth consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

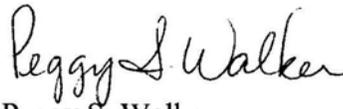
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Gary Fuqua
City Manager



Peggy S. Walker
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Big Spring
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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



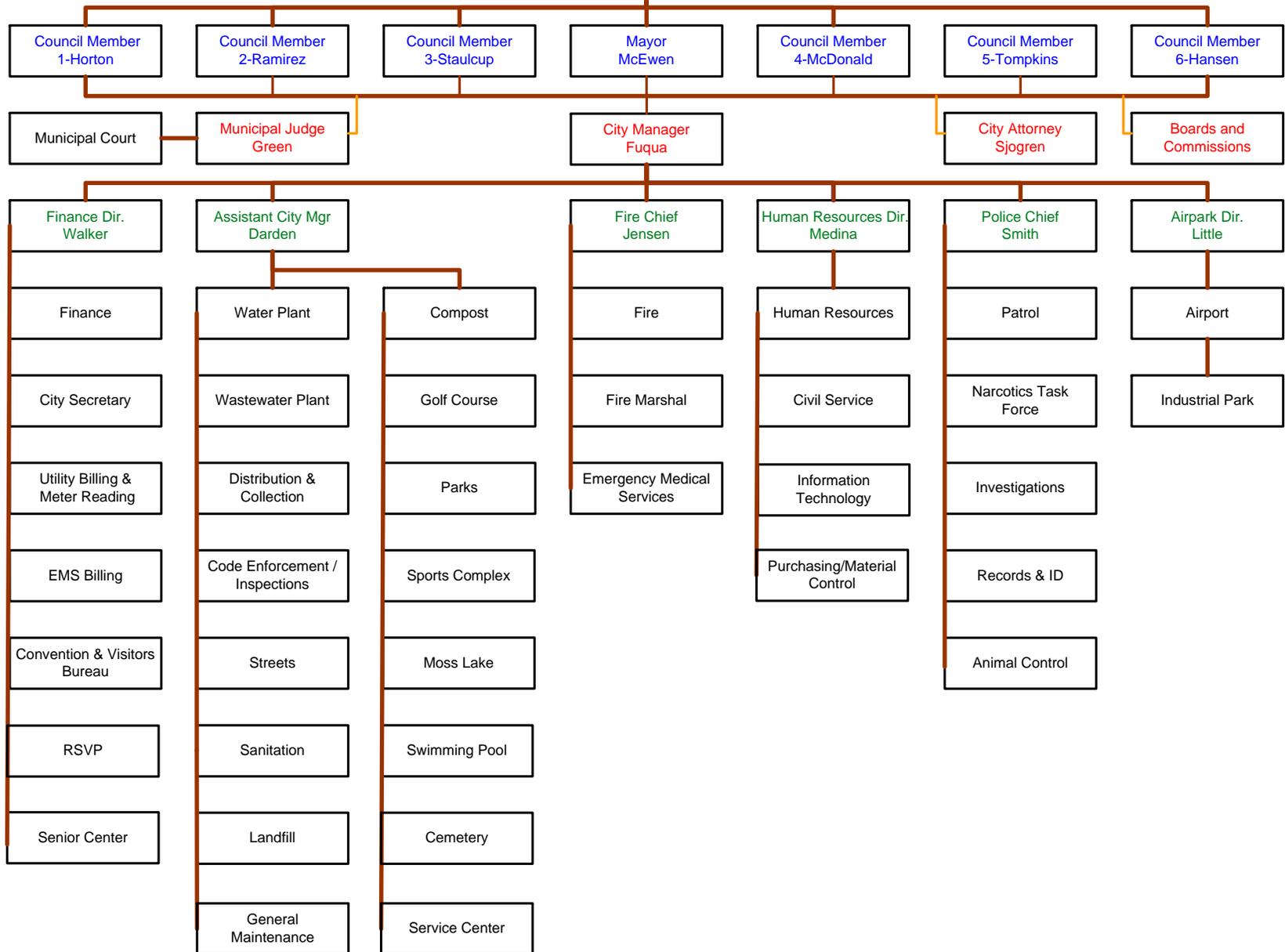
President

Executive Director



Big Spring, Texas

Citizens of Big Spring



**CITY OF BIG SPRING, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2010**

Elected Officials

Name	Office
Tommy Duncan	Mayor
Jo Ann Staulcup	Mayor Pro Tem - District 3 Council Member
Stephanie Horton	District 1 Council Member
Manuel Ramirez, Jr.	District 2 Council Member
Gloria McDonald	District 4 Council Member
Craig Olson	District 5 Council Member
Terry Hansen	District 6 Council Member

Appointed Officials

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

FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Big Spring, Texas. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Big Spring Economic Development Corporation (the Corporation), component unit of the City, which statements reflect total assets and program revenues of \$6,422,236 and \$33,274, respectively, and represent 100% of the aggregate discretely presented component unit's total assets and program revenues at September 30, 2010 and for the year then ended. The financial statements of the Corporation were audited by other accountants whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Corporation, is based solely on the report of the other accountants.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of September 30, 2010, 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 March 22, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

March 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Big Spring, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Big Spring, we offer readers of our City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2010. 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, 2010, by \$120,366 (net assets). Of this amount, \$9,342 (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 \$2,357. This decrease is the net result of four primary factors: capital assets decreased by \$292 as depreciation expense grew at a more rapid pace than capital replacement, restricted assets for debt service decreased by \$27, the amount restricted for landfill closure and postclosure increased by \$264 due to investment exceeding liability, and unrestricted net assets decreased by \$2,302.
- At September 30, 2010, the City's governmental funds reported combined ending fund balances of \$17,032, an increase of \$337 from the prior year. This increase is the net result of three primary factors: fund balance reserve for capital projects increased by \$2,904 as 2007 bond proceeds were expended, 2010 Water Park proceeds were received and \$1,700 in special revenue funds were dedicated to a capital project, unreserved fund balance for special revenue funds decreased by \$1,328 as \$1,700 was reclassified as reserved for a new law enforcement center, and unreserved balances decreased by \$1,294. There is \$7,314 available for spending at the government's discretion (unreserved, undesignated fund balance) in the major governmental funds and an additional \$876 in the nonmajor governmental funds.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$7,314, or 42% of total General Fund expenditures.
- Total liabilities for the primary government increased by \$3,611 during fiscal year 2009-10, as a result of three primary reasons. Current long-term debt increased by \$248, noncurrent long-term debt increased by \$2,845 due to the issuance of 2010 certificates of obligation and accrued compensated absences increased by \$241.
- Resources available for appropriation in 2009-10 were \$67 more than anticipated in the final revised budget for the General Fund, due primarily to increases in sales tax revenue of \$171 and \$49 in property taxes.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The City of Big Spring's assets exceeded liabilities by \$120,366 at September 30, 2010. The largest portion of the City's net assets (91%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment) less any related debt used to acquire these assets that is still outstanding. These assets are used to provide services to the citizens and are not available for future appropriation. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table I
City of Big Spring, Texas

NET ASSETS
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets:						
Cash and Cash Equivalents	\$ 15,149	\$ 16,371	\$ 2,402	\$ 2,149	\$ 17,551	\$ 18,520
Receivables	1,134	1,038	1,792	1,727	2,926	2,765
Internal Balances	3,530	1,866	(3,530)	(1,866)	0	0
Due from Other Governments	1,095	1,105	23	2	1,118	1,107
Capital Assets	93,351	89,191	40,039	42,173	133,390	131,364
Other Assets	218	163	355	385	573	548
Total Assets	<u>\$ 114,477</u>	<u>\$ 109,734</u>	<u>\$ 41,081</u>	<u>\$ 44,570</u>	<u>\$ 155,558</u>	<u>\$ 154,304</u>
Liabilities:						
Accounts Payable and Other Current Liabilities	\$ 2,540	\$ 2,185	\$ 1,030	\$ 1,037	\$ 3,570	\$ 3,222
Current Portion of Long-term Liabilities	1,520	1,237	904	864	2,424	2,101
Long-term Liabilities	23,742	20,031	5,455	6,226	29,197	26,257
Total Liabilities	<u>\$ 27,802</u>	<u>\$ 23,453</u>	<u>\$ 7,389</u>	<u>\$ 8,127</u>	<u>\$ 35,191</u>	<u>\$ 31,580</u>
Net Assets:						
Invested in Capital Assets, Net	\$ 75,820	\$ 74,732	\$ 34,188	\$ 35,568	\$ 110,008	\$ 110,300
Restricted	1,017	780			1,017	780
Unrestricted	9,838	10,769	(496)	875	9,342	11,644
Total Net Assets	<u>\$ 86,675</u>	<u>\$ 86,281</u>	<u>\$ 33,692</u>	<u>\$ 36,443</u>	<u>\$ 120,367</u>	<u>\$ 122,724</u>

An additional portion of the City's net assets (approximately one percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$9,342) 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 for the governmental activities and for one of two categories in the business-type activities, as well as for its separate governmental activities.

There was an overall decrease of \$292 in investment in capital assets (\$1,088 increase in governmental activities and \$1,380 decrease in business-type activities) as capital improvements related to the 2007 G.O. bonds were recorded as capital assets in the governmental funds and depreciation was recorded in the business-type activities. Unrestricted net assets of governmental activities decreased by \$931.

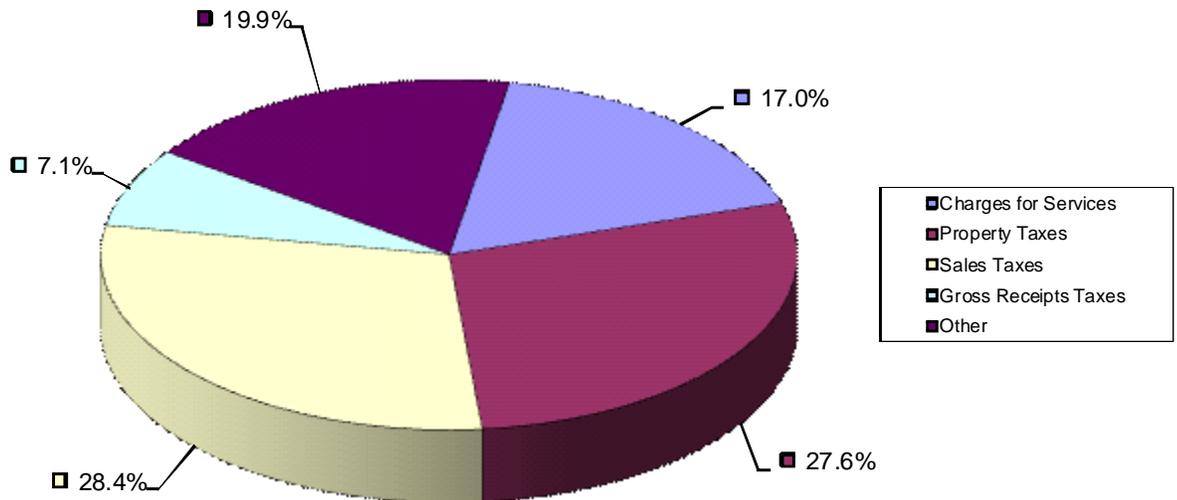
Governmental Activities. Governmental activities resulted in an increase of \$394 in the City's net assets. Key elements of this increase are as follows:

- Total revenues remained fairly static, with an overall increased of \$680 due to transfers in from Business-Type activities.
- Total expenditures were higher than the prior year by \$574 primarily due to increase in salaries and related expenses and an increase in depreciation expense on capital assets.

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

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,417	\$ 3,459	\$ 12,298	\$ 12,209	\$ 15,715	\$ 15,668
Operating Grants and Contributions	228	257	164	203	392	460
Capital Grants and Contributions	135	52		4,584	135	4,636
General Revenues						
Property Taxes	5,558	5,401			5,558	5,401
Sales Taxes	5,734	5,779			5,734	5,779
Gross Receipts Taxes	1,428	1,414			1,428	1,414
Grants and Contributions Not						
Restricted to Specific Programs	1,127	1,183			1,127	1,183
Unrestricted Investment Earnings	72	186	2	20	74	206
Miscellaneous	2,452	1,740	(662)	223	1,790	1,963
Total Revenues	<u>\$ 20,151</u>	<u>\$ 19,471</u>	<u>\$ 11,802</u>	<u>\$ 17,239</u>	<u>\$ 31,953</u>	<u>\$ 36,710</u>
Expenses:						
Water and Sewer	\$	\$	\$ 10,852	\$ 9,960	\$ 10,852	\$ 9,960
Airport/Industrial Park			1,517	1,536	1,517	1,536
Emergency Medical Services			2,184	1,992	2,184	1,992
General Government	2,037	1,824			2,037	1,824
Public Safety	8,959	8,224			8,959	8,224
Highways and Streets	2,005	2,142			2,005	2,142
Sanitation	1,843	2,260			1,843	2,260
Recreation and Parks	1,617	1,405			1,617	1,405
Economic Development	1,817	1,868			1,817	1,868
Other	1,479	1,460			1,479	1,460
Total Expenses	<u>\$ 19,757</u>	<u>\$ 19,183</u>	<u>\$ 14,553</u>	<u>\$ 13,488</u>	<u>\$ 34,310</u>	<u>\$ 32,671</u>
Increase in Net Assets	\$ 394	\$ 288	\$ (2,751)	\$ 3,751	\$ (2,357)	\$ 4,039
Net Assets-Beginning	86,281	85,993	36,443	32,693	122,724	118,685
Net Assets-Ending	<u>\$ 86,675</u>	<u>\$ 86,281</u>	<u>\$ 33,692</u>	<u>\$ 36,444</u>	<u>\$ 120,367</u>	<u>\$ 122,724</u>

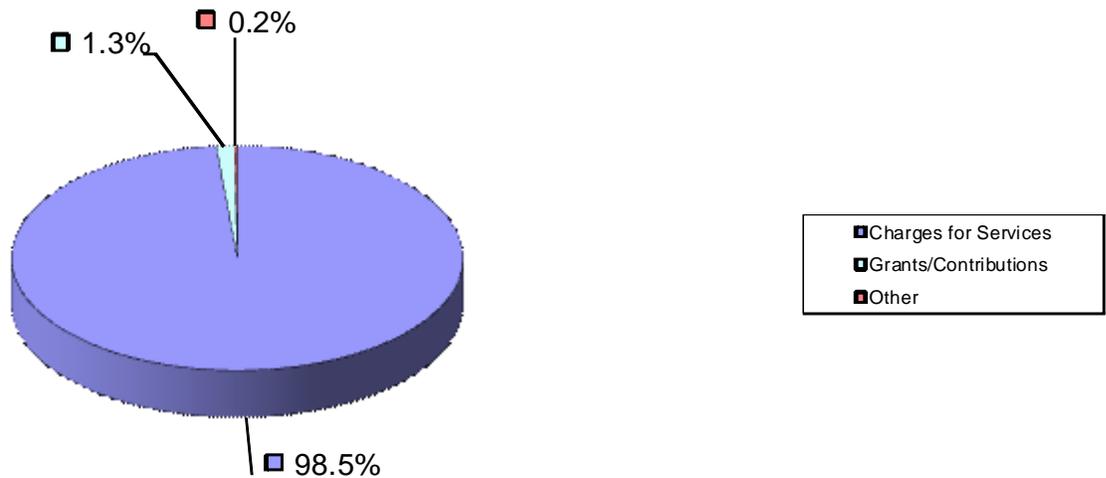
**Revenues by Source
Governmental Activities
Fiscal Year 2009-10**



Business-type Activities. Business-type activities decreased the City of Big Spring’s total net assets by \$2,751 in the current fiscal year. Key elements of this decrease are as follows.

- Capital grants and contributions reflect a decrease of \$4,584. The City received funding from TxDOT-Aviation Division for the reconstruction of McMahan-Wrinkle Airport’s primary runway was received in the prior year.
- The water and sewer fund saw expenses increase in almost every operating category for an overall increase of \$892 while the Airport/Industrial Park decreased expenses by \$19 and the EMS fund saw an increase in expenses of \$192.
- The key revenue source for business-type activities is the charge for service that is passed through to the users of the business. Charges for water and sewer service increased in the current fiscal year by \$109. Charges for services in the airpark fund increased by \$41 and decreased in the EMS fund by \$61 from the prior period.
- It appears, based on a reduction in net assets for two consecutive years, that the rates that have been established to cover the cost of operations for business-type activities do not fully recover operating and capital replacement costs. The City Council and management will need to review our current rate structure to determine if these charges need to be increased or if operational efficiencies can be achieved in order to reduce expenses.

**Revenues by Source
Business-type Activities
Fiscal Year 2009-10**



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 \$17,032, representing an increase of \$337 over the prior year's balance of \$16,695. Proceeds related to the 2010 certificate of obligation accounted for an increase of \$3,798 in fund balance reserved for capital projects while capital expenses associated with the 2007 general obligation bond projects resulted in a decrease of \$2,580. Unreserved, undesignated fund balance that is available for spending at the City's discretion amounts to \$10,951 (representing a decrease of \$2,531 under the prior year) or 64% of total fund balances. Unreserved, undesignated fund balance in the amount of \$1,703 was transferred to a capital projects fund and is now reserved for renovations to the police station.

The General Fund is the major operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance in the General Fund was \$7,314, while total fund balance reached \$7,323. However, it should be noted that \$2,516 of the unreserved, undesignated fund balance is in a restricted investment account that the current Council has set aside for future liabilities associated with the closure and post-closure of the City's landfill. This restriction of fund balance is based on a debt covenant with Texas Commission on Environmental Quality (TCEQ) as annually established through our financial assurance test. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total expenditures. Unreserved, undesignated fund balance represents slightly more than 42% of total General Fund expenditures.

Fund balance in the City's General Fund decreased by \$1,303 during fiscal year 2009-10. Key factors in this decline are as follows:

- Public safety expenditures increased by \$893 due to increases in normal operating activities (\$515) and replacement of capital equipment (\$378).
- Recreation expenses increased by \$499 due to the construction of a new pro shop at the Comanche Trail golf course.
- Increases in appraised property values, an unchanged ad valorem tax rate and new construction caused general property taxes to increase by \$180 while charges for services decreased by \$258.

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 (\$1,137), and those for the Airport/Industrial Park Fund amounted to \$1,216. These balances represented a decrease of \$1,074 in the Water and Sewer Fund and an increase of \$61 in the Airport/Industrial Park Fund. The decrease in the Water and Sewer Fund is a result of capital asset depreciation occurring at a faster pace than capital replacement. 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 \$545 increase in appropriations between the original and final amended budget. The following details the main components of the increase, which represents an increase of 3.3 percent over the original budget:

- Appropriations for public safety increased by \$186, due primarily to the replacement of an air conditioning unit and the purchase of new software systems and related hardware upgrades.
- Appropriations for the parks department increased by \$48 for additional salaries and benefits and the sports complex appropriations increased by \$110 for irrigation upgrades.
- Appropriations increased by \$387 for sanitation services due primarily to the purchase of an originally unbudgeted compactor for the landfill.
- Appropriations for highways and streets decreased by \$279 as the annual street seal coat project was postponed.

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, 2010, amounts to \$133,389 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, water and sewer lines, and drainage improvements. The total increase in the City's investment in capital assets for the current fiscal year was \$2,026.

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

- Equipment was purchased for General Fund in the amount of \$926, which included police sedans, crew pickups, a sanitation truck, fire engine, skid loader and mowing equipment.
- Renovations were made to major components at the wastewater treatment plant, for a total cost of \$148.
- Governmental funds construction in progress decreased by \$2,389 various bond projects were completed: \$326 was added for the water park.
- Depreciation is generally occurring at a faster rate than replacements or renovations in both governmental and business-type activities.
- Construction of a new pro shop was completed at a cost of \$476.

Table III
City of Big Spring, Texas

CAPITAL ASSETS AT SEPTEMBER 30, 2010
(Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 72,836	\$ 72,836	\$ 5,595	\$ 5,595	\$ 78,431	\$ 78,431
Infrastructure	125	150	0	0	125	150
Buildings and Systems	1,183	739	26,204	27,617	27,387	28,356
Improvements Other Than						
Buildings	7,004	1,606	1,330	1,507	8,334	3,113
Machinery and Equipment	3,123	2,392	945	1,047	4,068	3,439
Construction in Progress	9,080	11,468	5,965	6,407	15,045	17,875
	<u>\$ 93,351</u>	<u>\$ 89,191</u>	<u>\$ 40,039</u>	<u>\$ 42,173</u>	<u>\$ 133,390</u>	<u>\$ 131,364</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

In November of 2006, the citizens approved both bond propositions presented to them. In March of 2007, the City sold \$14,285 General Obligation Bonds and an additional \$1,100 Certificates of Obligation. All debt service on the above bonds and certificates are being paid from property tax revenue, with the exception of \$640 of Certificates of Obligation which is funded from increases in user fees in the utility system. In 2010, the City of Big Spring sold \$4,200 in Certificates of Obligation for the construction of a new family aquatic center. The debt service on this certificate of obligation is being paid from property tax.

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$20,320. The total outstanding debt is backed by the full faith and credit of the government, while a tax levy has been established for \$17,740 of the total and the remaining \$2,580 is business-type activity debt, supported by water and sewer system revenues.

The City of Big Spring's total bonded debt increased by \$3,190 during the current fiscal year. This increase is the result of issuing 2010 certificates of obligation for the water park in the amount of \$4,200 and payments of \$535. Debt which is serviced by tax revenues increased by \$3,665 and debt serviced by enterprise funds decreased by \$475.

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

Table IV
City of Big Spring, Texas

OUTSTANDING BONDED DEBT AT SEPTEMBER 30, 2010
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds Serviced by Tax Revenues	\$ 17,740	\$ 14,075	\$	\$	\$ 17,740	\$ 14,075
General Obligation Bonds Serviced by Enterprise Fund Revenues	<u> </u>	<u> </u>	<u>2,580</u>	<u>3,055</u>	<u>2,580</u>	<u>3,055</u>
	<u>\$ 17,740</u>	<u>\$ 14,075</u>	<u>\$ 2,580</u>	<u>\$ 3,055</u>	<u>\$ 20,320</u>	<u>\$ 17,130</u>

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when adopting the 2010 budget and setting tax rates. One of those factors is the economy. The City's population growth as measured by the 2000 Census indicated no significant gain in population. Unemployment during 2010 decreased slightly to 7.3% from the 2009 rate of 7.5% and per capita income rose by 4.2%, increasing from \$28,262 to \$29,430. Per capita income in the City of Big Spring is considerably lower than the national (\$39,138 in 2009) and state averages (\$36,484 in 2009).

The municipal pool was closed in 2008 due to ADA deficiencies, the Virginia Graeme Baker Act, leaks within the main structure and outdated plumbing and mechanical concerns. At the time of closing, the City Council began studying options and decided to construct a family aquatic center to replace the closed pool. The City issued \$4,200 in certificates of obligation in 2010 to construct the new aquatic facility.

These indicators were taken into account when adopting the General Fund budget for 2011. The City will use its revenues to finance programs at consistent levels. Increases in personnel costs and debt service requirements will increase budgeted expenditures.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF BIG SPRING, TEXAS

EXHIBIT A-1

STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 12,634,466	\$ 2,402,445	\$ 15,036,911	\$ 2,561,695
Receivables (Net of Allowances for Uncollectibles)	1,134,204	1,792,241	2,926,445	106,963
Internal Balances	3,530,250	(3,530,250)		
Due from Other Governments	1,095,226	22,660	1,117,886	
Notes Receivable				1,152,978
Inventories	109,903	299,495	409,398	
Deferred Charges	8,818	1,480	10,298	13,871
Unamortized Bond Issue Costs	97,223	54,571	151,794	
Other Assets				637,558
Restricted Assets:				
Cash and Cash Equivalents	2,515,741		2,515,741	1,769,407
Capital Assets (Net of Accumulated Depreciation):				
Land	72,835,990	5,595,149	78,431,139	25,000
Buildings and System	1,183,049	26,204,217	27,387,266	153,092
Improvements Other Than Buildings	7,004,054	1,330,522	8,334,576	
Machinery and Equipment	3,123,073	945,098	4,068,171	1,672
Infrastructure	124,774		124,774	
Construction in Progress	9,079,586	5,963,524	15,043,110	
Total Assets	<u>\$ 114,476,357</u>	<u>\$ 41,081,152</u>	<u>\$ 155,557,509</u>	<u>\$ 6,422,236</u>
LIABILITIES:				
Accounts Payable	\$ 1,305,258	\$ 590,565	\$ 1,895,823	\$ 37,040
Claims and Judgments Payable	341,570		341,570	
Accrued Interest Payable	160,690	13,807	174,497	
Retainage Payable	335,092		335,092	
Accrued Wages	296,453	106,490	402,943	
Unearned Revenue	89,698		89,698	
Customer Deposits	11,525	231,567	243,092	
Unclaimed Property		87,448	87,448	
Current Portion of Long-Term Debt	1,445,828	871,407	2,317,235	
Current Portion of Compensated Absences	74,000	33,200	107,200	
Noncurrent Liabilities				
Noncurrent Portion of Long-Term Debt	19,879,499	4,979,410	24,858,909	
Closure/Postclosure Landfill Obligation	2,086,603		2,086,603	
Accrued Compensated Absences	1,775,404	475,498	2,250,902	
Total Liabilities	<u>\$ 27,801,620</u>	<u>\$ 7,389,392</u>	<u>\$ 35,191,012</u>	<u>\$ 37,040</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 75,819,837	\$ 34,187,693	\$ 110,007,530	\$ 179,764
Restricted For:				
Grants				3,559,942
Debt Service	236,291		236,291	
Closure/Postclosure Landfill Obligation	429,138		429,138	
Non-expendable - Cemetery Perpetual Care	351,511		351,511	
Unrestricted	<u>9,837,960</u>	<u>(495,933)</u>	<u>9,342,027</u>	<u>2,645,490</u>
Total Net Assets	<u>\$ 86,674,737</u>	<u>\$ 33,691,760</u>	<u>\$ 120,366,497</u>	<u>\$ 6,385,196</u>

The accompanying notes are an integral part of this statement.

-23-
CITY OF BIG SPRING, TEXAS

EXHIBIT A-2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	\$ 2,036,771	\$ 223,348	\$	\$	\$ (1,813,423)	\$	\$ (1,813,423)	\$
Public Safety	8,959,484		6,662	135,368	(8,817,454)		(8,817,454)	
Highways and Streets	2,004,963				(2,004,963)		(2,004,963)	
Sanitation	1,843,457	2,735,430			891,973		891,973	
Community Service	518,615	50,740	219,933		(247,942)		(247,942)	
Recreation and Parks	1,616,841	407,605	1,378		(1,207,858)		(1,207,858)	
Cemetery	146,107				(146,107)		(146,107)	
Economic Development	1,816,715				(1,816,715)		(1,816,715)	
Interest on Long-Term Debt	814,498				(814,498)		(814,498)	
Total Governmental Activities	\$ 19,757,451	\$ 3,417,123	\$ 227,973	\$ 135,368	\$ (15,976,987)	\$ 0	\$ (15,976,987)	\$ 0
Business-Type Activities:								
Water and Sewer	\$ 10,851,962	\$ 9,702,905	\$	\$	\$	\$ (1,149,057)	\$ (1,149,057)	\$
Airport/Industrial Park	1,516,681	847,816	33,875			(634,990)	(634,990)	
Emergency Medical Services	2,183,830	1,747,596	130,000			(306,234)	(306,234)	
Total Business-Type Activities	\$ 14,552,473	\$ 12,298,317	\$ 163,875	\$ 0	\$ 0	\$ (2,090,281)	\$ (2,090,281)	\$ 0
Total Primary Government	\$ 34,309,924	\$ 15,715,440	\$ 391,848	\$ 135,368	\$ (15,976,987)	\$ (2,090,281)	\$ (18,067,268)	\$ 0
COMPONENT UNIT:								
Economic Development Corporation	\$ 1,491,461	\$ 14,274	\$ 19,000	\$ 0				\$ (1,458,187)
General Revenues:								
Property Taxes					\$ 5,558,497	\$	\$ 5,558,497	\$
Sales Taxes					5,734,386		5,734,386	1,421,577
Gross Receipts Taxes					1,428,017		1,428,017	
Motel Occupancy Taxes					499,279		499,279	
Grants and Contributions Not Restricted to Specific Programs					1,126,704		1,126,704	
Unrestricted Investment Earnings					71,567	1,646	73,213	61,716
Other					1,265,495	24,814	1,290,309	
Transfers					687,099	(687,099)		
Total General Revenue and Transfers					\$ 16,371,044	\$ (660,639)	\$ 15,710,405	\$ 1,483,293
Change in Net Assets					394,057	(2,750,920)	(2,356,863)	25,106
Net Assets - Beginning					86,280,680	36,442,680	122,723,360	6,360,090
Net Assets - Ending					\$ 86,674,737	\$ 33,691,760	\$ 120,366,497	\$ 6,385,196

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Special Revenue Correctional Center	Capital Projects 2007 G.O. Streets	Capital Projects Water Park	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS						
ASSETS:						
Cash and Cash Equivalents	\$ 1,504,635	\$ 2,123,065	\$ 371,427	\$ 4,094,418	\$ 2,715,431	\$ 10,808,976
Receivables (Net of Allowances for Uncollectibles)	963,221				170,983	1,134,204
Due from Other Funds	3,155,446	425,000			1,934,428	5,514,874
Intergovernmental Receivables	812,210				283,016	1,095,226
Prepaid Items	8,818					8,818
Advances to Other Funds					516,544	516,544
Restricted Assets:						
Cash and Cash Equivalents	<u>2,515,741</u>					<u>2,515,741</u>
Total Assets	<u>\$ 8,960,071</u>	<u>\$ 2,548,065</u>	<u>\$ 371,427</u>	<u>\$ 4,094,418</u>	<u>\$ 5,620,402</u>	<u>\$ 21,594,383</u>
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts Payable	\$ 707,535	\$	\$ 59,854	\$ 28,141	\$ 343,026	\$ 1,138,556
Retainage Payable	23,349		311,743			335,092
Accrued Wages	265,919				20,464	286,383
Due to Other Funds	458,797	1,707,096		268,000	38,261	2,472,154
Accrued Interest Payable					19,818	19,818
Deferred Revenue	153,345				117,745	271,090
Customer Deposits					11,525	11,525
Advances from Other Funds	<u>28,209</u>					<u>28,209</u>
Total Liabilities	<u>\$ 1,637,154</u>	<u>\$ 1,707,096</u>	<u>\$ 371,597</u>	<u>\$ 296,141</u>	<u>\$ 550,839</u>	<u>\$ 4,562,827</u>
FUND BALANCES:						
Reserved Fund Balances:						
Reserved for Debt Service	\$	\$	\$	\$	\$ 236,291	\$ 236,291
Reserved for Prepaid Items	8,818					8,818
Reserved for Cemetery Care (Non-expendable)					351,511	351,511
Reserved for Capital Projects				3,798,277	1,685,751	5,484,028
Unreserved	7,314,099					7,314,099
Unreserved, Reported in Nonmajor:						
Special Revenue Funds		840,969			876,291	1,717,260
Capital Project Funds			(170)		1,919,719	1,919,549
Total Fund Balances	<u>\$ 7,322,917</u>	<u>\$ 840,969</u>	<u>\$ (170)</u>	<u>\$ 3,798,277</u>	<u>\$ 5,069,563</u>	<u>\$ 17,031,556</u>
Total Liabilities and Fund Balances	<u>\$ 8,960,071</u>	<u>\$ 2,548,065</u>	<u>\$ 371,427</u>	<u>\$ 4,094,418</u>	<u>\$ 5,620,402</u>	<u>\$ 21,594,383</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Total Fund Balances - Governmental Funds Balance Sheet	\$ 17,031,556
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.	93,276,290
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	181,392
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,346,787
Payables for bond principal which are not due in the current period are not reported in the funds.	(17,740,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,880,857)
Payables for notes payable which are not due in the current period are not reported in the funds.	(1,635,954)
Payables for bond interest which are not due in the current period are not reported in the funds.	(140,872)
Bond issue costs are recorded as an asset in the SNA and amortized over the term of the bond issued in the statement of activities.	97,223
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,774,225)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(2,086,603)</u>
Net Assets of Governmental Activities - Statement of Net Assets	\$ <u><u>86,674,737</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General Fund	Special Revenue Correctional Center	Capital Projects 2007 G.O. Streets	Capital Projects Water Park	Other Governmental Funds	Total Governmental Funds
Revenue:						
Taxes:						
General Property Taxes	\$ 3,998,613	\$	\$	\$	\$ 1,542,746	\$ 5,541,359
General Sales Taxes	4,300,790				1,433,596	5,734,386
Gross Receipts Business Taxes	1,428,017					1,428,017
Motel Occupancy Taxes					499,279	499,279
License and Permits	213,509					213,509
Intergovernmental	1,045,561				446,446	1,492,007
Charges for Services	2,934,930				67,610	3,002,540
Fines	441,460				9,840	451,300
Recreation	407,605					407,605
Investment Earnings	14,006	4,109	2,467	3,639	47,346	71,567
Rents and Royalties	318,834				188,304	507,138
Miscellaneous	118,547					118,547
Contributions and Donations	52,473				4,226	56,699
Total Revenues	\$ 15,274,345	\$ 4,109	\$ 2,467	\$ 3,639	\$ 4,239,393	\$ 19,523,953
Expenditures:						
Current:						
General Government	\$ 1,855,820	\$	\$	\$	\$ 5,181	\$ 1,861,001
Public Safety	8,593,147	3,572			660,376	9,257,095
Highways and Streets	1,874,255		2,937,926		8,153	4,820,334
Sanitation	2,210,220					2,210,220
Community Service					528,189	528,189
Recreation and Parks	1,885,697			326,032	4,886	2,216,615
Economic Development	188				1,832,524	1,832,712
Cemetery					125,424	125,424
Debt Service:						
Principal	787,188				562,377	1,349,565
Interest and Fiscal Charges	136,486				612,767	749,253
Fiscal Agent's Fees					750	750
Total Expenditures	\$ 17,343,001	\$ 3,572	\$ 2,937,926	\$ 326,032	\$ 4,340,627	\$ 24,951,158
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,068,656)	\$ 537	\$ (2,935,459)	\$ (322,393)	\$ (101,234)	\$ (5,427,205)
Other Financing Sources (Uses):						
Transfers In	\$ 942,713	\$	\$ 363,205	\$	\$ 2,310,672	\$ 3,616,590
Transfers Out	(1,103,189)	(1,704,003)	(2,578)		(119,721)	(2,929,491)
Proceeds From Sale of Bonds				4,120,670		4,120,670
Capital Leases	926,169				29,780	955,949
Total Other Financing Sources (Uses)	\$ 765,693	\$ (1,704,003)	\$ 360,627	\$ 4,120,670	\$ 2,220,731	\$ 5,763,718
Net Change in Fund Balances	(1,302,963)	(1,703,466)	(2,574,832)	3,798,277	2,119,497	336,513
Fund Balances - Beginning	8,625,880	2,544,435	2,574,662	0	2,950,066	16,695,043
Fund Balances - Ending	\$ 7,322,917	\$ 840,969	\$ (170)	\$ 3,798,277	\$ 5,069,563	\$ 17,031,556

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ 336,513
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital assets are not reported as expenses in the SOA.	5,423,093
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,228,300)
The loss on disposition of capital assets is not reported in the funds.	(76,682)
Proceeds of from sale of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(4,120,670)
Proceeds of capital leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(955,949)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	17,138
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	38,907
Bond issue costs are recorded as expenditures in governmental funds but amortized over the term of the bonds issued in the SOA.	(3,559)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	535,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	699,281
Repayment of notes payable principal is an expenditure in the funds but is not an expense in the SOA.	115,284
Increase in accrued interest from beginning of period to end of period.	(64,495)
The net revenue of internal service funds is reported with governmental activities.	(164,507)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>(156,997)</u>
Change in Net Assets of Governmental Activities - Statement of Activities	<u>\$ 394,057</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-7

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Airport/Industrial Park	Emergency Medical Services		
ASSETS:					
Current Assets					
Cash and Cash Equivalents	\$ 1,144,615	\$ 1,255,446	\$ 2,384	\$ 2,402,445	\$ 1,825,490
Receivables (Net of Allowances for Uncollectibles)	1,096,805	67,181	628,255	1,792,241	
Intergovernmental Receivables		22,660		22,660	
Due from Other Funds	6	1	38	45	1
Inventories	268,893		30,602	299,495	109,903
Prepaid Items	1,480			1,480	
Unamortized Bond Issue Costs	54,571			54,571	
Total Current Assets	<u>\$ 2,566,370</u>	<u>\$ 1,345,288</u>	<u>\$ 661,279</u>	<u>\$ 4,572,937</u>	<u>\$ 1,935,394</u>
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 5,036	\$ 5,590,113	\$	\$ 5,595,149	\$ 10,000
Buildings and System	15,364,766	10,839,451		26,204,217	
Improvements Other Than Buildings	26,280	1,304,242		1,330,522	
Machinery and Equipment	486,883	148,382	309,833	945,098	64,236
Construction in Progress	43,358	5,920,166		5,963,524	
Total Noncurrent Assets	<u>\$ 15,926,323</u>	<u>\$ 23,802,354</u>	<u>\$ 309,833</u>	<u>\$ 40,038,510</u>	<u>\$ 74,236</u>
Total Assets	<u>\$ 18,492,693</u>	<u>\$ 25,147,642</u>	<u>\$ 971,112</u>	<u>\$ 44,611,447</u>	<u>\$ 2,009,630</u>
LIABILITIES:					
Current Liabilities					
Accounts Payable	\$ 534,685	\$ 32,785	\$ 23,095	\$ 590,565	\$ 192,034
Claims and Judgments Payable					341,570
Accrued Wages	69,311	8,627	28,552	106,490	10,070
Due to Other Funds	2,168,682		873,278	3,041,960	806
Customer Deposits	194,234	37,333		231,567	
Unclaimed Property	87,448			87,448	
Accrued Interest Payable	13,807			13,807	
Notes Payable - Current	200,330	4,132		204,462	1,097
Revenue Bonds Payable	495,000			495,000	
Capital Leases Payable	97,864	22,370	51,711	171,945	12,291
Total Current Liabilities	<u>\$ 3,861,361</u>	<u>\$ 105,247</u>	<u>\$ 976,636</u>	<u>\$ 4,943,244</u>	<u>\$ 557,868</u>
Noncurrent Liabilities					
Revenue Bonds Payable	\$ 2,085,000	\$	\$	\$ 2,085,000	\$
Notes Payable	2,528,145	52,147		2,580,292	13,845
Capital Leases Payable	204,762	43,205	66,151	314,118	41,282
Accrued Compensated Absences	253,996	50,313	204,389	508,698	49,848
Advances from Other Funds	381,229		107,106	488,335	
Total Noncurrent Liabilities	<u>\$ 5,453,132</u>	<u>\$ 145,665</u>	<u>\$ 377,646</u>	<u>\$ 5,976,443</u>	<u>\$ 104,975</u>
Total Liabilities	<u>\$ 9,314,493</u>	<u>\$ 250,912</u>	<u>\$ 1,354,282</u>	<u>\$ 10,919,687</u>	<u>\$ 662,843</u>
NET ASSETS:					
Investment in Capital Assets, Net of Related Debt Unrestricted	\$ 10,315,222 <u>(1,137,022)</u>	\$ 23,680,500 <u>1,216,230</u>	\$ 191,971 <u>(575,141)</u>	\$ 34,187,693 <u>(495,933)</u>	\$ 5,721 <u>1,341,066</u>
Total Net Assets	<u>\$ 9,178,200</u>	<u>\$ 24,896,730</u>	<u>\$ (383,170)</u>	<u>\$ 33,691,760</u>	<u>\$ 1,346,787</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services		
OPERATING REVENUES:					
Water Sales	\$ 6,524,857	\$	\$	\$ 6,524,857	\$
Sewer Charges	2,859,510			2,859,510	
Emergency Medical Services			1,747,596	1,747,596	
Commercial Rentals and Fees		847,816		847,816	
Billings to Departments and Employees					3,594,223
Other Services	318,538			318,538	
Total Operating Revenues	<u>\$ 9,702,905</u>	<u>\$ 847,816</u>	<u>\$ 1,747,596</u>	<u>\$ 12,298,317</u>	<u>\$ 3,594,223</u>
OPERATING EXPENSES:					
Personnel Services	\$ 2,675,301	\$ 358,028	\$ 1,217,263	\$ 4,250,592	\$ 403,395
Supplies and Materials	4,096,834	51,373	138,964	4,287,171	1,223,252
Contractual Services	1,206,808	140,065	73,653	1,420,526	1,638,268
Maintenance	993,664	131,000	45,896	1,170,560	19,806
Depreciation	1,506,711	824,845	85,795	2,417,351	14,040
Other	82,746	6,706	608,500	697,952	465,082
Total Operating Expenses	<u>\$ 10,562,064</u>	<u>\$ 1,512,017</u>	<u>\$ 2,170,071</u>	<u>\$ 14,244,152</u>	<u>\$ 3,763,843</u>
Operating Income (Loss)	<u>\$ (859,159)</u>	<u>\$ (664,201)</u>	<u>\$ (422,475)</u>	<u>\$ (1,945,835)</u>	<u>\$ (169,620)</u>
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Revenue	\$	\$ 33,875	\$ 130,000	\$ 163,875	\$
Interest Revenue		1,646		1,646	2,168
Other	5,308	(3,192)	8,701	10,817	
Gain on Sale of Capital Assets		4,724	9,273	13,997	5,000
Interest Expense and Paying Agent Fees	(289,898)	(4,664)	(13,759)	(308,321)	(2,055)
Total Non-Operating Revenues (Expenses)	<u>\$ (284,590)</u>	<u>\$ 32,389</u>	<u>\$ 134,215</u>	<u>\$ (117,986)</u>	<u>\$ 5,113</u>
Income (Loss) Before Transfers	(1,143,749)	(631,812)	(288,260)	(2,063,821)	(164,507)
Transfers In (Out)	<u>\$ (611,797)</u>	<u>\$ (100,397)</u>	<u>\$ 25,095</u>	<u>\$ (687,099)</u>	<u>\$</u>
Change in Net Assets	\$ (1,755,546)	\$ (732,209)	\$ (263,165)	\$ (2,750,920)	\$ (164,507)
Total Net Assets - Beginning	<u>10,933,746</u>	<u>25,628,939</u>	<u>(120,005)</u>	<u>36,442,680</u>	<u>1,511,294</u>
Total Net Assets - Ending	<u>\$ 9,178,200</u>	<u>\$ 24,896,730</u>	<u>\$ (383,170)</u>	<u>\$ 33,691,760</u>	<u>\$ 1,346,787</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-9

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Enterprise Funds			Totals	Internal Service Funds
	Water and Sewer Fund	Airport/Industrial Park	Emergency Medical Services		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 9,635,265	\$ 829,429	\$ 1,770,227	\$ 12,234,921	\$
Cash Receipts from Interfund Services Provided					3,126,616
Cash Payments to Employees for Services	(2,643,830)	(367,480)	(1,171,375)	(4,182,685)	(397,973)
Cash Payments to Other Suppliers for Goods and Services	(4,757,821)	(325,247)	(660,931)	(5,743,999)	(2,710,870)
Net Cash Provided by (Used in) Operating Activities	\$ 2,233,614	\$ 136,702	\$ (62,079)	\$ 2,308,237	\$ 17,773
Cash Flows from Non-Capital Financing Activities:					
Cash Received from Intergovernmental Grants	\$	\$ 33,875	\$ 130,000	\$ 163,875	\$
Advances (to) from Other Funds	(168,682)		(33,278)	(201,960)	
Transfers from (to) Other Funds	(611,797)	(100,397)	25,095	(687,099)	
Net Cash Provided by (Used In) Non-Capital Financing Activities	\$ (780,479)	\$ (66,522)	\$ 121,817	\$ (725,184)	\$ 0
Cash Flows from Capital and Related Financing Activities:					
Principal and Interest Paid	\$ (1,054,104)	\$ (29,679)	\$ (67,584)	\$ (1,151,367)	\$ (12,111)
Acquisition or Construction of Capital Assets	(187,029)	(6,995)	0	(194,024)	(5,000)
Proceeds from Sale of Capital Assets		4,724	9,273	13,997	5,000
Net Cash Used in Capital and Related Financing Activities	\$ (1,241,133)	\$ (31,950)	\$ (58,311)	\$ (1,331,394)	\$ (12,111)
Cash Flows from Investing Activities:					
Interest and Dividends on Investments	\$ 0	\$ 1,646	\$ 0	\$ 1,646	\$ 2,168
Net Cash Provided by Investing Activities	\$ 0	\$ 1,646	\$ 0	\$ 1,646	\$ 2,168
Increase in Cash and Cash Equivalents	\$ 212,002	\$ 39,876	\$ 1,427	\$ 253,305	\$ 7,830
Cash and Cash Equivalents - Beginning of Year	932,613	1,215,570	957	2,149,140	1,817,660
Cash and Cash Equivalents - End of Year	\$ 1,144,615	\$ 1,255,446	\$ 2,384	\$ 2,402,445	\$ 1,825,490
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ (859,159)	\$ (664,201)	\$ (422,475)	\$ (1,945,835)	\$ (169,620)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	1,506,711	824,845	85,795	2,417,351	14,040
Other	5,308	(3,192)	8,701	10,817	
Change in Assets and Liabilities:					
Decrease (Increase) in Receivables	(72,836)	(27,916)	13,968	(86,784)	
Decrease (Increase) in Interfund Receivable	44	(1)	(38)	5	3,471
Decrease (Increase) in Inventories	23,026		(4,071)	18,955	11,382
Decrease in Prepaid Expenses	10,155	915	958	12,028	
Increase (Decrease) in Accounts Payable	(65,322)	3,102	(2,397)	(64,617)	159,197
Increase (Decrease) in Interfund Payables	1,654,372	(120)	211,592	1,865,844	(6,119)
Increase in Customer Deposits	2,567	12,722		15,289	
Decrease in Deferred Revenue	(2,723)			(2,723)	
Increase (Decrease) in Accrued Expenses	31,471	(9,452)	45,888	67,907	5,422
Total Adjustments	\$ 3,092,773	\$ 800,903	\$ 360,396	\$ 4,254,072	\$ 187,393
Net Cash Provided by (Used in) Operating Activities	\$ 2,233,614	\$ 136,702	\$ (62,079)	\$ 2,308,237	\$ 17,773
Schedule of Noncash Capital and Related Financing Activities:					
Capital Assets Acquired Through Capital Lease Purchases	\$ 57,000	\$ 27,147	\$ 5,172	\$ 89,319	\$ 50,240

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

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

1. Reporting City

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

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

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

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

The City reports the following major governmental funds:

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

Correctional Center: This special revenue fund was used to account for an intergovernmental agreement with the Federal Bureau of Prisons. During the year ended September 30, 2010, the City Council approved transferring \$1,707,096 to the Law Enforcement Capital Projects Fund to be used for police station renovations.

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

Capital Projects Fund – Water Park: This fund accounts for financial resources and expenditures applied to the construction of a family aquatic center.

The City reports the following non-major funds:

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

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.

Emergency Medical Services Fund: This fund is used to account for ambulance emergency services for citizens of the City. Funding for these activities is provided by charges billed to customers receiving the above services and reimbursements from the County.

In addition, the City reports the following fund types:

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Revenues from local sources consist primarily of property

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

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

c. Inventories and Prepaid Items

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

d. Capital Assets

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

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

e. Receivable Balances

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

	Governmental Funds	Water and Sewer	Airport/ Industrial Park	Emergency Medical Services	Total
Receivables:					
Sanitation	\$ 358,089	\$	\$	\$	\$ 358,089
Taxes	474,254				474,254
Municipal Court	1,480,675				1,480,675
Accounts	416,788	1,149,103	87,775	2,123,061	3,776,727
Gross Receivables	\$ 2,729,806	\$ 1,149,103	\$ 87,775	\$ 2,123,061	\$ 6,089,745
Less: Allowance for Uncollectibles	(1,595,602)	(52,298)	(20,594)	(1,494,806)	(3,163,300)
Net Total Receivables	\$ 1,134,204	\$ 1,096,805	\$ 67,181	\$ 628,255	\$ 2,926,445

Intergovernmental receivables are classified separately in the accompanying financial statements.

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

f. Interfund Activity

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

g. Use of Estimates

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

CITY OF BIG SPRING, TEXAS

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B. Compliance and Accountability

Deficit Fund Balance or Fund Net Assets of Individual Funds

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Special Revenue R.S.V.P.	\$ 11,831	This fund incurred additional capital costs in the prior year that will be recaptured.
Employees College Education	\$ 2,085	This fund incurred additional capital costs in the prior year that will be recaptured.
Senior Center	\$ 37,538	This fund incurred additional costs that will be recaptured.
Proprietary Emergency Medical Services	\$ 383,170	This fund incurred additional costs that will be recaptured.

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, 2010, the carrying amount of the City's deposits was \$2,381,932 with \$296,876 in escrow for financing, \$24,000 in TML for loss deposit, and \$7,425 for cash on hand. The City's cash deposits at year end were \$2,053,631 with a bank balance of \$2,266,117. The City's cash deposits at September 30, 2010, and during the year then ended were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Investments:

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable

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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, 2010 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Fair Value</u>	<u>Percentage</u>
Tex-Pool Investment Pool	30 Days Average	AAAm	\$ 11,077,080	100%
TexStar	17 Days Average	AAAm	4,093,640	100%

3. Analysis of Specific Deposit and Investment Risks

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

- a. Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2010, the City's investments in TexStar and TexPool were both rated AAAm by Standard and Poor's.
- b. Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. The City's demand deposits at year end are entirely covered by FDIC insurance and pledged collateral held in the City's name by the City's agent.

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- c. Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Although the City's policy states that portfolio diversification is required, it does not specify diversification goals or limits. All of the City's investments were distributed between two local government investment pools at year end.
- d. Interest Rate Risk – As a means of minimizing risk of loss due to interest rate fluctuations, the City's investment policy requires that the portfolio remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. For short term liquidity requirements, the City utilizes two local government investment pools. TexPool is managed by Federated Investors for the State of Texas Comptroller of Public Accounts (TexPool). TexPool operates on a \$1 net asset value basis and allows same day or next day redemptions and deposits. As of September 30, 2010, TexPool's portfolio maintained a weighted average maturity of approximately 45 days. The other local government investment pool utilized by the City is Texas Short Term Asset Reserve Fund (TexStar). This pool is managed by JP Morgan Chase Bank and First Southwest Asset Management, Inc. As of September 30, 2010, TexStar's portfolio maintained a weighted average maturity of approximately 34 days.
- e. Foreign Currency Risk – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. While the City's policy does not address this risk, the City has no foreign currency risk as year end.

Investment Accounting Policy

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

Legal Investments – Under current Texas law and in accordance with City policy, the City is authorized to invest in (1) obligations of the United States or its instrumentalities, (2) direct obligations of the State of Texas or its agencies, (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States or its instrumentalities, (4) certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for City deposits, (5) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through primary government securities dealer or a bank domiciled in the State of Texas, (6) commercial paper that is rated at least A-1 or P-1 or

CITY OF BIG SPRING, TEXAS

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the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States of state bank, (7) no-load money market mutual funds registered with the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less, and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share. The City may invest in such obligations directly or through government investment pools that invest solely in such obligations.

D. Capital Assets

Capital asset activity for the year ended September 30, 2010, were as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 72,835,990	\$	\$	\$	\$ 72,835,990
Construction in Progress	11,468,151	3,278,207	(5,666,772)		9,079,586
Total Capital Assets Not Being Depreciated	<u>\$ 84,304,141</u>	<u>\$ 3,278,207</u>	<u>\$ (5,666,772)</u>	<u>\$ 0</u>	<u>\$ 81,915,576</u>
Capital Assets Being Depreciated					
Infrastructure	\$ 5,711,462	\$	\$	\$	\$ 5,711,462
Buildings and Systems	27,432,241	475,692	60,727	145,883	27,822,777
Improvements Other Than Buildings	3,333,622	93,538	5,606,045	256,594	8,776,611
Machinery and Equipment	9,770,033	1,630,896		432,513	10,968,416
Total Capital Assets Being Depreciated	<u>\$ 46,247,358</u>	<u>\$ 2,200,126</u>	<u>\$ 5,666,772</u>	<u>\$ 834,990</u>	<u>\$ 53,279,266</u>
Less Accumulated Depreciation for:					
Infrastructure	\$ 5,561,306	\$ 25,382	\$	\$	\$ 5,586,688
Buildings and Systems	26,692,675	92,937		145,883	26,639,729
Improvements Other Than Buildings	1,728,650	297,088		253,180	1,772,558
Machinery and Equipment	7,377,653	826,933		359,245	7,845,341
Total Accumulated Depreciation	<u>\$ 41,360,284</u>	<u>\$ 1,242,340</u>	<u>\$ 0</u>	<u>\$ 758,308</u>	<u>\$ 41,844,316</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 4,887,074</u>	<u>\$ 957,786</u>	<u>\$ 5,666,772</u>	<u>\$ 76,682</u>	<u>\$ 11,434,950</u>
Governmental Activities Capital Assets, Net	<u>\$ 89,191,215</u>	<u>\$ 4,235,993</u>	<u>\$ 0</u>	<u>\$ 76,682</u>	<u>\$ 93,350,526</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 5,595,149	\$	\$	\$	\$ 5,595,149
Construction in Progress	6,407,187		(443,663)		5,963,524
Total Capital Assets Not Being Depreciated	<u>\$ 12,002,336</u>	<u>\$ 0</u>	<u>\$ (443,663)</u>	<u>\$ 0</u>	<u>\$ 11,558,673</u>
Capital Assets Being Depreciated					
Buildings and Systems	\$ 70,166,196	\$ 171,204	\$ 443,663	\$	\$ 70,781,063
Improvements Other Than Buildings	24,585,018	6,995			24,592,013
Machinery and Equipment	3,158,047	105,144		125,623	3,137,568
Total Capital Assets Being Depreciated	<u>\$ 97,909,261</u>	<u>\$ 283,343</u>	<u>\$ 443,663</u>	<u>\$ 125,623</u>	<u>\$ 98,510,644</u>
Less Accumulated Depreciation for:					
Buildings and Systems	\$ 42,549,445	\$ 2,027,401	\$	\$	\$ 44,576,846
Improvements Other Than Buildings	23,078,320	183,170			23,261,490
Machinery and Equipment	2,111,314	206,780		125,623	2,192,471
Total Accumulated Depreciation	<u>\$ 67,739,079</u>	<u>\$ 2,417,351</u>	<u>\$ 0</u>	<u>\$ 125,623</u>	<u>\$ 70,030,807</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 30,170,182</u>	<u>\$ (2,134,008)</u>	<u>\$ 443,663</u>	<u>\$ 0</u>	<u>\$ 28,479,837</u>
Business-Type Activities Capital Assets, Net	<u>\$ 42,172,518</u>	<u>\$ (2,134,008)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,038,510</u>
Depreciation Expense		<u>\$ 2,417,351</u>			

CITY OF BIG SPRING, TEXAS

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Depreciation was charged to governmental activities as follows:

General Government	\$	26,410
Public Safety		340,108
Highways and Streets		187,635
Sanitation		239,293
Community Service		8,224
Recreation and Parks		379,850
Cemetery		20,683
Economic Development		26,097
	\$	<u>1,228,300</u>
Depreciation Charged to Internal Service Funds		<u>14,040</u>
Total Depreciation Charged to Governmental Activities	\$	<u><u>1,242,340</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, 2010, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 273,795	Short-Term Loans
General Fund	Proprietary Funds	2,840,000	Short-Term Loans
Correctional Center	General Fund	417,905	Short-Term Loans
Cemetery	Permanent Fund	1,260	Short-Term Loans
Capital Projects	Correctional Center	1,700,000	Short-Term Loans
Capital Projects	Proprietary Funds	168,682	Short-Term Loans
Capital Projects	EMS Fund	33,278	Short-Term Loans
EMS Fund	Internal Service Funds	38	Short-Term Loans
General Fund	Internal Service Funds	3,100	Short-Term Loans
		<u>\$ 5,438,058</u>	

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

<u>Advances To Fund</u>	<u>Advances From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Projects	\$ 28,208	Loans
EMS	Capital Projects	107,106	Loans
Water and Sewer Fund	Capital Projects	381,229	Loans
		<u>\$ 516,543</u>	

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2010, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 969,186	Supplement Other Funds Sources
Motel Tax Fund	General Fund	119,033	Administrative Fees
Proprietary Funds	General Fund	679,677	Administrative Fees
Proprietary Funds	General Fund	140,000	Supplement Other Funds Sources
Permanent Fund	Cemetery Fund	688	Supplement Other Funds Sources
Proprietary Funds	Governmental Funds	130,000	Supplement Other Funds Sources
Capital Projects	Proprietary Funds	2,578	Supplement Other Funds Sources
		<u>\$ 2,041,162</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt, landfill obligation, and accrued compensated absences. Changes in long-term obligations for the year ended September 30, 2010, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 13,635,000	\$	\$ 520,000	\$ 13,115,000	\$ 540,000
Certificate of Obligation Bonds	440,000	4,200,000	15,000	4,625,000	110,000
Capital Leases	1,636,526	1,006,189	708,284	1,934,431	674,616
Economic Conservation	1,767,232		116,337	1,650,895	121,212
Compensated Absences	1,663,906	228,838	43,340	1,849,404	74,000
Closure/Postclosure Landfill	2,125,510			2,125,510	
Total Governmental Activities	<u>\$ 21,268,174</u>	<u>\$ 5,435,027</u>	<u>\$ 1,402,961</u>	<u>\$ 25,300,240</u>	<u>\$ 1,519,828</u>
Business-Type Activities:					
General Obligation Bonds	\$ 2,450,000	\$	\$ 450,000	\$ 2,000,000	\$ 470,000
Certificate of Obligation Bonds	605,000		25,000	580,000	25,000
Capital Leases	568,550	89,319	171,806	486,063	171,945
Economic Conservation	2,980,994		196,239	2,784,755	204,462
Compensated Absences	453,308	71,547	16,157	508,698	33,200
Total Business-Type Activities	<u>\$ 7,057,852</u>	<u>\$ 160,866</u>	<u>\$ 859,202</u>	<u>\$ 6,359,516</u>	<u>\$ 904,607</u>

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated Absences	Governmental	General
Compensated Absences	Business-Type	Proprietary

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. Debt Service Requirements

Debt service requirements on general obligation bonds and certificates of obligation bonds at September 30, 2010, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 650,000	\$ 801,619	\$ 1,451,619
2012	740,000	708,607	1,448,607
2013	770,000	681,657	1,451,657
2014	790,000	653,757	1,443,757
2015	825,000	624,382	1,449,382
2016-2020	4,630,000	2,614,977	7,244,977
2021-2025	5,770,000	1,479,894	7,249,894
2026-2030	<u>3,565,000</u>	<u>252,652</u>	<u>3,817,652</u>
Totals	<u>\$ 17,740,000</u>	<u>\$ 7,817,545</u>	<u>\$ 25,557,545</u>

Date of Issue	Original Issue	Interest Rates	Maturity Date	Outstanding	Purpose of Issue
2/1/2007	14,285,000	4.0% - 5.0%	2/15/2027	13,115,000	Streets & Sports Complex
2/1/2007	460,000	4.0% - 4.375%	2/15/2027	425,000	Animal Shelter
3/3/2010	<u>4,200,000</u>	2.0% - 4.125%	2/15/2030	<u>4,200,000</u>	Family Aquatic Center
	<u>\$ 18,945,000</u>			<u>\$ 17,740,000</u>	

During the year ended September 30, 2010, the City issued 2010 certificates of obligation bonds for the construction of a new family aquatic center.

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2011	\$ 495,000	\$ 99,421	\$ 594,421
2012	515,000	78,619	593,619
2013	535,000	56,359	591,359
2014	555,000	32,474	587,474
2015	30,000	19,581	49,581
2016-2020	160,000	79,462	239,462
2021-2025	200,000	42,040	242,040
2026-2027	<u>90,000</u>	<u>3,937</u>	<u>93,937</u>
Totals	<u>\$ 2,580,000</u>	<u>\$ 411,893</u>	<u>\$ 2,991,893</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>	<u>Purpose of Issue</u>
2002 Refunding Series	6/1/2002	\$ 5,190,000	3.0% - 4.5%	2/15/2014	\$ 2,000,000	Water Improvements
2007 C.O. Bonds	2/1/2007	<u>640,000</u>	4.0% - 4.375%	2/15/2027	<u>580,000</u>	Elevated Reservoir Repair
		<u>\$ 5,830,000</u>			<u>\$ 2,580,000</u>	

Economic Conservation debt requirements at September 30, 2010, are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 121,212	\$ 69,172	\$ 190,384
2012	126,290	64,093	190,383
2013	131,582	58,802	190,384
2014	137,095	53,288	190,383
2015	142,840	47,545	190,385
2016-2020	809,147	142,774	951,921
2021	<u>182,729</u>	<u>73,886</u>	<u>256,615</u>
Totals	<u>\$ 1,650,895</u>	<u>\$ 509,560</u>	<u>\$ 2,160,455</u>

Year Ending September 30,	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 204,462	\$ 116,681	\$ 321,143
2012	213,028	108,114	321,142
2013	221,955	99,189	321,144
2014	231,255	89,889	321,144
2015	240,944	80,199	321,143
2016-2020	1,364,883	240,833	1,605,716
2021	<u>308,228</u>	<u>12,915</u>	<u>321,143</u>
Totals	<u>\$ 2,784,755</u>	<u>\$ 747,820</u>	<u>\$ 3,532,575</u>

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. Capital Leases

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and Equipment	\$ 6,716,763	\$ 2,117,628
Less: Accumulated Depreciation	<u>(4,269,551)</u>	<u>(1,547,991)</u>
Totals	<u>\$ 2,447,212</u>	<u>\$ 569,637</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2010, as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2011	\$ 674,616	\$ 56,715	\$ 731,331
2012	549,449	35,144	584,593
2013	386,083	18,734	404,817
2014	251,258	7,522	258,780
2015	73,025	586	73,611
Total Minimum Rentals	<u>\$ 1,934,431</u>	<u>\$ 118,701</u>	<u>\$ 2,053,132</u>

The effective interest rate on capital leases is 2.850% to 3.849%.

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2011	\$ 171,945	\$ 12,797	\$ 184,742
2012	140,618	7,617	148,235
2013	117,076	3,715	120,791
2014	49,942	801	50,743
2015	6,482	49	6,531
Total Minimum Rentals	<u>\$ 486,063</u>	<u>\$ 24,979</u>	<u>\$ 511,042</u>

The effective interest rate on capital leases is 2.850% to 3.849%.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. Continuing Disclosure

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

G. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2010, 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 provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multi-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2009</u>	<u>Plan Year 2010</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age / years of service)	60/5,0/20	60/5,0/20
	100%	100%
Updated Service Credit	Repeating, Transfers	Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI	70% of CPI

2. Funding Policy

Plan members are required to contribute seven percent of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 11.93% of annual covered payroll. The City's contributions to the TMRS for the years ending September 30, 2010, 2009, and 2008, were \$1,166,314, \$1,040,937, and \$872,238, respectively, and were equal to the required contributions for each year.

3. Annual Pension Cost

The City's annual pension cost of \$1,166,314 for the Plan was equal to the City's required and actual contributions. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	30 years; closed period	29 years; closed period	28 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	Amortized Cost	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.00%	7.50%	7.50%
Projected Salary Increases	Varies by age and Service	Varies by age and Service	Varies by age and Service
Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.10%	2.10%	2.10%

4. Funded Status and Funding Progress

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Funded Status	
Actuarial Valuation Date	12/31/09
Actuarial Value of Assets	\$ 18,962,029
Actuarial Accrued Liability (AAL)	\$ 28,698,884
Percentage Funded	66.1%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 9,736,855
Annual Covered Payroll	\$ 8,694,403
UAAL as a Percentage of Covered Payroll	112.0%

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

5. Trend Information for the Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2008	\$ 872,238	100%	\$ 0
September 30, 2009	1,040,937	100%	0
September 30, 2010	1,166,314	100%	0

6. Firemen's Relief and Retirement Fund

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

The City's total payroll for firemen (all covered under the plan) for the year ended September 30, 2010, was \$3,232,595. Both the City and the firemen made the required contribution of \$387,839 and \$387,839 representing 12% and 12% of covered payroll, respectively.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

I. Self-Insurance

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

	Liability Balance at 10-01	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at 9-30	Total Internal Service Funds
Year Ending 09-30-09					
Health Insurance Claims	\$ 137,141	\$ 839,486	\$ 900,704	\$ 75,923	
Workers' Compensation Claims	101,313	145,741	148,757	98,297	\$ 174,220
Year Ending 09-30-10					
Health Insurance Claims	\$ 75,923	\$ 1,415,427	\$ 1,307,257	\$ 184,093	
Workers' Compensation Claims	98,297	224,264	165,084	157,477	\$ 341,570

Health Insurance

Effective October 1, 2001, the City changed from a fully-insured to a self-insured health insurance plan. The City's health insurance plan is administered by a third-party administrator, Employee Benefits Administrators (EBA). EBA reviews and processes all health insurance claims. The City has acquired stop-loss coverage, which limits the City's possible liability exposure to \$50,000 per claim. The City informally budgets for current claims based on actuarial and historical data. The City incurred \$1,804,252 in health insurance expense and administrative and other charges for the year ended September 30, 2010. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$184,093 at September 30, 2010.

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 \$272,591 in workers' compensation expense and administrative and other charges for the year ended September 30, 2010. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$157,477 at September 30, 2010.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

J. Commitments and Contingencies, Litigation, and Subsequent Events

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

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

3. Subsequent Events

The City has evaluated subsequent events through March 22, 2011, the date which the financial statements were available to be issued.

K. Closure and Post-closure Care Cost

State and federal laws and regulations require the City to place a final cover on its Big Spring Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,086,603 reported as landfill closure and post-closure care liability at September 30, 2010, represents the cumulative amount reported to date based on the use of 68.69% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$951,107 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2010. The City expects to close the landfill in the year 2034. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The City has not placed funds in a trust to cover these costs. However, at September 30, 2010 the City has designated an investment in the amount of \$2,515,741 for this purpose.

REQUIRED SUPPLEMENTARY INFORMATION

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

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Schedule of Funding Information

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
12/31/2007	\$ 16,822,225	\$ 24,459,774	\$ 7,637,549	68.78%	\$ 6,507,349	117.37%
12/31/2008	17,946,597	26,482,664	8,536,067	67.77%	7,813,766	109.24%
12/31/2009	18,962,029	28,698,884	9,736,855	66.07%	8,694,403	111.99%

CITY OF BIG SPRING, TEXAS

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes	\$ 4,035,610	\$ 3,950,000	\$ 3,998,613	\$ 48,613
General Sales Taxes	4,000,000	4,130,000	4,300,790	170,790
Gross Receipts Business Taxes	1,450,000	1,419,500	1,428,017	8,517
License and Permits	201,875	195,300	213,509	18,209
Intergovernmental	1,022,334	1,040,619	1,045,561	4,942
Charges for Services	3,014,300	2,928,675	2,934,930	6,255
Fines	322,200	434,300	441,460	7,160
Recreation	433,500	412,500	407,605	(4,895)
Investment Earnings	31,000	13,500	14,004	504
Rents and Royalties	314,660	320,736	318,834	(1,902)
Miscellaneous	29,928	110,128	118,547	8,419
Contributions and Donations	15,000	59,450	52,473	(6,977)
Total Revenues	\$ 14,870,407	\$ 15,014,708	\$ 15,274,343	\$ 259,635
Expenditures:				
Current:				
General Government				
Non-Departmental (000)	\$ 268,904	\$ 252,171	\$ 151,406	\$ 100,765
City Council (110)	205,790	272,156	270,176	1,980
Finance (120)	465,618	460,538	477,644	(17,106)
City Manager (130)	247,595	242,585	248,442	(5,857)
Information Technology (140)	150,385	156,168	160,533	(4,365)
Legal (150)	203,523	199,706	203,181	(3,475)
Human Resources (160)	324,067	313,588	318,834	(5,246)
Special Projects (170)		23,765	25,603	(1,838)
Public Safety				
Police (200)	4,161,081	4,198,828	4,298,344	(99,516)
Fire (210)	3,441,933	3,583,374	3,649,492	(66,118)
Municipal Court (220)	282,990	283,288	258,220	25,068
Fire Marshal (230)	128,714	136,555	138,474	(1,919)
Animal Control (240)	266,414	264,876	248,617	16,259
Highways and Streets				
Code Enforcement (300)	404,985	416,836	425,969	(9,133)
General Maintenance (310)	92,298	88,757	88,311	446
Streets (320)	1,605,706	1,318,246	1,359,975	(41,729)
Sanitation				
Sanitation (330)	1,018,736	944,929	1,002,151	(57,222)
Landfill (350)	554,773	1,012,151	1,077,053	(64,902)
Compost Facility (360)	123,599	127,158	131,015	(3,857)
Recreation and Parks				
Parks (370)	330,353	378,700	370,754	7,946
Sports Complex (375)	244,630	354,765	351,260	3,505
Swimming Pool (380)		774	774	
Golf Course (390)	941,202	967,881	1,017,389	(49,508)
Lake (410)	26,130	30,940	28,157	2,783
City Hall (420)	110,551	121,731	118,137	3,594
Economic Development (180)			188	(188)
Debt Service:				
Principal	787,188	787,188	787,188	
Interest and Fiscal Charges	201,015	195,344	136,486	58,858
Total Expenditures	\$ 16,588,180	\$ 17,132,998	\$ 17,342,999	\$ (210,001)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,717,773)	\$ (2,118,290)	\$ (2,068,656)	\$ 49,634
Other Financing Sources (Uses):				
Transfers In	\$ 968,093	\$ 942,511	\$ 942,713	\$ 202
Transfers Out	(773,209)	(1,120,209)	(1,103,189)	17,020
Capital Leases	977,500	925,950	926,169	219
Total Other Financing Sources	\$ 1,172,384	\$ 748,252	\$ 765,693	\$ 17,441
Net Change in Fund Balances	(545,389)	(1,370,038)	(1,302,963)	67,075
Fund Balances - Beginning	8,625,880	8,625,880	8,625,880	
Fund Balances - Ending	\$ 8,080,491	\$ 7,255,842	\$ 7,322,917	\$ 67,075

See notes to required supplementary information.

CITY OF BIG SPRING, TEXAS

EXHIBIT B-2

CORRECTIONAL CENTER FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue:				
Investment Earnings	\$ 25,000	\$ 25,000	\$ 4,109	\$ (20,891)
Miscellaneous	19,000	3,800		(3,800)
Total Revenues	<u>\$ 44,000</u>	<u>\$ 28,800</u>	<u>\$ 4,109</u>	<u>\$ (24,691)</u>
Expenditures:				
Current				
Public Safety	\$ 1,703,300	\$ 3,300	\$ 3,572	\$ (272)
Total Expenditures	<u>\$ 1,703,300</u>	<u>\$ 3,300</u>	<u>\$ 3,572</u>	<u>\$ (272)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,659,300)</u>	<u>\$ 25,500</u>	<u>\$ 537</u>	<u>\$ (24,963)</u>
Other Financing Sources (Uses):				
Transfers Out (Use)	<u>\$ (19,000)</u>	<u>\$ (1,703,800)</u>	<u>\$ (1,704,003)</u>	<u>\$ (203)</u>
Total Other Financing Sources (Uses)	<u>\$ (19,000)</u>	<u>\$ (1,703,800)</u>	<u>\$ (1,704,003)</u>	<u>\$ (203)</u>
Net Change in Fund Balances	\$ (1,678,300)	\$ (1,678,300)	\$ (1,703,466)	\$ (25,166)
Fund Balances - Beginning	<u>2,544,435</u>	<u>2,544,435</u>	<u>2,544,435</u>	
Fund Balances - Ending	<u>\$ 866,135</u>	<u>\$ 866,135</u>	<u>\$ 840,969</u>	<u>\$ (25,166)</u>

See notes to required supplementary information.

**CITY OF BIG SPRING, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2010**

BUDGETARY DATA

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

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

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

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

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

**COMBINING STATEMENTS AND BUDGETARY COMPARISON SCHEDULES
AS SUPPLEMENTARY INFORMATION**

CITY OF BIG SPRING, TEXAS

EXHIBIT C-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	Special Revenue Funds	Debt Service Fund 2007 G.O. Bonds	Debt Service Fund 2007 C.O. Bonds	Debt Service Fund 2010 C.O. Bonds	Capital Projects Fund Capital Replacement	Capital Projects Fund Law Enforcement	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS								
Assets:								
Cash and Cash Equivalents	\$ 935,789	\$ 224,418	\$ 11,858	\$ 19,833	\$ 1,170,010	\$ 751	\$ 352,772	\$ 2,715,431
Receivables (Net of Allowance for Uncollectibles)	133,986	35,921	1,076					170,983
Due from Other Funds	1,263				233,165	1,700,000		1,934,428
Intergovernmental Receivables	283,016							283,016
Advances to Other Funds					516,544			516,544
Total Assets	\$ 1,354,054	\$ 260,339	\$ 12,934	\$ 19,833	\$ 1,919,719	\$ 1,700,751	\$ 352,772	\$ 5,620,402
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts Payable	\$ 343,026	\$	\$	\$	\$	\$	\$	\$ 343,026
Accrued Wages	20,464							20,464
Due to Other Funds	22,000					15,000	1,261	38,261
Accrued Interest Payable				19,818				19,818
Deferred Revenue	80,748	35,921	1,076					117,745
Customer Deposits	11,525							11,525
Total Liabilities	\$ 477,763	\$ 35,921	\$ 1,076	\$ 19,818	\$ 0	\$ 15,000	\$ 1,261	\$ 550,839
Fund Balances:								
Reserved, Reported in Nonmajor:								
Reserved for Debt Service	\$	\$ 224,418	\$ 11,858	\$ 15	\$	\$	\$	\$ 236,291
Reserved for Cemetery Care (Nonexpendable)							351,511	351,511
Reserved for Capital Projects						1,685,751		1,685,751
Unreserved, Reported in Nonmajor:								
Special Revenue Funds	876,291							876,291
Capital Projects Funds					1,919,719			1,919,719
Total Fund Balances	\$ 876,291	\$ 224,418	\$ 11,858	\$ 15	\$ 1,919,719	\$ 1,685,751	\$ 351,511	\$ 5,069,563
Total Liabilities and Fund Balances	\$ 1,354,054	\$ 260,339	\$ 12,934	\$ 19,833	\$ 1,919,719	\$ 1,700,751	\$ 352,772	\$ 5,620,402

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Special Revenue Funds	Debt Service Fund 2007 G.O. Bonds	Debt Service Fund 2007 C.O. Bonds	Debt Service Fund 2010 C.O. Bonds	Capital Projects Fund Capital Replacement	Capital Projects Fund 2007 G.O. Sports Complex	Capital Projects Fund Law Enforcement	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:									
Taxes									
General Property Taxes	\$ 426,380	\$ 1,083,798	\$ 32,568	\$	\$	\$	\$	\$	\$ 1,542,746
General Sales Taxes	1,433,596								1,433,596
Motel Occupancy Taxes	499,279								499,279
Intergovernmental	446,446								446,446
Charges for Services	67,610								67,610
Fines	9,840								9,840
Investment Earnings	3,193	285	11	15	43,154		688		47,346
Rents and Royalties	141,050				47,254				188,304
Contributions and Donations	4,226								4,226
Total Revenue	<u>\$ 3,031,620</u>	<u>\$ 1,084,083</u>	<u>\$ 32,579</u>	<u>\$ 15</u>	<u>\$ 90,408</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 688</u>	<u>\$ 4,239,393</u>
Expenditures:									
Current									
General Government	\$ 5,181	\$	\$	\$	\$	\$	\$	\$	\$ 5,181
Public Safety	646,127						14,249		660,376
Highways and Streets	8,153								8,153
Community Service	528,189								528,189
Recreation and Parks						4,886			4,886
Economic Development	1,832,524								1,832,524
Cemetery	125,424								125,424
Debt Service									
Principal	27,377	520,000	15,000						562,377
Interest and Fiscal Charges	4,699	590,056	18,012						612,767
Fiscal Agent's Fees		500	250						750
Total Expenditures	<u>\$ 3,177,674</u>	<u>\$ 1,110,556</u>	<u>\$ 33,262</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,886</u>	<u>\$ 14,249</u>	<u>\$ 0</u>	<u>\$ 4,340,627</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (146,054)	\$ (26,473)	\$ (683)	\$ 15	\$ 90,408	\$ (4,886)	\$ (14,249)	\$ 688	\$ (101,234)
Other Financing Sources (Uses):									
Transfers In	\$ 610,672	\$	\$	\$	\$	\$	\$ 1,700,000	\$	\$ 2,310,672
Transfers Out	(119,033)							(688)	(119,721)
Capital Leases	29,780								29,780
Total Other Financing Sources (Uses)	<u>\$ 521,419</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,700,000</u>	<u>\$ (688)</u>	<u>\$ 2,220,731</u>
Net Change in Fund Balances	<u>\$ 375,365</u>	<u>\$ (26,473)</u>	<u>\$ (683)</u>	<u>\$ 15</u>	<u>\$ 90,408</u>	<u>\$ (4,886)</u>	<u>\$ 1,685,751</u>	<u>\$ 0</u>	<u>\$ 2,119,497</u>
Fund Balances - Beginning	<u>500,926</u>	<u>250,891</u>	<u>12,541</u>	<u>0</u>	<u>1,829,311</u>	<u>4,886</u>	<u>0</u>	<u>351,511</u>	<u>2,950,066</u>
Fund Balances - Ending	<u>\$ 876,291</u>	<u>\$ 224,418</u>	<u>\$ 11,858</u>	<u>\$ 15</u>	<u>\$ 1,919,719</u>	<u>\$ 0</u>	<u>\$ 1,685,751</u>	<u>\$ 351,511</u>	<u>\$ 5,069,563</u>

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-3

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2010**

ASSETS	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development	Employee's College Education	Municipal Court Security	R.S.V.P.	Narcotics Task Force	Cemetery	Senior Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Assets:										
Cash and Cash Equivalents	\$ 742,620	\$ 21,468	\$	\$ 915	\$ 7,015	\$ 2,779	\$ 67,185	\$ 93,491	\$ 316	\$ 935,789
Receivables (Net of Allowance for Uncollectibles)	65,062				3,723		14,366	50,479	356	133,986
Due from Other Funds							1	1,261	1	1,263
Intergovernmental Receivables		3,166	258,831						21,019	283,016
Total Assets	\$ 807,682	\$ 24,634	\$ 258,831	\$ 915	\$ 10,738	\$ 2,779	\$ 81,552	\$ 145,231	\$ 21,692	\$ 1,354,054
LIABILITIES AND FUND BALANCES:										
Liabilities:										
Accounts Payable	\$ 13,417	\$ 136	\$ 258,831	\$	\$	\$ 12,920	\$ 7,669	\$ 14,511	\$ 35,542	\$ 343,026
Accrued Wages	2,132					1,690	10,514	1,440	4,688	20,464
Due to Other Funds				3,000					19,000	22,000
Deferred Revenue		24,498					14,203	42,047		80,748
Customer Deposits	11,525									11,525
Total Liabilities	\$ 27,074	\$ 24,634	\$ 258,831	\$ 3,000	\$ 0	\$ 14,610	\$ 32,386	\$ 57,998	\$ 59,230	\$ 477,763
Fund Balances:										
Unreserved, Reported in Nonmajor:										
Special Revenue Funds	\$ 780,608	\$	\$	\$ (2,085)	\$ 10,738	\$ (11,831)	\$ 49,166	\$ 87,233	\$ (37,538)	\$ 876,291
Total Fund Balances	\$ 780,608	\$ 0	\$ 0	\$ (2,085)	\$ 10,738	\$ (11,831)	\$ 49,166	\$ 87,233	\$ (37,538)	\$ 876,291
Total Liabilities and Fund Balances	\$ 807,682	\$ 24,634	\$ 258,831	\$ 915	\$ 10,738	\$ 2,779	\$ 81,552	\$ 145,231	\$ 21,692	\$ 1,354,054

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development	Employee's College Education	Municipal Court Security	Golf Course Improvement	R.S.V.P.	Narcotics Task Force	Cemetery	Senior Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Revenue:											
Taxes											
General Property Taxes	\$	\$	\$	\$	\$	\$	\$	\$ 426,380	\$	\$	\$ 426,380
General Sales Taxes			1,433,596								1,433,596
Motel Occupancy Taxes	499,279										499,279
Intergovernmental		142,888					58,113	6,662		238,783	446,446
Charges for Services				16,845					25	50,740	67,610
Fines					9,840						9,840
Investment Earnings	1,419			(18)	10		15	187	1,520	60	3,193
Rents and Royalties	41,615								99,435		141,050
Contributions and Donations	4,226										4,226
Total Revenue	\$ 546,539	\$ 142,888	\$ 1,433,596	\$ 16,827	\$ 9,850	\$ 0	\$ 58,128	\$ 433,229	\$ 100,980	\$ 289,583	\$ 3,031,620
Expenditures:											
Current											
General Government	\$	\$	\$	\$ 5,181	\$	\$	\$	\$	\$	\$	\$ 5,181
Public Safety		141,510			5,188			499,429			646,127
Highways and Streets		8,153									8,153
Community Service							74,581			453,608	528,189
Economic Development	398,928		1,433,596								1,832,524
Cemetery								125,424			125,424
Debt Service											
Principal	3,598							23,779			27,377
Interest and Fiscal Charges	2,364							2,335			4,699
Total Expenditures	\$ 404,890	\$ 149,663	\$ 1,433,596	\$ 5,181	\$ 5,188	\$ 0	\$ 74,581	\$ 525,543	\$ 125,424	\$ 453,608	\$ 3,177,674
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 141,649	\$ (6,775)	\$ 0	\$ 11,646	\$ 4,662	\$ 0	\$ (16,453)	\$ (92,314)	\$ (24,444)	\$ (164,025)	\$ (146,054)
Other Financing Sources (Uses):											
Transfers In	\$	\$ 6,775	\$	\$	\$	\$ 87,981	\$ 1,228	\$	\$ 383,688	\$ 131,000	\$ 610,672
Transfers Out	(119,033)										(119,033)
Capital Leases								29,780			29,780
Total Other Financing Sources (Uses)	\$ (119,033)	\$ 6,775	\$ 0	\$ 0	\$ 0	\$ 87,981	\$ 1,228	\$ 29,780	\$ 383,688	\$ 131,000	\$ 521,419
Net Change in Fund Balances	\$ 22,616	\$ 0	\$ 0	\$ 11,646	\$ 4,662	\$ 87,981	\$ (15,225)	\$ (62,534)	\$ 359,244	\$ (33,025)	\$ 375,365
Fund Balances - Beginning	757,992	0	0	(13,731)	6,076	(87,981)	3,394	111,700	(272,011)	(4,513)	500,926
Fund Balances - Ending	\$ 780,608	\$ 0	\$ 0	\$ (2,085)	\$ 10,738	\$ 0	\$ (11,831)	\$ 49,166	\$ 87,233	\$ (37,538)	\$ 876,291

CITY OF BIG SPRING, TEXAS

EXHIBIT C-5

HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
Motel Occupancy Taxes	\$ 550,000	\$ 454,138	\$ 499,279	\$ 45,141
Investment Earnings	6,000	1,500	1,419	(81)
Rents and Royalties	43,900	42,400	41,615	(785)
Miscellaneous		4,200	4,226	26
Total Revenues	<u>\$ 599,900</u>	<u>\$ 502,238</u>	<u>\$ 546,539</u>	<u>\$ 44,301</u>
Expenditures:				
Economic Development	\$ 967,338	\$ 477,939	\$ 398,928	\$ 79,011
Debt Service:	5,888	5,888	5,962	(74)
Total Expenditures	<u>\$ 973,226</u>	<u>\$ 483,827</u>	<u>\$ 404,890</u>	<u>\$ 78,937</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (373,326)</u>	<u>\$ 18,411</u>	<u>\$ 141,649</u>	<u>\$ 123,238</u>
Other Financing Sources (Uses):				
Transfers Out (Use)	<u>\$ (126,752)</u>	<u>\$ (126,752)</u>	<u>\$ (119,033)</u>	<u>\$ 7,719</u>
Total Other Financing Sources (Uses)	<u>\$ (126,752)</u>	<u>\$ (126,752)</u>	<u>\$ (119,033)</u>	<u>\$ 7,719</u>
Net Change in Fund Balances	\$ (500,078)	\$ (108,341)	\$ 22,616	\$ 130,957
Fund Balances - Beginning	<u>688,241</u>	<u>688,241</u>	<u>688,241</u>	<u></u>
Fund Balances - Ending	<u>\$ 188,163</u>	<u>\$ 579,900</u>	<u>\$ 710,857</u>	<u>\$ 130,957</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-6

ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
General Sales Taxes	\$ <u>1,333,000</u>	\$ <u>1,376,650</u>	\$ <u>1,433,596</u>	\$ <u>56,946</u>
Total Revenues	\$ <u>1,333,000</u>	\$ <u>1,376,650</u>	\$ <u>1,433,596</u>	\$ <u>56,946</u>
Expenditures:				
Economic Developemnt	\$ <u>1,333,000</u>	\$ <u>1,376,650</u>	\$ <u>1,433,596</u>	\$ <u>(56,946)</u>
Total Expenditures	\$ <u>1,333,000</u>	\$ <u>1,376,650</u>	\$ <u>1,433,596</u>	\$ <u>(56,946)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Change in Fund Balances	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-7

EMPLOYEE'S COLLEGE EDUCATION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Charges for Services	\$ 20,000	\$ 13,000	\$ 16,845	\$ 3,845
Investment Earnings	(50)	(15)	(18)	(3)
Total Revenues	<u>\$ 19,950</u>	<u>\$ 12,985</u>	<u>\$ 16,827</u>	<u>\$ 3,842</u>
Expenditures:				
Current				
General Government	\$ 20,000	\$ 6,500	\$ 5,181	\$ 1,319
Total Expenditures	<u>\$ 20,000</u>	<u>\$ 6,500</u>	<u>\$ 5,181</u>	<u>\$ 1,319</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (50)</u>	<u>\$ 6,485</u>	<u>\$ 11,646</u>	<u>\$ 5,161</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (50)	\$ 6,485	\$ 11,646	\$ 5,161
Fund Balances - Beginning	<u>(12,799)</u>	<u>(12,799)</u>	<u>(12,799)</u>	<u>\$</u>
Fund Balances - Ending	<u><u>\$ (12,849)</u></u>	<u><u>\$ (6,314)</u></u>	<u><u>\$ (1,153)</u></u>	<u><u>\$ 5,161</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-8

MUNICIPAL COURT SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Fines	\$ 7,000	\$ 9,500	\$ 9,840	\$ 340
Investment Earnings	25	10	10	0
Total Revenues	<u>\$ 7,025</u>	<u>\$ 9,510</u>	<u>\$ 9,850</u>	<u>\$ 340</u>
Expenditures:				
Current				
Public Safety	\$ 6,900	\$ 6,900	\$ 5,188	\$ 1,712
Total Expenditures	<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>\$ 5,188</u>	<u>\$ 1,712</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 125</u>	<u>\$ 2,610</u>	<u>\$ 4,662</u>	<u>\$ 2,052</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 125	\$ 2,610	\$ 4,662	\$ 2,052
Fund Balances - Beginning	<u>4,242</u>	<u>4,242</u>	<u>4,242</u>	
Fund Balances - Ending	<u>\$ 4,367</u>	<u>\$ 6,852</u>	<u>\$ 8,904</u>	<u>\$ 2,052</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-9

GOLF COURSE IMPROVEMENT FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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

CITY OF BIG SPRING, TEXAS

EXHIBIT C-10

R.S.V.P. FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental	\$ 54,355	\$ 58,756	\$ 58,113	\$ (643)
Investment Earnings	200	15	15	
Total Revenues	<u>\$ 54,555</u>	<u>\$ 58,771</u>	<u>\$ 58,128</u>	<u>\$ (643)</u>
Expenditures:				
Community Service	\$ 77,202	\$ 75,175	\$ 74,581	\$ 594
Total Expenditures	<u>\$ 77,202</u>	<u>\$ 75,175</u>	<u>\$ 74,581</u>	<u>\$ 594</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (22,647)</u>	<u>\$ (16,404)</u>	<u>\$ (16,453)</u>	<u>\$ (49)</u>
Other Financing Sources (Uses):				
Transfers In	\$ 1,228	\$ 1,228	\$ 1,228	\$
Total Other Financing Sources (Uses)	<u>\$ 1,228</u>	<u>\$ 1,228</u>	<u>\$ 1,228</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (21,419)	\$ (15,176)	\$ (15,225)	\$ (49)
Fund Balances - Beginning	<u>\$ 3,394</u>	<u>\$ 3,394</u>	<u>\$ 3,394</u>	<u>\$</u>
Fund Balances - Ending	<u><u>\$ (18,025)</u></u>	<u><u>\$ (11,782)</u></u>	<u><u>\$ (11,831)</u></u>	<u><u>\$ (49)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-11

NARCOTICS TASK FORCE
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
General Property Taxes	\$ 425,550	\$ 424,540	\$ 426,380	\$ 1,840
Intergovernmental	80,000	5,650	6,662	1,012
Investment Earnings	1,000	150	187	37
Total Revenues	<u>\$ 506,550</u>	<u>\$ 430,340</u>	<u>\$ 433,229</u>	<u>\$ 2,889</u>
Expenditures:				
Current				
Public Safety	\$ 509,686	\$ 515,856	\$ 499,429	\$ 16,427
Debt Service	26,110	26,147	26,114	33
Total Expenditures	<u>\$ 535,796</u>	<u>\$ 542,003</u>	<u>\$ 525,543</u>	<u>\$ 16,460</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (29,246)</u>	<u>\$ (111,663)</u>	<u>\$ (92,314)</u>	<u>\$ 19,349</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 29,780</u>	<u>\$ (220)</u>
Net Change in Fund Balances	\$ 754	\$ (81,663)	\$ (62,534)	\$ 19,129
Fund Balances - Beginning	<u>111,700</u>	<u>111,700</u>	<u>111,700</u>	
Fund Balances - Ending	<u>\$ 112,454</u>	<u>\$ 30,037</u>	<u>\$ 49,166</u>	<u>\$ 19,129</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-12

CEMETERY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ (500)	\$ 1,227	\$ 1,520	\$ 293
Charges for Services			25	25
Rents and Royalties	70,500	75,500	99,435	23,935
Total Revenues	<u>\$ 70,000</u>	<u>\$ 76,727</u>	<u>\$ 100,980</u>	<u>\$ 24,253</u>
Expenditures:				
Cemetery	<u>\$ 179,035</u>	<u>\$ 140,381</u>	<u>\$ 125,424</u>	<u>\$ 14,957</u>
Total Expenditures	<u>\$ 179,035</u>	<u>\$ 140,381</u>	<u>\$ 125,424</u>	<u>\$ 14,957</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (109,035)</u>	<u>\$ (63,654)</u>	<u>\$ (24,444)</u>	<u>\$ 39,210</u>
Other Financing Sources (Uses):				
Transfers In	<u>\$ 387,000</u>	<u>\$ 380,600</u>	<u>\$ 383,688</u>	<u>\$ 3,088</u>
Total Other Financing Sources (Uses)	<u>\$ 387,000</u>	<u>\$ 380,600</u>	<u>\$ 383,688</u>	<u>\$ 3,088</u>
Net Change in Fund Balances	\$ 277,965	\$ 316,946	\$ 359,244	\$ 42,298
Fund Balances - Beginning	<u>(272,011)</u>	<u>(272,011)</u>	<u>(272,011)</u>	
Fund Balances - Ending	<u>\$ 5,954</u>	<u>\$ 44,935</u>	<u>\$ 87,233</u>	<u>\$ 42,298</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-13

SENIOR CENTER
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Intergovernmental	\$ 230,000	\$ 233,000	\$ 238,783	\$ 5,783
Charges for Services	52,400	49,600	50,740	1,140
Investment Earnings	25	50	60	10
Total Revenues	<u>\$ 282,425</u>	<u>\$ 282,650</u>	<u>\$ 289,583</u>	<u>\$ 6,933</u>
Expenditures:				
Community Service	\$ 412,867	\$ 434,616	\$ 453,608	\$ (18,992)
Total Expenditures	<u>\$ 412,867</u>	<u>\$ 434,616</u>	<u>\$ 453,608</u>	<u>\$ (18,992)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (130,442)</u>	<u>\$ (151,966)</u>	<u>\$ (164,025)</u>	<u>\$ (12,059)</u>
Other Financing Sources (Uses):				
Transfers In	\$ 131,000	\$ 131,000	\$ 131,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 131,000</u>	<u>\$ 131,000</u>	<u>\$ 131,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 558	\$ (20,966)	\$ (33,025)	\$ (12,059)
Fund Balances - Beginning	<u>(4,513)</u>	<u>(4,513)</u>	<u>(4,513)</u>	
Fund Balances - Ending	<u><u>\$ (3,955)</u></u>	<u><u>\$ (25,479)</u></u>	<u><u>\$ (37,538)</u></u>	<u><u>\$ (12,059)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-14

2007 G.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 1,079,500	\$ 1,073,500	\$ 1,083,798	\$ 10,298
Investment Earnings	700	100	285	185
Total Revenues	<u>\$ 1,080,200</u>	<u>\$ 1,073,600</u>	<u>\$ 1,084,083</u>	<u>\$ 10,483</u>
Expenditures:				
Debt Service:				
Principal	\$ 520,000	\$ 520,000	\$ 520,000	\$
Interest and Fiscal Charges	590,056	590,056	590,056	\$
Fiscal Agent's Fees	500	500	500	\$
Total Expenditures	<u>\$ 1,110,556</u>	<u>\$ 1,110,556</u>	<u>\$ 1,110,556</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (30,356)</u>	<u>\$ (36,956)</u>	<u>\$ (26,473)</u>	<u>\$ 10,483</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>
Net Change in Fund Balances	\$ (30,356)	\$ (36,956)	\$ (26,473)	\$ 10,483
Fund Balances - Beginning	<u>250,891</u>	<u>250,891</u>	<u>250,891</u>	<u></u>
Fund Balances - Ending	<u>\$ 220,535</u>	<u>\$ 213,935</u>	<u>\$ 224,418</u>	<u>\$ 10,483</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-15

2007 C.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 27,300	\$ 32,900	\$ 32,568	\$ (332)
Investment Earnings	20	10	11	1
Total Revenues	<u>\$ 27,320</u>	<u>\$ 32,910</u>	<u>\$ 32,579</u>	<u>\$ (331)</u>
Expenditures:				
Debt Service:				
Principal	\$ 15,000	\$ 15,000	\$ 15,000	\$
Interest and Fiscal Charges	18,013	18,013	18,012	1
Fiscal Agent's Fees	250	250	250	
Total Expenditures	<u>\$ 33,263</u>	<u>\$ 33,263</u>	<u>\$ 33,262</u>	<u>\$ 1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (5,943)</u>	<u>\$ (353)</u>	<u>\$ (683)</u>	<u>\$ (330)</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>
Net Change in Fund Balances	\$ (5,943)	\$ (353)	\$ (683)	\$ (330)
Fund Balances - Beginning	<u>12,541</u>	<u>\$ 12,541</u>	<u>\$ 12,541</u>	<u>\$</u>
Fund Balances - Ending	<u>\$ 6,598</u>	<u>\$ 12,188</u>	<u>\$ 11,858</u>	<u>\$ (330)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-16

CAPITAL REPLACEMENT FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental Revenue and Grants	\$ 274,812	\$ 314,353	\$	\$ (314,353)
Investment Earnings	10,000	2,000	43,154	41,154
Rents and Royalties	15,000	67,700	47,254	(20,446)
Total Revenues	<u>\$ 299,812</u>	<u>\$ 384,053</u>	<u>\$ 90,408</u>	<u>\$ (293,645)</u>
Expenditures:				
Debt Service:				
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 299,812</u>	<u>\$ 384,053</u>	<u>\$ 90,408</u>	<u>\$ (293,645)</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 299,812	\$ 384,053	\$ 90,408	\$ (293,645)
Fund Balances - Beginning	<u>1,829,311</u>	<u>1,829,311</u>	<u>1,829,311</u>	
Fund Balances - Ending	<u>\$ 2,129,123</u>	<u>\$ 2,213,364</u>	<u>\$ 1,919,719</u>	<u>\$ (293,645)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-17

2007 G.O. STREETS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 10,000	\$ 3,000	\$ 2,467	\$ (533)
Total Revenues	<u>\$ 10,000</u>	<u>\$ 3,000</u>	<u>\$ 2,467</u>	<u>\$ (533)</u>
Expenditures:				
Highways and Streets				
Paved Streets	\$ 957,230	\$ 2,927,662	\$ 2,937,926	\$ (10,264)
Total Expenditures	<u>\$ 957,230</u>	<u>\$ 2,927,662</u>	<u>\$ 2,937,926</u>	<u>\$ (10,264)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (947,230)</u>	<u>\$ (2,924,662)</u>	<u>\$ (2,935,459)</u>	<u>\$ (10,797)</u>
Other Financing Sources (Uses):				
Transfers In	\$	\$ 350,000	\$ 363,205	\$ 13,205
Transfers Out			(2,578)	(2,578)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 350,000</u>	<u>\$ 360,627</u>	<u>\$ 10,627</u>
Net Change in Fund Balances	\$ (947,230)	\$ (2,574,662)	\$ (2,574,832)	\$ (170)
Fund Balances - Beginning	<u>2,574,662</u>	<u>\$ 2,574,662</u>	<u>\$ 2,574,662</u>	<u>\$</u>
Fund Balances - Ending	<u>\$ 1,627,432</u>	<u>\$ 0</u>	<u>\$ (170)</u>	<u>\$ (170)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-18

2007 G.O. SPORTS COMPLEX
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> 0</u>
Total Revenues	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
Expenditures:				
Recreation and Parks				
Sports Complex	\$ <u> </u>	\$ <u> 4,886</u>	\$ <u> 4,886</u>	\$ <u> </u>
Total Expenditures	\$ <u> 0</u>	\$ <u> 4,886</u>	\$ <u> 4,886</u>	\$ <u> 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u> 0</u>	\$ <u> (4,886)</u>	\$ <u> (4,886)</u>	\$ <u> 0</u>
Other Financing Sources (Uses):				
Transfers In	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> 0</u>
Total Other Financing Sources (Uses)	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
Net Change in Fund Balances	\$ <u> 0</u>	\$ <u> (4,886)</u>	\$ <u> (4,886)</u>	\$ <u> 0</u>
Fund Balances - Beginning	<u> 4,886</u>	<u> 4,886</u>	<u> 4,886</u>	<u> </u>
Fund Balances - Ending	\$ <u> 4,886</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-19

2010 C.O. WATER PARK
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u> </u>	\$ <u> 3,000</u>	\$ <u> 3,639</u>	\$ <u> 639</u>
Total Revenues	\$ <u> 0</u>	\$ <u> 3,000</u>	\$ <u> 3,639</u>	\$ <u> 639</u>
Expenditures:				
Recreation and Parks				
Water Park	\$ <u> </u>	\$ <u> 750,000</u>	\$ <u> 326,032</u>	\$ <u> 423,968</u>
Total Expenditures	\$ <u> 0</u>	\$ <u> 750,000</u>	\$ <u> 326,032</u>	\$ <u> 423,968</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u> 0</u>	\$ <u> (747,000)</u>	\$ <u> (322,393)</u>	\$ <u> 424,607</u>
Other Financing Sources (Uses):				
Proceeds From Sale of Bonds	\$ <u> </u>	\$ <u> 4,116,717</u>	\$ <u> 4,120,670</u>	\$ <u> 3,953</u>
Total Other Financing Sources (Uses)	\$ <u> 0</u>	\$ <u> 4,116,717</u>	\$ <u> 4,120,670</u>	\$ <u> 3,953</u>
Net Change in Fund Balances	\$ <u> 0</u>	\$ <u> 3,369,717</u>	\$ <u> 3,798,277</u>	\$ <u> 428,560</u>
Fund Balances - Beginning	<u> 0</u>	<u> 0</u>	<u> 0</u>	<u> </u>
Fund Balances - Ending	\$ <u> 0</u>	\$ <u> 3,369,717</u>	\$ <u> 3,798,277</u>	\$ <u> 428,560</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-20

LAW ENFORCEMENT
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u> </u>	\$ <u> 500</u>	\$ <u> 0</u>	\$ <u> (500)</u>
Total Revenues	\$ <u> 0</u>	\$ <u> 500</u>	\$ <u> 0</u>	\$ <u> (500)</u>
Expenditures:				
Public Safety				
Building Improvements	\$ <u> </u>	\$ <u> 18,000</u>	\$ <u> 14,249</u>	\$ <u> 3,751</u>
Total Expenditures	\$ <u> 0</u>	\$ <u> 18,000</u>	\$ <u> 14,249</u>	\$ <u> 3,751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u> 0</u>	\$ <u> (17,500)</u>	\$ <u> (14,249)</u>	\$ <u> 3,251</u>
Other Financing Sources (Uses):				
Transfers In	\$ <u> </u>	\$ <u> 1,700,000</u>	\$ <u> 1,700,000</u>	\$ <u> 0</u>
Total Other Financing Sources (Uses)	\$ <u> 0</u>	\$ <u> 1,700,000</u>	\$ <u> 1,700,000</u>	\$ <u> 0</u>
Net Change in Fund Balances	\$ <u> 0</u>	\$ <u> 1,682,500</u>	\$ <u> 1,685,751</u>	\$ <u> 3,251</u>
Fund Balances - Beginning	<u> 0</u>	<u> 0</u>	<u> 0</u>	<u> </u>
Fund Balances - Ending	\$ <u> 0</u>	\$ <u> 1,682,500</u>	\$ <u> 1,685,751</u>	\$ <u> 3,251</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-21

CEMETERY PERMANENT CARE FUND
PERMANENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Original Budget	Actual	Variance Positive (Negative)
Revenue:				
Investment Earnings	\$ 4,000	\$ 600	\$ 688	\$ 88
Total Revenues	<u>\$ 4,000</u>	<u>\$ 600</u>	<u>\$ 688</u>	<u>\$ 88</u>
Expenditures:				
Debt Service:	\$	\$	\$	\$
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,000</u>	<u>\$ 600</u>	<u>\$ 688</u>	<u>\$ 88</u>
Other Financing Sources (Uses):				
Transfers Out	\$ (4,000)	\$ (600)	\$ (688)	\$ (88)
Total Other Financing Sources (Uses)	<u>\$ (4,000)</u>	<u>\$ (600)</u>	<u>\$ (688)</u>	<u>\$ (88)</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances - Beginning	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>	
Fund Balances - Ending	<u>\$ 351,511</u>	<u>\$ 351,511</u>	<u>\$ 351,511</u>	<u>\$ 0</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-22

WATER AND SEWER FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Water Sales	\$ 6,925,000	\$ 6,700,000	\$ 6,524,857	\$ (175,143)
Sewer Charges	3,295,400	3,250,267	2,859,510	(390,757)
Other Services		3,400	318,538	315,138
Total Operating Revenues	<u>\$ 10,220,400</u>	<u>\$ 9,953,667</u>	<u>\$ 9,702,905</u>	<u>\$ (250,762)</u>
OPERATING EXPENSES:				
Personnel Services	\$ 2,572,343	\$ 2,550,436	\$ 2,675,301	\$ (124,865)
Supplies and Materials	3,776,350	4,008,742	4,096,834	(88,092)
Contractual Services	1,075,221	1,274,985	1,206,808	68,177
Maintenance	586,407	844,097	993,664	(149,567)
Depreciation			1,506,711	(1,506,711)
Other	155,000	19,000	82,746	(63,746)
Total Operating Expenses	<u>\$ 8,165,321</u>	<u>\$ 8,697,260</u>	<u>\$ 10,562,064</u>	<u>\$ (1,864,804)</u>
Operating Income (Loss)	<u>2,055,079</u>	<u>1,256,407</u>	<u>(859,159)</u>	<u>(2,115,566)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 11,225	\$ 960	\$	\$ (960)
Other			5,308	5,308
Interest Expense and Paying Agent Fees	<u>(1,254,956)</u>	<u>(1,255,095)</u>	<u>(289,898)</u>	<u>965,197</u>
Total Non-Operating Revenues (Expenses)	<u>\$ (1,243,731)</u>	<u>\$ (1,254,135)</u>	<u>\$ (284,590)</u>	<u>\$ 969,545</u>
Income (Loss) Before Transfers	\$ 811,348	\$ 2,272	\$ (1,143,749)	\$ (1,146,021)
Transfers In	597,275	596,575	1,074,271	477,696
Transfers Out	<u>(1,214,299)</u>	<u>(1,213,599)</u>	<u>(1,686,068)</u>	<u>(472,469)</u>
Change in Net Assets	\$ 194,324	\$ (614,752)	\$ (1,755,546)	\$ (1,140,794)
Total Net Assets - Beginning	<u>10,933,746</u>	<u>10,933,746</u>	<u>10,933,746</u>	
Total Net Assets - Ending	<u>\$ 11,128,070</u>	<u>\$ 10,318,994</u>	<u>\$ 9,178,200</u>	<u>\$ (1,140,794)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-23

AIRPORT/INDUSTRIAL PARK
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Commercial Rentals and Fees	\$ 816,900	\$ 842,852	\$ 847,816	\$ 4,964
Total Operating Revenues	<u>\$ 816,900</u>	<u>\$ 842,852</u>	<u>\$ 847,816</u>	<u>\$ 4,964</u>
OPERATING EXPENSES:				
Personnel Services	\$ 380,029	\$ 359,755	\$ 358,028	\$ 1,727
Supplies and Materials	47,650	60,550	51,373	9,177
Contractual Services	141,250	128,342	140,065	(11,723)
Maintenance	174,150	180,800	131,000	49,800
Depreciation			824,845	(824,845)
Other	5,000		6,706	(6,706)
Total Operating Expenses	<u>\$ 748,079</u>	<u>\$ 729,447</u>	<u>\$ 1,512,017</u>	<u>\$ (782,570)</u>
Operating Income (Expense)	<u>68,821</u>	<u>113,405</u>	<u>(664,201)</u>	<u>(777,606)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$	\$	\$ 33,875	\$ 33,875
Interest Revenue	10,000	1,300	1,646	346
Other	51,200	50,470	(3,192)	(53,662)
Gain on Sale of Capital Assets			4,724	4,724
Interest Expense and Paying Agent Fees	(29,335)	(29,579)	(4,664)	24,915
Total Non-Operating Revenues (Expenses)	<u>\$ 31,865</u>	<u>\$ 22,191</u>	<u>\$ 32,389</u>	<u>\$ 10,198</u>
Income (Loss) Before Transfers	\$ 100,686	\$ 135,596	\$ (631,812)	\$ (767,408)
Transfers Out	<u>(100,397)</u>	<u>(100,397)</u>	<u>(100,397)</u>	<u>0</u>
Change in Net Assets	\$ 289	\$ 35,199	\$ (732,209)	\$ (767,408)
Total Net Assets - Beginning	<u>25,628,939</u>	<u>25,628,939</u>	<u>25,628,939</u>	
Total Net Assets - Ending	<u>\$ 25,629,228</u>	<u>\$ 25,664,138</u>	<u>\$ 24,896,730</u>	<u>\$ (767,408)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-24

EMERGENCY MEDICAL SERVICES FUND
 ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Emergency Medical Services	\$ 1,546,800	\$ 1,620,500	\$ 1,747,596	\$ 127,096
Total Operating Revenues	<u>\$ 1,546,800</u>	<u>\$ 1,620,500</u>	<u>\$ 1,747,596</u>	<u>\$ 127,096</u>
OPERATING EXPENSES:				
Personnel Services	\$ 1,129,454	\$ 1,142,060	\$ 1,217,263	\$ (75,203)
Supplies and Materials	116,500	131,050	138,964	(7,914)
Contractual Services	82,666	74,201	73,653	548
Maintenance	42,548	46,500	45,896	604
Depreciation			85,795	(85,795)
Other	200,000	200,000	608,500	(408,500)
Total Operating Expenses	<u>\$ 1,571,168</u>	<u>\$ 1,593,811</u>	<u>\$ 2,170,071</u>	<u>\$ (576,260)</u>
Operating Income (Loss)	<u>(24,368)</u>	<u>26,689</u>	<u>(422,475)</u>	<u>(449,164)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 130,000	\$ 130,000	\$ 130,000	\$
Other	4,500	18,000	8,701	(9,299)
Investment Earnings	(750)	(750)		750
Gain on Sale of Capital Assets			9,273	9,273
Interest Expense and Paying Agent Fees	(99,076)	(97,924)	(13,759)	84,165
Total Non-Operating Revenues (Expenses)	<u>\$ 34,674</u>	<u>\$ 49,326</u>	<u>\$ 134,215</u>	<u>\$ 84,889</u>
Income (Loss) Before Transfers	\$ 10,306	\$ 76,015	\$ (288,260)	\$ (364,275)
Transfers In	130,000	130,000	130,000	
Transfers Out	<u>(104,920)</u>	<u>(104,920)</u>	<u>(104,905)</u>	<u>15</u>
Change in Net Assets	\$ 35,386	\$ 101,095	\$ (263,165)	\$ (364,260)
Total Net Assets - Beginning	<u>(120,005)</u>	<u>(120,005)</u>	<u>(120,005)</u>	
Total Net Assets - Ending	<u>\$ (84,619)</u>	<u>\$ (18,910)</u>	<u>\$ (383,170)</u>	<u>\$ (364,260)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-25

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2010

	<u>Garage</u>	<u>Health Insurance</u>	<u>Occupational Accident Insurance</u>	<u>Payroll Fund</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 28,040	\$ 1,116,466	\$ 588,657	\$ 92,327	\$ 1,825,490
Due from Other Funds	1				1
Inventories	109,903				109,903
Total Current Assets	<u>\$ 137,944</u>	<u>\$ 1,116,466</u>	<u>\$ 588,657</u>	<u>\$ 92,327</u>	<u>\$ 1,935,394</u>
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 10,000	\$	\$	\$	\$ 10,000
Machinery and Equipment	64,236				64,236
Total Noncurrent Assets	<u>\$ 74,236</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,236</u>
Total Assets	<u>\$ 212,180</u>	<u>\$ 1,116,466</u>	<u>\$ 588,657</u>	<u>\$ 92,327</u>	<u>\$ 2,009,630</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 90,281	\$ 1,400	\$ 8,832	\$ 91,521	\$ 192,034
Claims and Judgments Payable		184,093	157,477		341,570
Accrued Wages	10,070				10,070
Due to Other Funds				806	806
Notes Payable - Current	1,097				1,097
Capital Lease Payable - Current	12,291				12,291
Total Current Liabilities	<u>\$ 113,739</u>	<u>\$ 185,493</u>	<u>\$ 166,309</u>	<u>\$ 92,327</u>	<u>\$ 557,868</u>
Noncurrent Liabilities					
Notes Payable	\$ 13,845	\$	\$	\$	\$ 13,845
Capital Lease Payable	41,282				41,282
Accrued Compensated Absences	49,848				49,848
Total Noncurrent Liabilities	<u>\$ 104,975</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 104,975</u>
Total Liabilities	<u>\$ 218,714</u>	<u>\$ 185,493</u>	<u>\$ 166,309</u>	<u>\$ 92,327</u>	<u>\$ 662,843</u>
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	\$ 5,721	\$	\$	\$	\$ 5,721
Unrestricted Net Assets	<u>(12,255)</u>	<u>930,973</u>	<u>422,348</u>	<u></u>	<u>1,341,066</u>
Total Net Assets	<u>\$ (6,534)</u>	<u>\$ 930,973</u>	<u>\$ 422,348</u>	<u>\$ 0</u>	<u>\$ 1,346,787</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-26

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Garage</u>	<u>Health Insurance</u>	<u>Occupational Accident Insurance</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,542,265	\$ 1,711,958	\$ 340,000	\$ 3,594,223
Total Operating Revenues	<u>\$ 1,542,265</u>	<u>\$ 1,711,958</u>	<u>\$ 340,000</u>	<u>\$ 3,594,223</u>
OPERATING EXPENSES:				
Personnel Services	\$ 403,395	\$	\$	\$ 403,395
Supplies and Materials	1,223,252			1,223,252
Contractual Services	26,507	1,377,334	234,427	1,638,268
Maintenance	19,806			19,806
Depreciation	14,040			14,040
Other		426,918	38,164	465,082
Total Operating Expenses	<u>\$ 1,687,000</u>	<u>\$ 1,804,252</u>	<u>\$ 272,591</u>	<u>\$ 3,763,843</u>
Operating Income (Loss)	<u>(144,735)</u>	<u>(92,294)</u>	<u>67,409</u>	<u>(169,620)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 178	\$ 1,708	\$ 282	\$ 2,168
Gain on Sale of Capital Assets	5,000			5,000
Interest Expense and Paying Agent Fees	(2,055)			(2,055)
Total Non-Operating Revenues (Expenses)	<u>\$ 3,123</u>	<u>\$ 1,708</u>	<u>\$ 282</u>	<u>\$ 5,113</u>
Income (Loss) Before Transfers	\$ (141,612)	\$ (90,586)	\$ 67,691	\$ (164,507)
Transfers In	<u>0</u>			<u>0</u>
Change in Net Assets	\$ (141,612)	\$ (90,586)	\$ 67,691	\$ (164,507)
Total Net Assets - Beginning	<u>135,078</u>	<u>1,021,559</u>	<u>354,657</u>	<u>1,511,294</u>
Total Net Assets - Ending	<u>\$ (6,534)</u>	<u>\$ 930,973</u>	<u>\$ 422,348</u>	<u>\$ 1,346,787</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-27

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Garage	Health Insurance	Occupational Accident Insurance	Payroll Fund	Total Internal Service Funds (See Exhibit A-9)
Cash Flows from Operating Activities					
Cash Received from Interfund Services Provided	\$ 1,542,264	\$ 1,285,040	\$ 301,836	\$ (2,524)	\$ 3,126,616
Cash Payments to Employees	(397,973)				(397,973)
Cash Payments to Suppliers for Goods and Services	(1,264,468)	(1,268,034)	(185,667)	7,299	(2,710,870)
Net Cash Provided by (Used in) Operating Activities	\$ (120,177)	\$ 17,006	\$ 116,169	\$ 4,775	\$ 17,773
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid	\$ (12,111)	\$	\$	\$	\$ (12,111)
Acquisition or Construction of Capital Assets	(5,000)				(5,000)
Proceeds from Sale of Capital Assets	5,000				5,000
Net Cash Provided by (Used in) Capital and Related Financing Activities	\$ (12,111)	\$ 0	\$ 0	\$ 0	\$ (12,111)
Cash Flows from Investing Activities					
Interest and Dividends on Investments	\$ 178	\$ 1,708	\$ 282	\$	\$ 2,168
Net Cash Provided by Investing Activities	\$ 178	\$ 1,708	\$ 282	\$ 0	\$ 2,168
Net Increase (Decrease) in Cash and Cash Equivalents	(132,110)	18,714	116,451	4,775	7,830
Cash and Cash Equivalents at Beginning of Year	160,150	1,097,752	472,206	87,552	1,817,660
Cash and Cash Equivalents at End of Year	\$ 28,040	\$ 1,116,466	\$ 588,657	\$ 92,327	\$ 1,825,490
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ (144,735)	\$ (92,294)	\$ 67,409	\$ 0	\$ (169,620)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	14,040				14,040
Change in Assets and Liabilities					
(Increase) Decrease in Interfund Receivable	(1)			3,472	3,471
Decrease in Inventories	11,382				11,382
Increase (Decrease) in Accounts Payable	(6,162)	109,300	48,760	7,299	159,197
Decrease in Interfund Payables	(123)			(5,996)	(6,119)
Increase in Accrued Expenses	5,422				5,422
Total Adjustments	\$ 24,558	\$ 109,300	\$ 48,760	\$ 4,775	\$ 187,393
Net Cash Provided by (Used in) Operating Activities	\$ (120,177)	\$ 17,006	\$ 116,169	\$ 4,775	\$ 17,773
Schedule of Noncash Capital and Related Financing Activities:					
Capital Assets Acquired Through Capital Lease Purchases	\$ 50,240	\$ 0	\$ 0	\$ 0	\$ 50,240

CITY OF BIG SPRING, TEXAS

EXHIBIT C-28

**GARAGE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,379,900	\$ 1,494,620	\$ 1,542,265	\$ 47,645
Total Operating Revenues	<u>\$ 1,379,900</u>	<u>\$ 1,494,620</u>	<u>\$ 1,542,265</u>	<u>\$ 47,645</u>
OPERATING EXPENSES:				
Personnel Services	\$ 385,765	\$ 381,326	\$ 403,395	\$ (22,069)
Supplies and Materials	946,270	1,120,325	1,223,252	(102,927)
Contractual Services	28,112	32,529	26,507	6,022
Maintenance	15,300	20,673	19,806	867
Depreciation			14,040	(14,040)
Total Operating Expenses	<u>\$ 1,375,447</u>	<u>\$ 1,554,853</u>	<u>\$ 1,687,000</u>	<u>\$ (132,147)</u>
Operating Income (Loss)	<u>4,453</u>	<u>(60,233)</u>	<u>(144,735)</u>	<u>(84,502)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 500	\$ 150	\$ 178	\$ 28
Gain on Sale of Capital Assets		5,000	5,000	
Interest Expense and Paying Agent Fees	(11,987)	(12,075)	(2,055)	10,020
Total Non-Operating Revenues (Expenses)	<u>\$ (11,487)</u>	<u>\$ (6,925)</u>	<u>\$ 3,123</u>	<u>\$ 10,048</u>
Change in Net Assets	\$ (7,034)	\$ (67,158)	\$ (141,612)	\$ (74,454)
Total Net Assets - Beginning	<u>135,078</u>	<u>135,078</u>	<u>135,078</u>	
Total Net Assets - Ending	<u>\$ 128,044</u>	<u>\$ 67,920</u>	<u>\$ (6,534)</u>	<u>\$ (74,454)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-29

HEALTH INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,548,000	\$ 1,701,800	\$ 1,711,958	\$ 10,158
Total Operating Revenues	<u>\$ 1,548,000</u>	<u>\$ 1,701,800</u>	<u>\$ 1,711,958</u>	<u>\$ 10,158</u>
OPERATING EXPENSES:				
Contractual Services	\$ 1,295,100	\$ 1,295,000	\$ 1,377,334	\$ (82,334)
Other	350,000	430,000	426,918	3,082
Total Operating Expenses	<u>\$ 1,645,100</u>	<u>\$ 1,725,000</u>	<u>\$ 1,804,252</u>	<u>\$ (79,252)</u>
Operating Income (Loss)	<u>\$ (97,100)</u>	<u>\$ (23,200)</u>	<u>\$ (92,294)</u>	<u>\$ (69,094)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 700	\$ 1,500	\$ 1,708	\$ 208
Total Non-Operating Revenues (Expenses)	<u>\$ 700</u>	<u>\$ 1,500</u>	<u>\$ 1,708</u>	<u>\$ 208</u>
Income (Loss) Before Transfers	\$ (96,400)	\$ (21,700)	\$ (90,586)	\$ (68,886)
Transfers In	<u> </u>	<u> </u>	<u> </u>	<u> 0</u>
Change in Net Assets	\$ (96,400)	\$ (21,700)	\$ (90,586)	\$ (68,886)
Total Net Assets - Beginning	<u>1,021,559</u>	<u>1,021,559</u>	<u>1,021,559</u>	<u> </u>
Total Net Assets - Ending	<u>\$ 925,159</u>	<u>\$ 999,859</u>	<u>\$ 930,973</u>	<u>\$ (68,886)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-30

OCCUPATIONAL ACCIDENT INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 340,000	\$ 340,000	\$ 340,000	\$ 0
Total Operating Revenues	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 0</u>
OPERATING EXPENSES:				
Contractual Services	\$ 155,000	\$ 168,000	\$ 234,427	\$ (66,427)
Other	75,150	55,000	38,164	16,836
Total Operating Expenses	<u>\$ 230,150</u>	<u>\$ 223,000</u>	<u>\$ 272,591</u>	<u>\$ (49,591)</u>
Operating Income	<u>109,850</u>	<u>117,000</u>	<u>67,409</u>	<u>(49,591)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 200	\$	\$ 282	\$ 282
Total Non-Operating Revenues (Expenses)	<u>\$ 200</u>	<u>\$ 0</u>	<u>\$ 282</u>	<u>\$ 282</u>
Change in Net Assets	\$ 110,050	\$ 117,000	\$ 67,691	\$ (49,309)
Total Net Assets - Beginning	<u>354,657</u>	<u>354,657</u>	<u>354,657</u>	
Total Net Assets - Ending	<u>\$ 464,707</u>	<u>\$ 471,657</u>	<u>\$ 422,348</u>	<u>\$ (49,309)</u>

**STATISTICAL SECTION
(Unaudited)**

STATISTICAL SECTION

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

CONTENTS

Financial Trends	Pages
This segment contains information to help the reader understand how the City's financial performance and well-being have changed over time.	87-91
Revenue Capacity	
This segment contains information to help the reader assess the City's most significant local revenue sources which are sales tax followed closely by property tax.	92-96
Debt Capacity	
This segment contains information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	97-100
Economic and Demographic Information	
This segment contains demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	101-102
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	103-105

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

CITY OF BIG SPRING, TEXAS

TABLE E-1

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 74,389,471	\$ 74,072,942	\$ 74,732,193	\$ 75,819,837
Restricted For:				
Debt Service	81,581	225,862	263,432	236,291
Closure/Postclosure Landfill Obligation	101,126	299,782	164,513	429,138
Non-expendable - Cemetery Perpetual Care	351,511	351,511	351,511	351,511
Unrestricted	<u>8,642,307</u>	<u>11,042,754</u>	<u>10,769,031</u>	<u>9,837,960</u>
Total Governmental Activities Net Assets	<u>\$ 83,565,996</u>	<u>\$ 85,992,851</u>	<u>\$ 86,280,680</u>	<u>\$ 86,674,737</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 29,854,473	\$ 29,650,749	\$ 35,567,974	\$ 34,187,693
Unrestricted	<u>2,550,693</u>	<u>3,041,044</u>	<u>874,706</u>	<u>(495,933)</u>
Total Business-Type Activities Net Assets	<u>\$ 32,405,166</u>	<u>\$ 32,691,793</u>	<u>\$ 36,442,680</u>	<u>\$ 33,691,760</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 104,243,944	\$ 103,723,691	\$ 110,300,167	\$ 110,007,530
Restricted For:				
Debt Service	81,581	225,862	263,432	236,291
Closure/Postclosure Landfill Obligation	101,126	299,782	164,513	429,138
Non-expendable - Cemetery Perpetual Care	351,511	351,511	351,511	351,511
Unrestricted	<u>11,193,000</u>	<u>14,083,798</u>	<u>11,643,737</u>	<u>9,342,027</u>
Total Primary Government Net Assets	<u>\$ 115,971,162</u>	<u>\$ 118,684,644</u>	<u>\$ 122,723,360</u>	<u>\$ 120,366,497</u>

CITY OF BIG SPRING, TEXAS

TABLE E-2

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental Activities				
General Government	\$ 1,553,768	\$ 1,793,992	\$ 1,824,360	\$ 2,036,771
Public Safety	34,574,020	7,500,329	8,224,479	8,959,484
Highways and Streets	1,539,111	1,851,028	2,142,249	2,004,963
Sanitation	1,739,329	1,776,428	2,260,078	1,843,457
Community Service	85,350	367,619	498,303	518,615
Recreation and Parks	923,075	1,420,690	1,404,752	1,616,841
Cemetery	143,459	149,141	190,062	146,107
Economic Development	1,626,113	1,862,701	1,867,545	1,816,715
Interest on Long-Term Debt	505,201	796,014	771,681	814,498
Total Governmental Activities Expenses	\$ 42,689,426	\$ 17,517,942	\$ 19,183,509	\$ 19,757,451
Business-Type Activities				
Water and Sewer	\$ 8,736,468	\$ 9,133,088	\$ 9,959,780	\$ 10,851,962
Airport/Industrial Park	1,787,590	1,473,504	1,536,701	1,516,681
Emergency Medical Services	1,537,351	2,047,764	1,991,905	2,183,830
Total Business-Type Activities Expenses	\$ 12,061,409	\$ 12,654,356	\$ 13,488,386	\$ 14,552,473
Total Primary Government Expenses	\$ 54,750,835	\$ 30,172,298	\$ 32,671,895	\$ 34,309,924
Program Revenues				
Governmental Activities				
Charges for Services				
Public Safety	\$ 27,965,372	\$	\$	\$
Sanitation	2,284,695	2,408,181	2,789,526	2,735,430
Community Service		95,691	53,727	50,740
Recreation and Parks	91,453	364,201	421,657	407,605
General Government	218,268	318,536	194,274	223,348
Cemetery	50,173			
Operating Grants and Contributions	140,642	442,151	257,142	227,973
Capital Grants and Contributions	37,364	16,207	52,370	135,368
Total Governmental Activities Program Revenues	\$ 30,787,967	\$ 3,644,967	\$ 3,768,696	\$ 3,780,464
Business-Type Activities				
Charges for Services				
Water and Sewer	\$ 8,259,517	\$ 9,313,289	\$ 9,594,378	\$ 9,702,905
Airport/Industrial Park	722,052	834,312	806,400	847,816
Emergency Medical Services	1,357,381	1,350,445	1,808,569	1,747,596
Operating Grants and Contributions			203,042	163,875
Capital Grants and Contributions			4,584,321	
Total Business-Type Activities Program Revenues	\$ 10,338,950	\$ 11,498,046	\$ 16,996,710	\$ 12,462,192
Total Primary Government Program Revenues	\$ 41,126,917	\$ 15,143,013	\$ 20,765,406	\$ 16,242,656
Net (Expense) Revenue				
Governmental Activities	\$ (11,901,459)	\$ (13,872,975)	\$ (15,414,813)	\$ (15,976,987)
Business-Type Activities	(1,722,459)	(1,156,310)	3,508,324	(2,090,281)
Total Primary Government Net Expense	\$ (13,623,918)	\$ (15,029,285)	\$ (11,906,489)	\$ (18,067,268)

CITY OF BIG SPRING, TEXAS

TABLE E-3

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

	Fiscal Year			
	2007	2008	2009	2010
Net (Expense) Revenue				
Governmental Activities	\$ (11,901,459)	\$ (13,872,975)	\$ (15,414,813)	\$ (15,976,987)
Business-Type Activities	<u>(1,722,459)</u>	<u>(1,156,310)</u>	<u>3,508,324</u>	<u>(2,090,281)</u>
Total Primary Government Net Expense	<u>\$ (13,623,918)</u>	<u>\$ (15,029,285)</u>	<u>\$ (11,906,489)</u>	<u>\$ (18,067,268)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property Taxes	\$ 3,252,311	\$ 5,068,566	\$ 5,400,654	\$ 5,558,497
Sales Taxes	5,369,792	6,047,491	5,778,812	5,734,386
Gross Receipts Taxes	1,477,481	1,522,960	1,414,058	1,428,017
Motel Occupancy Taxes	478,512	694,339	505,456	499,279
Unrestricted Grants and Contributions	942,137	1,053,729	1,182,689	1,126,704
Investment Earnings	1,023,253	844,532	186,464	71,567
Other	1,236,171	1,364,251	1,450,330	1,265,495
Transfers	570,670	(296,038)	(215,821)	687,099
Total Governmental Activities	<u>\$ 14,350,327</u>	<u>\$ 16,299,830</u>	<u>\$ 15,702,642</u>	<u>\$ 16,371,044</u>
Business-Type Activities				
Unrestricted Grants and Contributions	\$ 217,009	\$ 1,036,216	\$	\$
Investment Earnings	276,256	106,972	20,005	1,646
Other	450	3,711	6,737	24,814
Transfers	(570,670)	296,038	215,821	(687,099)
Total Business-Type Activities	<u>\$ (76,955)</u>	<u>\$ 1,442,937</u>	<u>\$ 242,563</u>	<u>\$ (660,639)</u>
Total Primary Government	<u>\$ 14,273,372</u>	<u>\$ 17,742,767</u>	<u>\$ 15,945,205</u>	<u>\$ 15,710,405</u>
Change in Net Assets				
Governmental Activities	\$ (1,743,741)	\$ 14,350,327	\$ 287,829	\$ 394,057
Business-Type Activities	<u>(824,807)</u>	<u>(76,955)</u>	<u>3,750,887</u>	<u>(2,750,920)</u>
Total Primary Government	<u>\$ (2,568,548)</u>	<u>\$ 14,273,372</u>	<u>\$ 4,038,716</u>	<u>\$ (2,356,863)</u>

CITY OF BIG SPRING, TEXAS

TABLE E-4

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

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 24,307	\$ 21,675	\$ 12,770	\$ 17,894	8,818
Unreserved	<u>6,356,196</u>	<u>6,426,470</u>	<u>7,764,191</u>	<u>8,607,986</u>	<u>7,314,099</u>
Total General Fund	<u>\$ 6,380,503</u>	<u>\$ 6,448,145</u>	<u>\$ 7,776,961</u>	<u>\$ 8,625,880</u>	<u>\$ 7,322,917</u>
All Other Governmental Funds					
Reserved for Cemetery Care	\$ 351,511	\$ 351,511	\$ 351,511	\$ 351,511	\$ 351,511
Reserved for Debit Service Funds	10,462	81,581	225,862	263,432	236,291
Reserved for Capital Projects		15,065,374	12,221,769	2,579,548	5,484,028
Unreserved, Reported in:					
Special Revenue Funds	2,649,383	2,815,706	3,137,862	3,045,361	1,717,260
Capital Projects Funds	<u>1,650,957</u>	<u>1,717,025</u>	<u>1,781,662</u>	<u>1,829,311</u>	<u>1,919,549</u>
Total All Other Governmental Funds	<u>\$ 4,662,313</u>	<u>\$ 20,031,197</u>	<u>\$ 17,718,666</u>	<u>\$ 8,069,163</u>	<u>\$ 9,708,639</u>

CITY OF BIG SPRING, TEXAS

TABLE E-5

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues					
Taxes	\$ 10,301,113	\$ 10,579,730	\$ 13,321,348	\$ 13,059,530	13,203,041
Licenses, Fees, and Permits	204,021	220,018	311,572	186,062	213,509
Fines and Penalties	258,458	295,996	317,535	361,425	451,300
Charges for Services	2,476,170	2,567,774	2,860,629	3,267,596	3,002,540
Intergovernmental	58,298,013	29,078,145	1,512,088	1,492,201	1,492,007
Investment Earnings	390,416	1,023,253	844,532	186,464	71,567
Other Revenues	888,283	804,341	1,147,675	1,105,411	1,089,989
Total Revenues	\$ <u>72,816,474</u>	\$ <u>44,569,257</u>	\$ <u>20,315,379</u>	\$ <u>19,658,689</u>	\$ <u>19,523,953</u>
Expenditures					
General Government	\$ 1,901,122	\$ 1,509,104	\$ 1,943,501	\$ 1,754,193	\$ 1,861,001
Public Safety	63,303,421	34,835,688	7,964,371	8,416,171	9,257,095
Highways and Streets	1,878,575	1,834,063	2,593,080	6,927,490	4,820,334
Sanitation	1,802,870	1,675,718	1,986,031	1,766,181	2,210,220
Community Service	82,963	85,350	409,001	489,450	528,189
Recreation and Parks	1,152,060	2,425,815	2,815,726	5,141,208	2,216,615
Economic Development	1,568,429	1,617,966	1,931,752	1,825,613	1,832,712
Cemetery	141,936	139,369	166,209	215,888	125,424
Debt Service					
Interest and Fees	74,755	189,148	1,058,840	774,219	750,003
Principal	723,009	843,754	1,062,767	1,511,564	1,349,565
Total Expenditures	\$ <u>72,629,140</u>	\$ <u>45,155,975</u>	\$ <u>21,931,278</u>	\$ <u>28,821,977</u>	\$ <u>24,951,158</u>
Excess of Revenues Over (Under) Expenditures	\$ <u>187,334</u>	\$ <u>(586,718)</u>	\$ <u>(1,615,899)</u>	\$ <u>(9,163,288)</u>	\$ <u>(5,427,205)</u>
Other Financing Sources (Uses)					
Capital Leases	\$ 2,466,226	\$ 707,574	\$ 928,222	\$ 578,525	\$ 955,949
Issuance of Debt		14,745,000			4,120,670
Transfers In	439,839	1,226,448	907,813	1,266,966	3,616,590
Transfers Out	(689,839)	(655,778)	(1,203,851)	(1,482,787)	(2,929,491)
Total Other Financing Sources (Uses)	\$ <u>2,216,226</u>	\$ <u>16,023,244</u>	\$ <u>632,184</u>	\$ <u>362,704</u>	\$ <u>5,763,718</u>
Net Change in Fund Balances	\$ <u>2,403,560</u>	\$ <u>15,436,526</u>	\$ <u>(983,715)</u>	\$ <u>(8,800,584)</u>	\$ <u>336,513</u>
Debt Service as a Percentage of Noncapital Expenditures	1.1%	2.4%	11.8%	12.0%	10.8%

CITY OF BIG SPRING, TEXAS

TABLE E-6

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Business Gross Receipts Tax</u>	<u>Motel Occupany Tax</u>	<u>Total</u>
2006	\$ 3,097,654	\$ 4,969,337	\$ 1,864,360	\$ 369,762	\$ 10,301,113
2007	3,252,311	5,369,792	1,477,481	478,512	10,578,096
2008	5,068,566	6,047,491	1,522,960	694,339	13,333,356
2009	5,361,204	5,778,812	1,414,058	505,456	13,059,530
2010	5,541,359	5,734,386	1,428,017	499,279	13,203,041
Percent Change 2006 - 2010	78.9%	15.4%	-23.4%	35.0%	

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CITY OF BIG SPRING, TEXAS

TABLE E-7

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

Fiscal Year	Real Property		Personal Property		All Property		Total Direct Tax Rate	Value as a Percentage of Actual Taxable Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2001	\$ 296,099,061	\$ 296,099,061	\$ 106,778,706	\$ 106,778,706	\$ 402,877,767	\$ 402,877,767	0.6563	100.00%
2002	305,338,253	305,338,253	105,116,794	105,116,794	410,455,047	410,455,047	0.6563	100.00%
2003	314,715,405	314,715,405	96,575,202	96,575,202	411,290,607	411,290,607	0.6863	100.00%
2004	315,221,277	315,221,277	97,269,748	97,269,748	412,491,025	412,491,025	0.6863	100.00%
2005	316,094,505	316,094,505	97,391,125	97,391,125	413,485,630	413,485,630	0.7163	100.00%
2006	363,664,736	363,664,736	55,909,450	55,909,450	419,574,186	419,574,186	0.7163	100.00%
2007	319,327,683	319,327,683	125,210,676	125,210,676	444,538,359	444,538,359	0.7163	100.00%
2008	350,680,525	350,680,525	131,006,987	131,006,987	481,687,512	481,687,512	1.0228	100.00%
2009	456,352,869	456,352,869	67,359,290	67,359,290	523,712,159	523,712,159	1.0132	100.00%
2010	480,480,335	480,480,335	59,928,374	59,928,374	540,408,709	540,408,709	0.9995	100.00%

Source: Central Appraisal District

Note: Tax rates are per \$100 of assessed value

CITY OF BIG SPRING, TEXAS

TABLE E-8

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Container	\$ 19,417,570	1	3.59%	\$ 37,293,540	1	9.26%
Scenic Mountain Medical Center	17,012,700	2	3.17%	1,281,984	2	3.18%
The Coca-Cola Company	10,975,760	3	2.05%			
Wal-Mart Stores Texas LP	8,178,829	4	1.52%			
Oncor Electric Delivery	8,101,500	5	1.49%			
Wal-Mart Real Estate	7,028,040	6	1.30%	7,000,000	5	1.74%
Southwestern Bell Telephone LP	5,077,777	7	0.93%	8,936,140	4	2.22%
General Electric Capital Corp	4,159,420	8	0.76%			
HTP TA Properties Trust	3,304,648	9	0.61%			
Atmos Energy/West Texas Div.	3,132,870	10	0.57%			
Wal-Mart Stores Inc.				5,737,472	6	1.42%
Texas Utilities Electric Company				9,395,370	3	2.33%
Huntsman Polymers Corporation				4,764,050	7	1.18%
H. E. Butt Grocery, Inc.				3,631,344	8	0.90%
Rip Griffin Truck Stop				2,811,538	9	0.70%
Energas Company				2,654,630	10	0.66%
Total	<u>\$ 86,389,114</u>		<u>15.99%</u>	<u>\$ 83,506,068</u>		<u>23.59%</u>

Source: Texas State Comptroller

CITY OF BIG SPRING, TEXAS

TABLE E-9

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 2,497,899	\$ 2,377,916	\$ 95.20%	\$ 73,619	\$ 2,451,535	98.14%
2002	2,644,134	2,511,365	94.98%	65,594	2,576,959	97.46%
2003	2,693,926	2,549,800	94.65%	73,904	2,623,704	97.39%
2004	2,699,300	2,530,568	93.75%	99,342	2,629,910	97.43%
2005	2,830,926	2,687,521	94.93%	92,805	2,780,326	98.21%
2006	3,005,417	2,815,327	93.68%	128,267	2,943,594	97.94%
2007	3,186,071	2,876,799	90.29%	135,280	3,012,079	94.54%
2008	4,932,103	4,772,535	96.76%	132,889	4,905,424	99.46%
2009	5,319,488	5,124,334	96.33%	103,582	5,227,916	98.28%
2010	5,481,753	5,275,275	96.23%	118,517	5,393,792	98.40%

Source: Howard County

CITY OF BIG SPRING, TEXAS

TABLE E-10

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

Taxpayer	2010			2001		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Electric Power Distribution	\$ 252,085	1	4.60%	\$ 85,958	6	3.44%
Limited Service Restaurants	215,133	2	3.92%	180,241	3	7.22%
Supermarkets and Other Grocery (except Convenience)	179,454	3	3.27%	191,193	2	7.65%
Gasoline Stations with Convenience Stores	174,237	4	3.18%	54,401		2.18%
Wireless Telecommunications Carriers (except satellite)	153,950	5	2.81%		9	
Wired Telecommunications Carriers	144,714	6	2.64%	114,466	4	4.58%
Full Service Restaurants	131,860	7	2.41%	110,660	5	4.43%
Eating Places	124,057	8	2.26%	228,818	1	9.16%
Gasoline Service Stations	104,083	9	1.90%			
Crude Petroleum and Natural Gas Extraction	96,833	10	1.77%			
Department Stores (except discount dept stores)	93,118	11	1.70%			
Cafeterias, Grill Buffets and Buffets	91,017	12	1.66%			1.73%
All other Miscellaneous Store Retailers (except tobacco)				43,176	10	
Communication Services, Not Elsewhere Classified				55,582	8	2.23%
New Car Dealers				32,353	12	1.30%
All other General Merchandise Stores				35,928	11	1.44%
Lumber and other Building Materials Dealers				63,752	7	2.55%
Total	\$ <u>1,760,541</u>		<u>32.12%</u>	\$ <u>1,196,528</u>		<u>47.90%</u>

Source: Texas State Comptroller

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CITY OF BIG SPRING, TEXAS

TABLE E-11

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FIVE FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage Of Personal Income	Per Capita
	General Obligation Bonds	Certificate Of Obligation	Capital Leases	Energy Conservation Loan	General Obligation Bonds	Certificate Of Obligation	Capital Leases	Energy Conservation Loan			
2006	\$ 665,000	\$	\$ 1,211,763	\$ 2,088,918	\$ 3,705,000	\$	\$ 308,080	\$ 3,523,617	\$ 11,502,378	1.01%	\$ 233
2007	14,725,000	460,000	1,364,927	1,986,059	3,305,000	640,000	333,377	3,350,114	26,164,477	3.46%	825
2008	14,355,000	455,000	1,711,580	1,878,891	2,885,000	630,000	295,732	3,169,341	25,380,544	3.02%	805
2009	13,635,000	440,000	1,636,526	1,767,232	2,450,000	605,000	568,550	2,980,994	24,083,302	2.71%	764
2010	13,115,000	4,625,000	1,934,431	1,650,895	2,000,000	580,000	486,063	2,784,755	27,176,144	2.57%	755

CITY OF BIG SPRING, TEXAS

TABLE E-12

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST FIVE FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Estimated Actual¹ Taxable Value of Property</u>	<u>Net Debt Per Capita²</u>
2006	\$ 665,000	\$ 10,462	\$ 654,538	0.16%	\$ 26
2007	14,725,000	15,907	14,709,093	3.31%	583
2008	14,355,000	228,087	14,126,913	2.93%	560
2009	13,635,000	299,833	13,335,167	2.55%	528
2010	13,115,000	241,630	12,873,370	2.38%	510

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 90 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 97.

CITY OF BIG SPRING, TEXAS

TABLE E-13

DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT

<u>Governmental Unit</u>	<u>Debt Outstanding</u>		<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid with Property Taxes				
Big Spring Independent School District*	\$ 58,625,000	*	53.90%	\$ 31,598,875
Forsan Independent School District*	3,695,000	*	0.55%	20,323
Coahoma Independent School District*	13,208,994	*	0.43%	56,799
Howard County*	11,930,000	*	28.47%	3,396,471
Howard College*	19,635,000	*	28.47%	5,590,085
Subtotal, Overlapping Debt				<u>40,662,553</u>
City of Big Spring Direct Debt	\$17,498,370		100%	<u>17,498,370</u>
Total Direct and Overlapping Debt				<u><u>\$58,160,923</u></u>

Sources: Debt outstanding data provided by each governmental unit.

Note: Overlapping debt is calculated by the shared market value of other governmental unit and the City of Big Spring divided by the total market value of the other governmental unit.

* Gross debt

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CITY OF BIG SPRING, TEXAS

TABLE E-14

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 6,043,167	\$ 6,156,826	\$ 6,169,359	\$ 6,187,365	\$ 6,202,284	\$ 6,293,613	\$ 6,668,075	\$ 7,225,313	\$ 7,855,682	\$ 8,106,131
Total Net Debt Applicable to Limit	(149,877)	(225,000)	(237,110)	(233,038)	(224,408)	(219,538)	(146,016)	(144,137)	(435,167)	(290,975)
Legal Debt Margin	5,893,290	5,931,826	5,932,249	5,954,327	5,977,876	6,074,075	6,522,059	7,081,176	7,420,515	7815156
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	2.48%	3.65%	3.84%	3.77%	3.62%	3.49%	2.19%	2.00%	5.54%	3.59%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 540,408,709
Debt Limit (1.5% Assessed Value) Assessed Value	\$ 8,106,131
Debt Applicable to Limit:	
General Obligation Bonds	\$ 532,605
Less: Amount Set Aside for Repayment	<u>(241,630)</u>
Net Debt Applicable to Limit	\$ 290,975
Legal Debt Margin	\$ 7,815,156

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CITY OF BIG SPRING, TEXAS

TABLE E-15

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Population (1)	25,233	25,233	25,233	25,233	25,233	25,233	25,233	25,233	25,233	25,233
Total Personal Income	\$ 540,089,132	\$ 512,810,259	\$ 512,810,259	\$ 542,534,733	\$ 553,233,525	\$ 585,052,338	\$ 602,008,914	\$ 673,579,236	\$ 713,135,046	\$ 742,607,190
Per Capita Personal Income (2)	\$ 21,404	\$ 20,323	\$ 20,323	\$ 21,501	\$ 21,925	\$ 23,186	\$ 23,858	\$ 26,692	\$ 28,262	\$ 29,430
Median Age (2)	36	35	36	36	36	36	36	37	37	37
Unemployment (3)	5.1%	6.4%	6.6%	5.9%	5.6%	5.2%	4.4%	4.4%	7.5%	7.3%

Data Sources: (1) Bureau of Census
(2) Texas Workforce Commission
(3) Bureau of Labor Statistics

CITY OF BIG SPRING, TEXAS

TABLE E-16

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

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Big Spring ISD	616	1	4.70%	610	2	4.65%
Big Spring State Hospital	578	2	4.41%	655	1	4.99%
Veterans Administration Hospital	541	3	4.13%	508	3	3.87%
Cornell Corrections, Inc.	485	4	3.70%	449	4	3.42%
Robinson Drilling of Texas	353	5	2.69%			
Wal-Mart	338	6	2.58%	358	5	2.73%
Scenic Mountain Medical Center	323	7	2.46%	340	6	2.59%
City of Big Spring	285	8	2.17%	266	7	2.03%
Federal Bureau of Prisons	260	9	1.98%			
Price Construction	232	10	1.77%	125	10	0.95%
Howard College & SWICD	212	11	1.62%	235	8	1.79%
Alon USA	188	12	1.43%	190	9	1.45%
Total	<u>4,411</u>		<u>33.64%</u>	<u>3,736</u>		<u>28.47%</u>

Source: Oncor community profiles

CITY OF BIG SPRING, TEXAS

TABLE E-17

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

Function/Program	Full-Time-Equivalent Employees as of Year End									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Management Services	9	9	8	8	7	7	8	8	8	8
Finance	6	6	6	6	6	6	5	5	5	5
Other	4	6	6	5	5	5	9	9	9	8.5
Information Technology	1	1	1	1	1	1	2	2	2	2
Convention and Visitors Bureau				1	1	1	1	1	1	2
Police										
Officers	46	48	48	56	56	56	49	54	58	54
Civilians	20	19	16	8	8	8	13	13	10	15
Fire										
Firefighters and Officers	49	49	46	46	46	46	45	45	45	45
Civilians				1	1	1	1	1	1	0.5
EMS										
EMS and Officers	14	13	16	16	16	16	16	16	16	16
Civilians	2	2	2	1	2	2	2	2	2	2
Refuse Collection (Landfill)	7	6	6	8	7	7	6	6	6	6
Other Public Works	7	7	7	8	9	9	17	17	21	21.5
Parks and Recreation	10	9	8	9	9	9	11	11	15	14
Service Center	9	9	8	8	8	8	8	8	8	8
Streets	16	13	14	14	14	14	14	14	14	14
Sanitation	8	8	8	8	8	8	8	8	8	8
Airpark	7	7	7	7	7	7	7	7	5	7
Water	40	41	41	41	41	41	40	40	40	41
Wastewater	9	9	9	8	9	9	9	9	9	9
Total	<u>264</u>	<u>262</u>	<u>257</u>	<u>260</u>	<u>261</u>	<u>261</u>	<u>271</u>	<u>276</u>	<u>283</u>	<u>286.5</u>

Source: City Budget Office

CITY OF BIG SPRING, TEXAS

TABLE E-18

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Building Permits Issued	273	372	269	1,170	966	1,351	1,460	1,482	1,196	1,267
Police										
Physical Arrests	1,619	1,668	1,613	1,574	1,730	1,904	1,704	2,225	1,320	2,743
Number of Calls for Service	33,344	32,130	33,344	38,411	26,961	19,431	19,200	29,412	26,576	35,661
Alarm Responses	726	878	726	832	1,132	1,057	647	688	742	1,143
Fire										
Emergency Responses	300	288	327	333	281	431	427	411	442	409
EMS Service										
Number of Runs	2,038	2,243	2,175	2,293	2,546	3,265	3,164	3,660	3,088	3,275
Refuse Collection										
Collected (Tons per Day)	100	100	110	110	120	120	115	110	120	156
Water										
Active Accounts	8,644	8,473	8,649	8,471	8,311	8,626	8,677	8,727	8,600	8,579
Water Main Breaks	321	187	225	228	200	199	206	168	250	580
Average Daily Consumption (Thousands of Gallons)	5,380	3,853	5,380	5,380	4,919	4,919	4,412	5,091	5,317	5,320
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons)	2,599	2,493	2,450	2,183	2,054	2,205	2,730	2,646	2,629	2,576

Data Sources: Various City Departments

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CITY OF BIG SPRING, TEXAS

TABLE E-19

**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units										
Marked	34	34	34	34	34	34	34	35	39	43
Unmarked	17	17	17	17	17	17	17	21	19	19
Fire Stations	5	5	5	5	5	5	5	5	5	5
Refuse Collection										
Collection Trucks	6	6	6	6	6	6	6	6	6	6
Other Public Works										
Streets										
Paved (Miles)	171	171	174	177	158	158	189	189	189	189
Unpaved (Miles)	18	18	15	12	12	12	5	0.5	0.5	0.05
Street Lights	1,903	1,903	1,903	1,907	1,812	1,812	1,810	1,808	1,808	1,784
Parks and Recreation										
Acreage	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069
Parks	5	5	5	5	5	5	5	8	8	8
Lakes	2	2	2	2	2	2	5	2	2	2
Baseball/Softball Fields	6	6	6	6	6	6	6	6	14	14
Soccer/Football Fields									6	6
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (Miles)	153	240	240	240	177	177	177	177	177	177
Fire Hydrants	1,145	1,145	1,510	1,510	722	722	722	722	722	722
System Capacity (Thousands of Gallons)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	13,450	13,450	13,450
Wastewater										
Sanitary Sewers (Miles)	140	140	170	170	125	125	125	125	125	125
Treatment Capacity (Thousands of Gallons)	2,559	2,493	2,450	2,183	2,054	2,205	2,205	5,000	5,000	5,000

Sources: Various City Departments

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of and for the year ended September 30, 2010, which collectively comprise City of Big Spring, Texas' basic financial statements and have issued our report thereon dated March 22, 2011. 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 of the financial statements of the City of Big Spring, Texas for the year ended September 30, 2010, we considered their internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the company's internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A deficiency in internal control exists when the design or operating of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Balinger, Segars, Gilbert & Mass LLP

Certified Public Accountants

March 22, 2011