

CITY OF BIG SPRING, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2012

CAFR Prepared by the Finance Department

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

TABLE OF CONTENTS (CONTINUED)

	<u>Statement Identification</u>	<u>Page No.</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1
GFOA Certificate of Achievement		6
Organizational Chart		7
List of Principal Officials		8
FINANCIAL SECTION		
Independent Auditors' Report		9
Management's Discussion and Analysis (Required Supplementary Information)		11
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Assets	Exhibit A-1	22
Statement of Activities	Exhibit A-2	23
Fund Financial Statements:		
Balance Sheet – Governmental Funds	Exhibit A-3	24
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets	Exhibit A-4	25
Statement of Revenues, Expenditures, and		
Changes in Fund Balances – Governmental Funds	Exhibit A-5	26
Reconciliation of the Statement of Revenues, Expenditures, and		
Changes in Fund Balances of Governmental Funds to the		
Statement of Activities	Exhibit A-6	27
Statement of Net Assets – Proprietary Funds	Exhibit A-7	28
Statement of Revenues, Expenses, and Changes in Fund		
Net Assets – Proprietary Funds	Exhibit A-8	29
Statement of Cash Flows – Proprietary Funds	Exhibit A-9	30
Notes to Financial Statements (an Integral Part of the Basic Financial Statements)		31

CITY OF BIG SPRING, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

TABLE OF CONTENTS (CONTINUED)

	<u>Statement Identification</u>	<u>Page No.</u>
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Funding Progress for the Retirement Plan for the Employees of the City		54
Budgetary Comparison Schedule – General Fund	Exhibit B-1	55
Notes to Required Supplementary Information		56
SUPPLEMENTARY INFORMATION		
Combining Statements and Budgetary Comparison Schedules as Supplementary Information:		
Combining Balance Sheet – Nonmajor Governmental Funds	Exhibit C-1	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	Exhibit C-2	58
Special Revenue Funds:		
Combining Balance Sheet – Nonmajor Special Revenue Funds	Exhibit C-3	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	Exhibit C-4	60
Budgetary Comparison Schedules for Special Revenue Funds:		
Hotel/Motel Occupancy Tax Fund	Exhibit C-5	61
Economic Development	Exhibit C-6	62
Employee’s College Education Fund	Exhibit C-7	63
Municipal Court Security Fund	Exhibit C-8	64
RSVP Fund	Exhibit C-9	65
Narcotics Task Force	Exhibit C-10	66
Cemetery Fund	Exhibit C-11	67
Senior Center	Exhibit C-12	68
Correctional Center Fund	Exhibit C-13	69
Budgetary Comparison Schedules for Debt Service Funds:		
2007 G.O. Bonds	Exhibit C-14	70
2007 C.O. Bonds	Exhibit C-15	71
2010 C.O. Bonds	Exhibit C-16	72

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

TABLE OF CONTENTS (CONTINUED)

	<u>Statement Identification</u>	<u>Page No.</u>
Budgetary Comparison Schedules for Capital Project Funds:		
Capital Replacement Fund	Exhibit C-17	73
2010 C.O. Water Park	Exhibit C-18	74
Law Enforcement	Exhibit C-19	75
Budgetary Comparison Schedule for Permanent Fund:		
Cemetery Permanent Care Fund	Exhibit C-20	76
Budgetary Comparison Schedules for Enterprise Funds:		
Water and Sewer Fund	Exhibit C-21	77
Airport/Industrial Park	Exhibit C-22	78
Emergency Medical Services Fund	Exhibit C-23	79
Internal Service Funds:		
Combining Statement of Net Assets	Exhibit C-24	88
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	Exhibit C-25	81
Combining Statement of Cash Flows	Exhibit C-26	82
Budgetary Comparison Schedules for Internal Service Funds:		
Garage Fund	Exhibit C-27	83
Health Insurance Fund	Exhibit C-28	84
Occupational Accident Insurance Fund	Exhibit C-29	85
STATISTICAL SECTION (Unaudited)		
Statistical Section Contents		86
Net Assets by Component	Table E-1	87
Expenses, Program Revenues, and Net (Expense) Revenue	Table E-2	88
General Revenues and Total Change in Net Assets	Table E-3	89
Fund Balances of Governmental Funds	Table E-4	90
Changes in Fund Balances of Governmental Funds	Table E-5	91
Tax Revenues by Sources, Governmental Funds	Table E-6	92
Direct and Overlapping Sales Tax Rates	Table E-7	93
Assessed Value and Estimated Actual Value of Taxable Property	Table E-8	94
Principal Property Taxpayers	Table E-9	95

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

TABLE OF CONTENTS (CONCLUDED)

	<u>Statement Identification</u>	<u>Page No.</u>
Property Tax Levies and Collections	Table E-10	96
Sales Tax Revenue Payers by Industry	Table E-11	97
Ratios of Outstanding Debt by Type	Table E-12	98
Ratios of General Bonded Debt Outstanding	Table E-13	99
Direct and Overlapping Governmental Activities Debt	Table E-14	100
Legal Debt Margin Information	Table E-15	101
Demographic and Economic Statistics	Table E-16	102
Principal Employers	Table E-17	103
Full-Time-Equivalent City Government Employees by Function/Program	Table E-18	104
Operating Indicators by Function/Program	Table E-19	105
Capital Assets Statistics by Function/Program	Table E-20	106
 OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		107

INTRODUCTORY SECTION



March 25, 2013

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, 2012.

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, 2011. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the City

The City of Big Spring, Texas, incorporated in 1907, is the county seat and principal city of Howard County. The city is located 39 miles northeast of Midland, Texas at the intersection of Interstate Highway 20 and U.S Highway 87. The city currently occupies a land area of 18.89 square miles and serves a population of 27,282. 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 numerous oilfield related businesses, 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.

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. The City's unemployment rate for 2012 was 5.7%, well below the state and national unemployment rates. 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-16 in the statistical section.

Property tax revenue (using the modified accrual basis of accounting) which had risen by 70.6% in the previous five years, from \$3,252 in 2007 to \$5,548 in 2011, fell 4.6% to \$5,293, due to adoption of a lower maintenance and operation tax rate. The total property tax rate decreased from 94.95¢ to 86.5043¢ per \$100 of assessed value, an 8.4457¢ or 8.9% decrease. New

construction and increases in appraised values added less than 1% to total assessed values, thereby partially funding the new lower property tax rate. Sales tax revenue has increased by 27.7% over the last five year period, indicating significant economic growth in the region. The city's hotel occupancy tax revenue has seen a major increase from 2008 to 2012, reflecting a 65% increase. Hotel occupancy tax is due to increase further as the historic Hotel Settles, a landmark, 15 story hotel built in 1930 in the center of Big Spring, was recently renovated at a cost of over \$30 million to address the shortage of hotel rooms in the Big Spring area. This growth can be explained primarily by the following factors: The newly constructed and recently renovated hotels along the interstate and a strong oilfield industry in West Texas. 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.

In addition to the oil and gas sector which was already booming in the West Texas region, a new discovery of oil and gas called the Cline Shale has been identified. The City of Big Spring is the largest city within the boundaries of the shale formation, and it is anticipated that the economic growth associated with the production of resources within this shale will cause a huge economic and population growth in Big Spring in the coming years.

Long-term Financial Planning

Unassigned fund balance in the General Fund (41% 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.

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 \$21,613.

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 2012, the city has placed \$3,005 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 21 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 started construction of a reclamation 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. 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. Additionally, CRMWD issued \$135 million in new debt in July 2011 to drill additional wells in their Ward County well field and construct a 42 mile pipeline to provide that additional water to its member cities and other customers.

The most well-known landmark in Big Spring is the historic fifteen-story Settles Hotel which has been vacant since 1984. In 2006, it was purchased by a former resident who has become independently wealthy and complete renovations were completed in December 2012. It has retail space available on the first two floors in addition to a ballroom, condominium-style living quarters on the top two floors, and fully restored hotel accommodations on the remaining floors. Additionally, the city has competed reconstructing streets and utility lines in the downtown area and surrounding business district. In conjunction with these projects, the city has begun the process of revitalizing its downtown area and has established 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.

In May 2012, the voters approved using part of the sales tax dedicated to the Type A Economic Development Corporation (EDC) on a Type B project. In connection to that election, the City issued \$11,725 Tax and Surplus Revenue Certificates of Obligation to renovate and upgrade the water and wastewater treatment facilities. Debt service on the issue will be paid using EDC sales tax and revenue from the utility system.

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, 2012. This was the fifteenth

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, 2012. This was the fifteenth 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,



Todd Darden
Interim 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, 2011

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.



Christopher P. Mouill

President

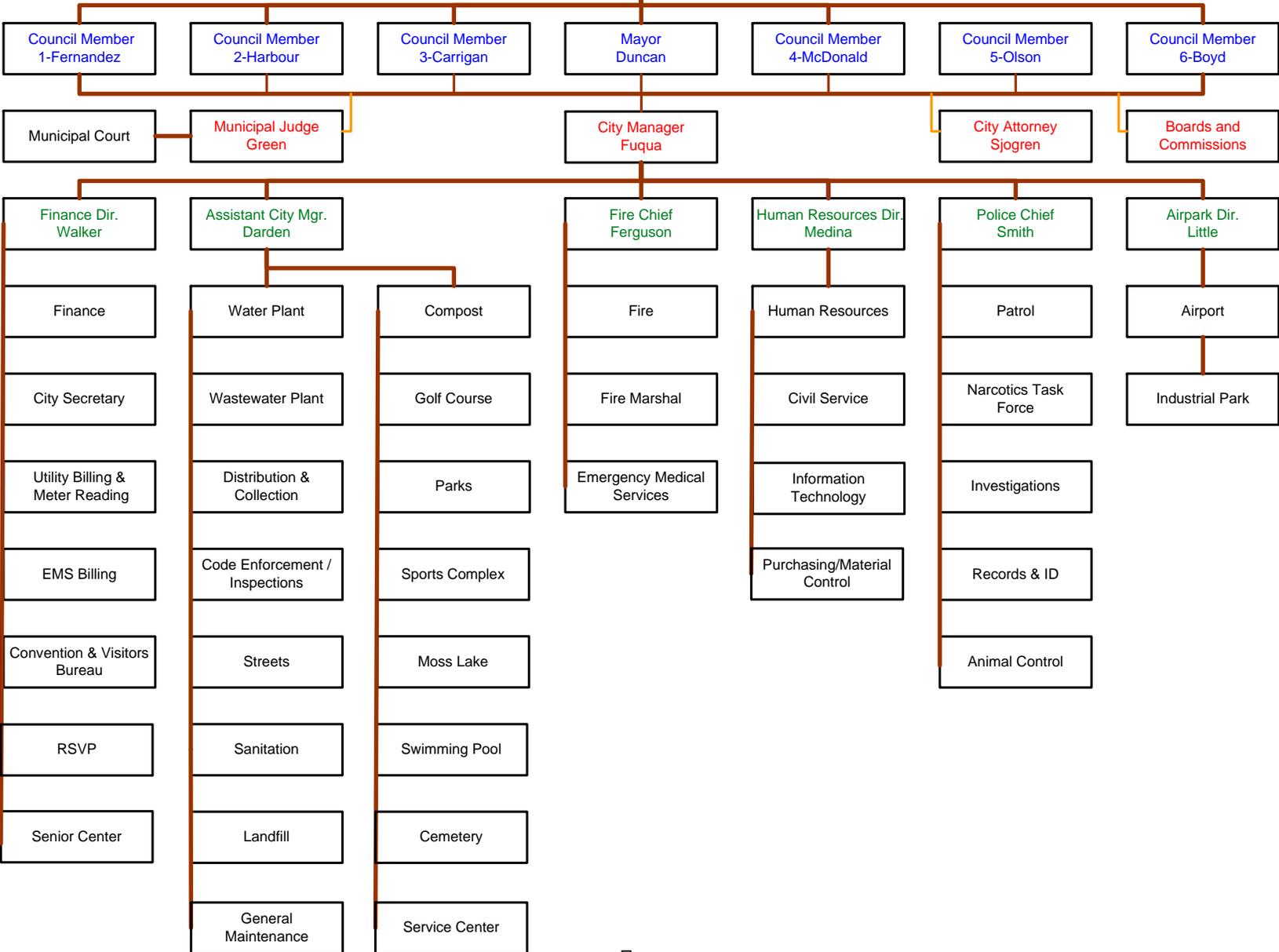
Jeffrey R. Enow

Executive Director



Big Spring, Texas

Citizens of Big Spring



**CITY OF BIG SPRING, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2012**

Elected Officials

<u>Name</u>	<u>Office</u>
Tommy Duncan	Mayor
Craig Olson	Mayor Pro Tem - District 5 Council Member
Marcus Fernandez	District 1 Council Member
Carmen Harbour	District 2 Council Member
Glen Carrigan	District 3 Council Member
Bobby McDonald	District 4 Council Member
Marvin Boyd	District 6 Council Member

Appointed Officials

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

FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

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, (the City) as of and for the year ended September 30, 2012, 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 \$7,107,051 and \$13,615, respectively, and represent 100% of the aggregate discretely presented component unit's total assets and program revenues at September 30, 2012 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, 2012, 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 25, 2013, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for the retirement plan for the employees of the City, and the budgetary information on pages 11-21 and 54-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining statements and budgetary comparison schedules on pages 58-86 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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 introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

March 25, 2013

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, 2012. 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, 2012, by \$121,493 (net assets). Of this amount, \$10,677 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$2,204, attributable in part to increases in revenue from water sales and sales tax, reduction of operating expense, and some budgeted professional expenses not occurring within the fiscal year.
- The City's governmental funds reported combined ending fund balances of \$13,046, of which \$6,899 is available for spending at the City's discretion.
- The ending unassigned fund balance for the General Fund was \$6,899, or 40.5% of total General Fund revenues and 41.0% of total expenditures.
- Total liabilities for the primary government increased by \$9,976 during fiscal year 2011-12, as a result of a \$9,742 increase in the noncurrent portion of long term debt.
- Resources available for appropriation in 2012-13 were \$163 more than anticipated in the final revised budget for the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

other required supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

- Governmental activities – Most of the City's basic services are reported here, including general government, public safety, highways and streets, sanitation, and recreation and parks. Property taxes, sales taxes, user fees, and licenses and permits finance most of these activities.
- Business-type activities – The City accounts for business-type activities in its proprietary funds, where user fees and charges are intended to recover all or a significant portion of overall costs.
- Component unit – The City has one component unit which is funded primarily through sales tax revenue for the purpose of economic development, 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 \$121,493 at September 30, 2012. The largest portion of the City's net assets (88.5%) 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets:						
Cash and Cash Equivalents	\$ 12,015	\$ 11,845	\$ 15,821	\$ 2,568	\$ 27,835	\$ 14,413
Receivables	1,130	1,103	2,109	2,137	3,239	3,240
Internal Balances	1,675	3,987	(1,675)	(3,987)	0	0
Due from Other Governments	1,471	1,305	22	36	1,492	1,341
Capital Assets	94,122	95,042	36,949	37,645	131,071	132,687
Other Assets	262	256	627	410	889	666
Total Assets	<u>\$ 110,675</u>	<u>\$ 113,538</u>	<u>\$ 53,852</u>	<u>\$ 38,809</u>	<u>\$ 164,527</u>	<u>\$ 152,347</u>
Liabilities:						
Accounts Payable and Other Current Liabilities	\$ 1,843	\$ 2,392	\$ 1,586	\$ 1,205	\$ 3,429	\$ 3,597
Current Portion of Long-term Liabilities	1,491	1,455	1,441	895	2,932	2,350
Long-term Liabilities	21,613	22,407	15,060	4,704	36,673	27,111
Total Liabilities	<u>\$ 24,947</u>	<u>\$ 26,254</u>	<u>\$ 18,087</u>	<u>\$ 6,804</u>	<u>\$ 43,034</u>	<u>\$ 33,058</u>
Net Assets:						
Invested in Capital Assets, Net	\$ 74,724	\$ 75,685	\$ 32,820	\$ 32,641	\$ 107,544	\$ 108,326
Restricted	3,273	6,172			3,273	6,172
Unrestricted	7,731	5,427	2,946	(636)	10,677	4,791
Total Net Assets	<u>\$ 85,728</u>	<u>\$ 87,284</u>	<u>\$ 35,765</u>	<u>\$ 32,005</u>	<u>\$ 121,493</u>	<u>\$ 119,289</u>

The City has restricted net assets totaling 2.7% of total net assets, which represent resources subject to restrictions on how they may be used. Such resources include bond funds restricted to be spent to specified capital projects and special revenue funds restricted for specific purposes. The remaining balance of unrestricted net assets of \$10,677 may be used to meet the City's ongoing obligations.

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 governmental activities and both categories in business-type activities.

There was an overall decrease of \$782 in net investment in capital assets, with capital assets in governmental activities decreasing by \$961 as depreciation was recorded at a faster pace than asset replacement, and capital assets in business-type activities increasing by \$179.

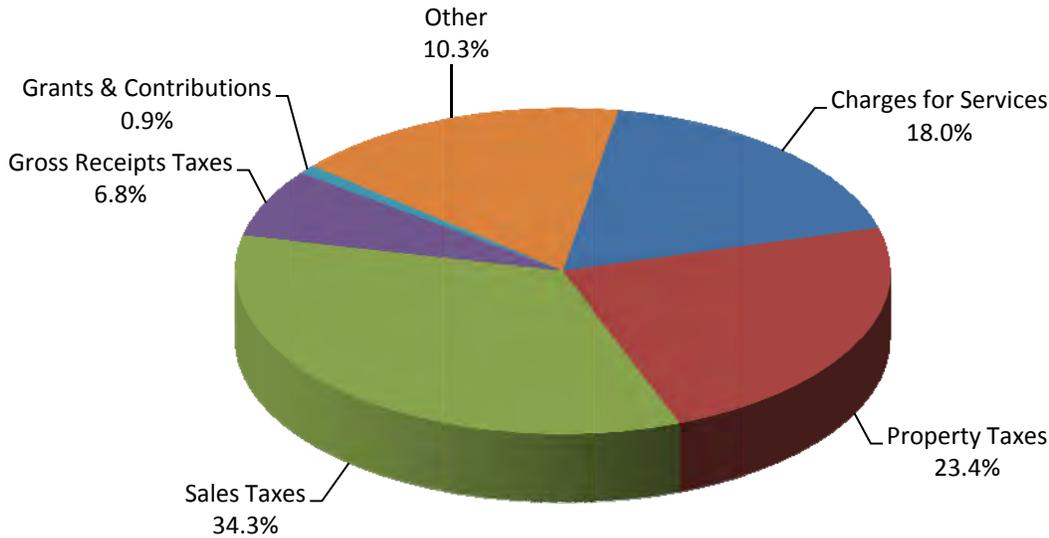
Table II
City of Big Spring, Texas
CHANGES IN NET ASSETS
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,039	\$ 3,868	\$ 15,182	\$ 12,997	\$ 19,222	\$ 16,865
Operating Grants and Contributions	201	242	156	181	357	423
Capital Grants and Contributions	0	100	1,243		1,243	100
General Revenues						
Property Taxes	5,262	5,543			5,262	5,543
Sales Taxes	7,721	6,480			7,721	6,480
Gross Receipts Taxes	1,530	1,469			1,530	1,469
Motel Occupancy Tax	1,145	732			1,145	732
Grants and Contributions Not						
Restricted to Specific Programs	1,078	1,144			1,078	1,144
Unrestricted Investment Earnings	38	52	2	1	41	53
Miscellaneous	1,470	1,382	25	21	1,495	1,403
Total Revenues	\$ 22,484	\$ 21,012	\$ 16,609	\$ 13,200	\$ 39,093	\$ 34,212
Expenses:						
Water and Sewer	\$	\$	\$ 10,276	\$ 10,286	\$ 10,276	\$ 10,286
Airport/Industrial Park			1,703	1,714	1,703	1,714
Emergency Medical Services			2,317	2,293	2,317	2,293
General Government	1,466	2,208			1,466	2,208
Public Safety	10,207	8,858			10,207	8,858
Highways and Streets	2,818	2,166			2,818	2,166
Sanitation	1,918	1,972			1,918	1,972
Recreation and Parks	2,142	2,250			2,142	2,250
Economic Development	2,597	1,998			2,597	1,998
Other	1,445	1,545			1,445	1,545
Total Expenses	\$ 22,593	\$ 20,997	\$ 14,296	\$ 14,293	\$ 36,889	\$ 35,290
Increase in Net Assets Before Transfers	\$ (109)	\$ 15	\$ 2,313	\$ (1,093)	\$ 2,204	\$ (1,078)
Transfers	(1,447)	594	1,447	(594)	0	0
Increase (Decrease) in Net Assets	\$ (1,556)	\$ 609	\$ 3,760	\$ (1,687)	\$ 2,204	\$ (1,078)
Net Assets-Beginning	87,284	86,675	32,005	33,692	119,289	120,367
Net Assets-Ending	\$ 85,728	\$ 87,284	\$ 35,765	\$ 32,005	\$ 121,493	\$ 119,289

Governmental Activities. Governmental activities resulted in a decrease of \$1,556 in the City's net assets. Key elements of this decrease are as follows:

- Total revenues increased by \$1,472, as charges for services increased by \$171, sales tax revenue increased by \$1,241 and hotel/motel tax revenue increased by \$413.
- Total expenses were higher than the prior year by \$1,596 primarily due to increases in operational expenses related to equipment maintenance and personnel.
- Transfers from governmental activities to business type activities in the amount \$1,447 represent a one-time transfer of \$1,500 from the Capital Replacement Fund and \$440 from the Correctional Center Fund to help fund water and wastewater system upgrades.

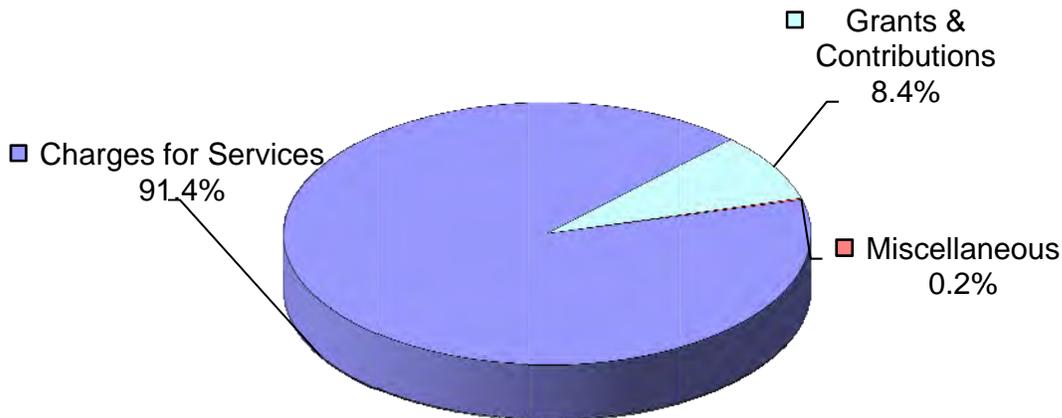
**Revenues by Source
Governmental Activities
Fiscal Year 2011-12**



Business-type Activities. Business-type activities increased the City of Big Spring’s total net assets by \$3,760 in the current fiscal year. Key elements of this increase are as follows.

- The water and sewer fund saw expenses decrease, for the 2nd year in a row, this time by \$10 as management strived to reach operational efficiencies and to reduce operating costs. The Airport/Industrial Park expenses also decreased by \$10, while the EMS fund expenses increased by \$24.
- 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 \$2,111 as tiered usage rates and meter size rates continued to be billed. Charges for services in the airpark fund increased by \$78 due to increased economic activity in the area. The EMS fund revenues decreased by \$3 from the prior period.
- The \$1,477 transfer from governmental activities to business-type activities also contributed to the increase in business-type activities net assets.

**Revenues by Source
Business-type Activities
Fiscal Year 2011-12**



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. With the implementation of GASB No. 54 in fiscal year 2011, the City changed its presentation of fund balances in governmental funds. The GASB has defined five types of fund balances, which are more fully described in the footnotes to the financial statements. The City uses all five categories of fund balance.

As the City completed the 2011-12 year, its governmental funds reported combined ending fund balances of \$13,046, representing a decrease of \$1,708 from the prior year's balance of \$14,754. Fund balance restricted for capital projects decreased by \$3,133 which was contributable to a \$1,500 transfer from the capital replacement fund and \$440 from the Correctional Center Fund to the Utility Fund for water and wastewater system upgrades and \$1,260 of capital expenses related to the Joint Law Enforcement Center occurred during the year. Unassigned fund balance at the end of the current year is \$6,899, as compared to the prior year's unreserved fund balance of \$5,553. Unassigned fund balance that is available for spending at the City's discretion amounts to 52.9% of total fund balances.

The General Fund is the major operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$6,899, while total fund balance reached \$9,945. Unassigned fund balance represents slightly more than 41% of total General Fund expenditures.

Total fund balance in the City's General Fund increased by \$1,602 during fiscal year 2011-12. Key factors in this increase are as follows:

- Sales tax revenues increased by \$931 from the previous year due the strong economy and booming oil industry.
- An increase of \$98 in recreation revenue from golf course and family aquatic center.
- A \$462 increase in capital leases for various pieces of capital equipment.

Proprietary funds. The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the City’s enterprise funds at the end of the fiscal year are as follows:

	<u>2012</u>	<u>2011</u>
Water and Sewer Fund	\$2,078	\$ (954)
Airport/Industrial Park	1,926	1,154
Emergency Medical Services	<u>(1,059)</u>	<u>(835)</u>
	<u>\$2,945</u>	<u>\$ (636)</u>

Unrestricted net assets increased by \$3,032 in the Water and Sewer Fund and by \$772 in the Airport/Industrial Park and decreased by \$223 in the Emergency Medical Services Fund. The increase in the Water and Sewer Fund is mainly due to a \$2,111 increase in operating revenue, from the increase in water rates which were effective October 1, 2010. Other factors concerning the finances of these three 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 \$473 decrease in appropriations between the original and final amended budget. The following details the main components of the decrease, which represents a decrease of 2.7 percent over the original budget. The decrease is mostly contributable to \$446 of the landfill expansion budget which was not expensed within the year and to increased personnel vacancies. The booming oil sector has made filling positions difficult for the City. Some details are:

- Police Department expenditures were \$201 below original budget.
- Fire Department expenditures were \$70 below original budget.
- Animal Control expenditures were \$48 below original budget.
- Code Enforcement expenditures were \$57 below original budget.
- Street Department expenditures were \$70 below original budget.

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, 2012, amounts to \$131,071 (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 City investment in capital assets remained constant with only a slight decrease of \$1,616 or 1.2%.

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

- Capital equipment was purchased for various departments in the amount of \$966.
- The City Auditorium was brought into compliance with the Americans with Disabilities Act

through \$371 in renovations.

- Water distribution lines on 3rd, 4th, Birdwell and FM 700 were replaced in the amount of \$799.
- Upgrades to the wastewater treatment facility in the amount of \$1,232.

Table III
City of Big Spring, Texas

CAPITAL ASSETS AT SEPTEMBER 30, 2012
(Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 72,836	\$ 72,836	\$ 5,595	\$ 5,595	\$ 78,431	\$ 78,431
Infrastructure	74	100	0	0	74	100
Buildings and Systems	4,800	4,685	23,123	24,114	27,924	28,799
Improvements Other Than						
Buildings	13,307	6,254	6,572	6,948	19,879	13,202
Machinery and Equipment	3,090	2,428	684	761	3,774	3,189
Construction in Progress	14	8,739	974	227	989	8,966
	<u>\$ 94,122</u>	<u>\$ 95,042</u>	<u>\$ 36,949</u>	<u>\$ 37,645</u>	<u>\$ 131,071</u>	<u>\$ 132,687</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 revenue. In March 2011, the City refunded the 2002 Refunding Bonds in the amount of \$1,555. This refunding reduced debt service requirements over the life of the bonds by \$34.

In July 2012, the City issued \$11,725 of Combination Tax and Surplus Revenue Certificates of Obligation. The proceeds of this issue will be expended to renovate both the water and wastewater treatment plant facilities. In addition, the City entered into a performance agreement with the Big Spring Economic Development Corporation (BSEDC) to use part of its sale tax revenue to meet debt service requirements on this issue. The BSEDC is a Type A Corporation, but in May of 2012, the voters of Big Spring approved the Type B treatment plant upgrades. BSEDC will contribute a maximum amount of \$13,000 over a twenty year term. The balance of the debt service requirements will be paid from utility system revenues.

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$29,650. The total outstanding debt is backed by the full faith and credit of the government, while a tax levy has been established for \$16,350 of the total and the remaining \$13,300 is business-type activity debt, supported by water and sewer system revenues.

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

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

Table IV
City of Big Spring, Texas

OUTSTANDING BONDED DEBT AT SEPTEMBER 30, 2012
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Serviced by Tax Revenues						
General Obligation Bonds						
Certificates of Obligation Bonds	\$ 16,350	\$ 17,090	\$	\$	\$ 16,350	\$ 17,090
Serviced by Enterprise Funds						
General Obligation Bonds			1,045	1,555	1,045	1,555
Certificates of Obligation Bonds			530	555	530	555
Combination Tax & Revenue Bonds			<u>11,725</u>		<u>11,725</u>	
	<u>\$ 16,350</u>	<u>\$ 17,090</u>	<u>\$ 13,300</u>	<u>\$ 2,110</u>	<u>\$ 29,650</u>	<u>\$ 19,200</u>

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 annual budget and setting tax rates. One of those factors is the economy. The City's population growth as measured by the

2010 Census indicated no significant gain in population. Unemployment during 2012 decreased slightly, from 6.9% in 2011 to 5.7%, which compares favorably to the state's unemployment rate of 6.8% and the national rate of 7.8% for September 2012. Per capita income (stated in actual dollars) rose by 1.4%, increasing from \$31,339 to \$31,781.

The city is closely monitoring the new Cline Shale oil and gas discovery in Howard and surrounding counties and the impact it may have on the city infrastructure, services and residents.

Sustained growth in the West Texas oil industry, an influx of temporary, migratory construction workers who are in the region for several large construction projects, and an overall improvement in the economy have all combined to strengthen the City's taxable retail sales. Sales tax rose from \$4,860 in 2011 to \$5,791 in 2012, representing an increase of over 19% in one year. This revenue source represents the City's largest single source of revenue, and is expected to remain high over the next three to five years.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF BIG SPRING, TEXAS

EXHIBIT A-1

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 9,009,929	\$ 4,018,355	\$ 13,028,284	\$ 3,004,420
Receivables (Net of Allowances for Uncollectibles)	1,130,113	2,109,340	3,239,453	370,479
Internal Balances	1,674,930	(1,674,930)	0	
Due from Other Governments	1,470,609	21,875	1,492,484	
Notes Receivable			0	3,470,693
Inventories	132,794	329,037	461,831	
Deferred Charges	42,628	6,660	49,288	7,929
Unamortized Bond Issue Costs	86,800	291,090	377,890	
Other Assets			0	87,430
Restricted Assets:				
Cash and Cash Equivalents	3,004,648	11,802,464	14,807,112	
Capital Assets (Net of Accumulated Depreciation)				
Land	72,835,990	5,595,149	78,431,139	25,000
Buildings and System	4,800,434	23,123,140	27,923,574	140,615
Improvements Other Than Buildings	13,307,098	6,572,030	19,879,128	
Machinery and Equipment	3,090,457	683,919	3,774,376	485
Infrastructure	74,010		74,010	
Construction in Progress	14,295	974,288	988,583	
Total Assets	\$ 110,674,735	\$ 53,852,417	\$ 164,527,152	\$ 7,107,051
LIABILITIES:				
Accounts Payable	\$ 995,573	\$ 812,114	\$ 1,807,687	\$ 44,696
Claims and Judgments Payable	261,772		261,772	
Accrued Interest Payable	85,870	59,164	145,034	
Unamortized Bond Premium		319,829	319,829	
Retainage Payable	23,349	37,400	60,749	
Accrued Wages	316,508	120,059	436,567	
Unearned Revenue	143,362		143,362	
Customer Deposits	16,425	237,469	253,894	
Unclaimed Property		101,746	101,746	
Current Portion of Long-Term Debt	1,470,453	1,339,354	2,809,807	
Current Portion of Compensated Absences	20,662	20,309	40,971	
Noncurrent Liabilities				
Noncurrent Portion of Long-Term Debt	17,743,546	14,591,967	32,335,513	796,926
Closure/Postclosure Landfill Obligation	2,316,986		2,316,986	
Accrued Compensated Absences	1,552,226	427,462	1,979,688	
Total Liabilities	\$ 24,946,732	\$ 18,066,873	\$ 43,013,605	\$ 841,622
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 74,723,942	\$ 32,819,669	\$ 107,543,611	\$ 166,100
Restricted For:				
Grants			0	
Capital Projects	711,748		711,748	
Closure/Postclosure Landfill Obligation	687,662		687,662	
Non-expendable - Cemetery Permanent Care	351,557		351,557	
Non-expendable - Prepaid Items	42,628		42,628	
Economic Development			0	6,099,329
Advertising and Promotions	1,340,832		1,340,832	
Employee Education	14,522		14,522	
Task Force Operations	27,098		27,098	
Cemetery Operations	86,310		86,310	
Volunteer Program	10,262		10,262	
Unrestricted	7,731,442	2,945,566	10,677,008	
Total Net Assets	\$ 85,728,003	\$ 35,765,235	\$ 121,493,238	\$ 6,265,429

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, 2012**

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	\$ 1,465,600	\$ 233,895	\$	\$	\$ (1,231,705)	\$	\$ (1,231,705)	\$
Public Safety	10,206,784		29,178		(10,177,606)		(10,177,606)	
Highways and Streets	2,818,290				(2,818,290)		(2,818,290)	
Sanitation	1,917,764	2,914,021			996,257		996,257	
Community Service	488,382	40,464	171,558		(276,360)		(276,360)	
Recreation and Parks	2,141,638	850,840			(1,290,798)		(1,290,798)	
Cemetery	136,214				(136,214)		(136,214)	
Economic Development	2,597,377				(2,597,377)		(2,597,377)	
Interest on Long-Term Debt	820,539				(820,539)		(820,539)	
Total Governmental Activities	\$ 22,592,588	\$ 4,039,220	\$ 200,736	\$ 0	\$ (18,352,632)	\$ 0	\$ (18,352,632)	\$ 0
Business-Type Activities:								
Water and Sewer	\$ 10,276,144	\$ 12,510,503	\$	\$	\$	\$ 2,234,359	\$ 2,234,359	\$
Airport/Industrial Park	1,703,282	942,427	3,015	1,243,346		485,506	485,506	
Emergency Medical Services	2,316,840	1,729,411	153,333			(434,096)	(434,096)	
Total Business-Type Activities	\$ 14,296,266	\$ 15,182,341	\$ 156,348	\$ 1,243,346	\$ 0	\$ 2,285,769	\$ 2,285,769	\$ 0
Total Primary Government	\$ 36,888,854	\$ 19,221,561	\$ 357,084	\$ 1,243,346	\$ (18,352,632)	\$ 2,285,769	\$ (16,066,863)	\$ 0
COMPONENT UNIT:								
Economic Development Corporation	\$ 1,370,898	\$ 13,615	\$ 0	\$ 0				\$ (1,357,283)
General Revenues:								
Property Taxes					\$ 5,261,553	\$	\$ 5,261,553	\$
Sales Taxes					7,721,480		7,721,480	1,930,370
Gross Receipts Taxes					1,530,152		1,530,152	
Motel Occupancy Taxes					1,145,353		1,145,353	
Grants and Contributions Not Restricted to Specific Programs					1,077,560		1,077,560	
Unrestricted Investment Earnings					38,154	2,374	40,528	104,211
Other					1,469,698	24,989	1,494,687	40,378
Transfers					(1,447,344)	1,447,344	0	
Total General Revenue and Transfers					\$ 16,796,606	\$ 1,474,707	\$ 18,271,313	\$ 2,074,959
Change in Net Assets					\$ (1,556,026)	\$ 3,760,476	\$ 2,204,450	\$ 717,676
Net Assets - Beginning					87,284,029	32,004,759	119,288,788	5,547,753
Net Assets - Ending					\$ 85,728,003	\$ 35,765,235	\$ 121,493,238	\$ 6,265,429

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND OTHER DEBITS			
ASSETS:			
Cash and Cash Equivalents	\$ 4,232,973	\$ 2,740,183	\$ 6,973,156
Receivables (Net of Allowances for Uncollectibles)	869,644	253,685	1,123,329
Due from Other Funds	1,562,919	166,681	1,729,600
Intergovernmental Receivables	1,093,005	377,604	1,470,609
Prepaid Items	40,815	1,813	42,628
Advances to Other Funds		166,675	166,675
Restricted Assets:			
Cash and Cash Equivalents	<u>3,004,648</u>		<u>3,004,648</u>
Total Assets	<u>\$ 10,804,004</u>	<u>\$ 3,706,641</u>	<u>\$ 14,510,645</u>
 LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 379,051	\$ 422,585	\$ 801,636
Retainage Payable	23,349		23,349
Accrued Wages	271,899	41,050	312,949
Due to Other Funds	9,226	9,453	18,679
Deferred Revenue	172,147	116,431	288,578
Customer Deposits	400	16,025	16,425
Advances from Other Funds	<u>3,263</u>		<u>3,263</u>
Total Liabilities	<u>\$ 859,335</u>	<u>\$ 605,544</u>	<u>\$ 1,464,879</u>
 FUND BALANCES:			
Nonspendable Fund Balances:			
Prepays	\$ 40,815	\$ 1,813	\$ 42,628
Cemetery Permanent Care		351,557	351,557
Restricted Fund Balances:			
Restricted for Advertising and Promotions		1,340,832	1,340,832
Restricted for Debt Service		556,955	556,955
Restricted for Capital Projects		527,405	527,405
Committed Fund Balances:			
Committed for Landfill Obligation	3,004,648		3,004,648
Committed for Capital Improvements - Sports Complex		184,343	184,343
Committed for Employee Education		14,522	14,522
Committed for Task Force Operations		27,098	27,098
Committed for Cemetery Operations		86,310	86,310
Committed for Volunteer Program		10,262	10,262
Unassigned Fund Balance	<u>6,899,206</u>		<u>6,899,206</u>
Total Fund Balances	<u>\$ 9,944,669</u>	<u>\$ 3,101,097</u>	<u>\$ 13,045,766</u>
Total Liabilities and Fund Balances	<u>\$ 10,804,004</u>	<u>\$ 3,706,641</u>	<u>\$ 14,510,645</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, 2012

Total Fund Balances - Governmental Funds Balance Sheet	\$ 13,045,766
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.	94,081,656
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	145,216
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,498,164
Payables for bond principal which are not due in the current period are not reported in the funds.	(16,350,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,432,071)
Payables for notes payable which are not due in the current period are not reported in the funds.	(1,390,691)
Payables for bond interest which are not due in the current period are not reported in the funds.	(85,870)
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.	86,800
Payables for compensated absences which are not reported in the funds.	(1,553,981)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(2,316,986)</u>
Net Assets of Governmental Activities - Statement of Net Assets	\$ <u>85,728,003</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, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenue:			
Taxes:			
General Property Taxes	\$ 3,476,758	\$ 1,815,835	\$ 5,292,593
General Sales Taxes	5,791,110	1,930,370	7,721,480
Gross Receipts Business Taxes	1,530,152		1,530,152
Motel Occupancy Taxes		1,145,353	1,145,353
License and Permits	225,050		225,050
Intergovernmental	1,002,560	275,737	1,278,297
Charges for Services	3,140,092	64,222	3,204,314
Fines	476,689	8,845	485,534
Recreation	850,840		850,840
Investment Earnings	10,137	25,248	35,385
Rents and Royalties	313,439	214,532	527,971
Miscellaneous	170,014	50	170,064
Contributions and Donations	45,144		45,144
Total Revenues	<u>\$ 17,031,985</u>	<u>\$ 5,480,192</u>	<u>\$ 22,512,177</u>
Expenditures:			
Current:			
General Government	\$ 1,869,598	\$ (39)	\$ 1,869,559
Public Safety	8,412,358	2,160,516	10,572,874
Highways and Streets	2,054,093		2,054,093
Sanitation	2,251,328		2,251,328
Community Service		476,450	476,450
Recreation and Parks	1,403,376	9,269	1,412,645
Economic Development		2,583,829	2,583,829
Cemetery		115,531	115,531
Debt Service:			
Principal	742,849	770,981	1,513,830
Interest and Fiscal Charges	103,695	711,806	815,501
Fiscal Agent's Fees		950	950
Total Expenditures	<u>\$ 16,837,297</u>	<u>\$ 6,829,293</u>	<u>\$ 23,666,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 194,688</u>	<u>\$ (1,349,101)</u>	<u>\$ (1,154,413)</u>
Other Financing Sources (Uses):			
Transfers In	\$ 1,184,922	\$ 526,775	\$ 1,711,697
Transfers Out	(639,902)	(2,487,701)	(3,127,603)
Debt Proceeds	862,139		862,139
Total Other Financing Sources (Uses)	<u>\$ 1,407,159</u>	<u>\$ (1,960,926)</u>	<u>\$ (553,767)</u>
Net Change in Fund Balances	<u>\$ 1,601,847</u>	<u>\$ (3,310,027)</u>	<u>\$ (1,708,180)</u>
Fund Balances - Beginning	<u>8,342,822</u>	<u>6,411,124</u>	<u>14,753,946</u>
Fund Balances - Ending	<u>\$ 9,944,669</u>	<u>\$ 3,101,097</u>	<u>\$ 13,045,766</u>

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, 2012

Net Change in Fund Balances - Total Governmental Funds	\$ (1,708,180)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital assets are not reported as expenses in the SOA.	1,287,045
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,195,994)
The gain realized from transferring capital assets from the EMS fund is recognized in the SOA.	5,997
Proceeds of capital leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(862,139)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(31,040)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(139,143)
Bond issue costs are recorded as expenditures in governmental funds but amortized over the term of the bonds issued in the SOA.	(5,219)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	740,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	648,682
Repayment of notes payable principal is an expenditure in the funds but is not an expense in the SOA.	125,148
Decrease in accrued interest from beginning of period to end of period.	3,254
The net revenue of internal service funds is reported with governmental activities.	385,232
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>190,331</u>
Change in Net Assets of Governmental Activities - Statement of Activities	\$ <u><u>(1,556,026)</u></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, 2012

	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	\$ 1,855,360	\$ 2,144,018	\$ 18,977	\$ 4,018,355	\$ 2,036,773
Cash and Cash Equivalents - Restricted	11,802,464			11,802,464	
Receivables (Net of Allowances for Uncollectibles)	1,480,281	65,750	563,309	2,109,340	6,784
Intergovernmental Receivables		21,875		21,875	
Due from Other Funds				0	1,047
Inventories	305,707		23,330	329,037	132,794
Prepaid Items	3,163	733	2,764	6,660	
Unamortized Bond Issue Costs	291,090			291,090	
Total Current Assets	\$ 15,738,065	\$ 2,232,376	\$ 608,380	\$ 18,578,821	\$ 2,177,398
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 5,036	\$ 5,590,113	\$	\$ 5,595,149	\$ 10,000
Buildings and System	13,520,168	9,602,972		23,123,140	
Improvements Other Than Buildings	8,093	6,563,937		6,572,030	
Machinery and Equipment	309,949	98,519	275,451	683,919	30,628
Construction in Progress	382,452	591,836		974,288	
Total Noncurrent Assets	\$ 14,225,698	\$ 22,447,377	\$ 275,451	\$ 36,948,526	\$ 40,628
Total Assets	\$ 29,963,763	\$ 24,679,753	\$ 883,831	\$ 55,527,347	\$ 2,218,026
LIABILITIES:					
Current Liabilities					
Accounts Payable	\$ 630,919	\$ 161,489	\$ 19,706	\$ 812,114	\$ 193,937
Claims and Judgments Payable					261,772
Retainage Payable		37,400		37,400	
Accrued Wages	75,218	9,309	35,532	120,059	3,559
Due to Other Funds	124,721	27	1,386,770	1,511,518	200,450
Customer Deposits	200,473	36,996		237,469	
Unclaimed Property	101,746			101,746	
Accrued Interest Payable	59,164			59,164	
Unamortized Bond Premium	319,829			319,829	
Accrued Compensated Absences - Current	9,440	2,645	8,224	20,309	
Notes Payable - Current	217,469	4,485		221,954	1,191
Revenue Bonds Payable - Current	980,000			980,000	
Capital Leases Payable - Current	80,173	13,973	43,254	137,400	13,220
Total Current Liabilities	\$ 2,799,152	\$ 266,324	\$ 1,493,486	\$ 4,558,962	\$ 674,129
Noncurrent Liabilities					
Revenue Bonds Payable	\$ 12,320,000	\$	\$	\$ 12,320,000	\$
Notes Payable	2,101,954	43,356		2,145,310	11,511
Capital Leases Payable	39,067	9,745	77,845	126,657	15,315
Accrued Compensated Absences	208,130	58,319	181,322	447,771	18,907
Advances from Other Funds	128,056		35,356	163,412	
Total Noncurrent Liabilities	\$ 14,797,207	\$ 111,420	\$ 294,523	\$ 15,203,150	\$ 45,733
Total Liabilities	\$ 17,596,359	\$ 377,744	\$ 1,788,009	\$ 19,762,112	\$ 719,862
NET ASSETS:					
Investment in Capital Assets, Net of Related Debt Unrestricted	\$ 10,289,499	\$ 22,375,818	\$ 154,352	\$ 32,819,669	\$ (609)
	2,077,905	1,926,191	(1,058,530)	2,945,566	1,498,773
Total Net Assets	\$ 12,367,404	\$ 24,302,009	\$ (904,178)	\$ 35,765,235	\$ 1,498,164

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, 2012

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services		
OPERATING REVENUES:					
Water Sales	\$ 9,289,836	\$	\$	\$ 9,289,836	\$
Sewer Charges	2,848,338			2,848,338	
Emergency Medical Services			1,729,411	1,729,411	
Commercial Rentals and Fees		942,427		942,427	
Billings to Departments and Employees				0	3,945,696
Other Services	372,329			372,329	
Total Operating Revenues	<u>\$ 12,510,503</u>	<u>\$ 942,427</u>	<u>\$ 1,729,411</u>	<u>\$ 15,182,341</u>	<u>\$ 3,945,696</u>
OPERATING EXPENSES:					
Personnel Services	\$ 2,209,003	\$ 346,701	\$ 1,280,954	\$ 3,836,658	\$ 272,224
Supplies and Materials	4,678,000	62,857	154,642	4,895,499	1,475,269
Contractual Services	774,982	157,095	63,967	996,044	1,250,799
Maintenance	752,861	124,076	59,171	936,108	31,115
Depreciation	1,526,257	1,007,898	66,524	2,600,679	16,804
Other	113,835	1,327	683,209	798,371	477,464
Total Operating Expenses	<u>\$ 10,054,938</u>	<u>\$ 1,699,954</u>	<u>\$ 2,308,467</u>	<u>\$ 14,063,359</u>	<u>\$ 3,523,675</u>
Operating Income (Loss)	<u>\$ 2,455,565</u>	<u>\$ (757,527)</u>	<u>\$ (579,056)</u>	<u>\$ 1,118,982</u>	<u>\$ 422,021</u>
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Revenue	\$	\$ 1,246,361	\$ 153,333	\$ 1,399,694	\$
Interest Revenue		2,374		2,374	2,769
Other	17,676	1,666	5,647	24,989	
Loss on Transfer of Assets			(5,997)	(5,997)	
Interest Expense and Paying Agent Fees	(221,206)	(3,328)	(8,373)	(232,907)	(2,123)
Total Non-Operating Revenues (Expenses)	<u>\$ (203,530)</u>	<u>\$ 1,247,073</u>	<u>\$ 144,610</u>	<u>\$ 1,188,153</u>	<u>\$ 646</u>
Income (Loss) Before Transfers	\$ 2,252,035	\$ 489,546	\$ (434,446)	\$ 2,307,135	\$ 422,667
Transfers In (Out)	1,419,998	(154,612)	187,955	1,453,341	(37,435)
Change in Net Assets	\$ 3,672,033	\$ 334,934	\$ (246,491)	\$ 3,760,476	\$ 385,232
Total Net Assets - Beginning	8,695,371	23,967,075	(657,687)	32,004,759	1,112,932
Total Net Assets - Ending	<u>\$ 12,367,404</u>	<u>\$ 24,302,009</u>	<u>\$ (904,178)</u>	<u>\$ 35,765,235</u>	<u>\$ 1,498,164</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, 2012

	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	\$ 12,590,671	\$ 956,669	\$ 1,719,838	\$ 15,267,178	\$
Cash Receipts from Interfund Services Provided					3,415,561
Cash Payments to Employees for Services	(2,249,182)	(349,055)	(1,377,397)	(3,975,634)	(298,818)
Cash Payments to Other Suppliers for Goods and Services	(8,667,912)	(241,729)	(627,074)	(9,536,715)	(2,833,036)
Net Cash Provided by Operating Activities	\$ 1,673,577	\$ 365,885	\$ (284,633)	\$ 1,754,829	\$ 283,707
Cash Flows from Non-Capital Financing Activities:					
Cash Received from Intergovernmental Grants	\$	\$ 1,246,361	\$ 153,333	\$ 1,399,694	\$
Advances to Other Funds	(124,534)		(36,770)	(161,304)	
Transfers from (to) Other Funds	1,419,998	(154,612)	187,955	1,453,341	(37,435)
Net Cash Provided by Non-Capital Financing Activities	\$ 1,295,464	\$ 1,091,749	\$ 304,518	\$ 2,691,731	\$ (37,435)
Cash Flows from Capital and Related Financing Activities:					
Principal and Interest Paid	\$ (1,050,449)	\$ (27,121)	\$ (57,485)	\$ (1,135,055)	\$ (16,013)
Proceeds from Issuance of Long-Term Debt	11,725,000		104,060	11,829,060	
Acquisition or Construction of Capital Assets	(1,259,324)	(546,954)	(104,060)	(1,910,338)	
Net Cash Provided by (Used in) Capital and Related Financing Activities	\$ 9,415,227	\$ (574,075)	\$ (57,485)	\$ 8,783,667	\$ (16,013)
Cash Flows from Investing Activities:					
Interest and Dividends on Investments	\$	\$ 2,374	\$	\$ 2,374	\$ 2,769
Net Cash Provided by Investing Activities	\$ 0	\$ 2,374	\$ 0	\$ 2,374	\$ 2,769
Increase (Decrease) in Cash and Cash Equivalents	\$ 12,384,268	\$ 885,933	\$ (37,600)	\$ 13,232,601	\$ 233,028
Cash and Cash Equivalents - Beginning of Year	1,264,116	1,255,440	48,353	2,567,909	1,803,745
Cash and Cash Equivalents - End of Year	\$ 13,648,384	\$ 2,141,373	\$ 10,753	\$ 15,800,510	\$ 2,036,773
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ 2,455,565	\$ (757,527)	\$ (579,056)	\$ 1,118,982	\$ 422,021
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	\$ 1,526,257	\$ 1,007,898	\$ 66,524	\$ 2,600,679	\$ 16,804
Other	17,676	1,666	5,647	24,989	
Change in Assets and Liabilities:					
Decrease (Increase) in Receivables	45,489	11,722	(15,220)	41,991	(5,231)
Decrease (Increase) in Interfund Receivable	11,363			11,363	1,982
Decrease (Increase) in Inventories	906		750	1,656	(1,730)
Decrease (Increase) in Prepaid Expenses	101,402	404	(261)	101,545	253
Increase (Decrease) in Accounts Payable	53,565	103,222	(8,364)	148,423	(124,091)
Increase (Decrease) in Interfund Payables	(2,504,107)		341,790	(2,162,317)	293
Increase (Decrease) in Customer Deposits	5,640	854		6,494	
Increase (Decrease) in Accrued Expenses	(40,179)	(2,354)	(96,443)	(138,976)	(26,594)
Total Adjustments	\$ (781,988)	\$ 1,123,412	\$ 294,423	\$ 635,847	\$ (138,314)
Net Cash Provided by (Used in) Operating Activities	\$ 1,673,577	\$ 365,885	\$ (284,633)	\$ 1,754,829	\$ 283,707

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.

The City reports the following non-major funds:

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

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

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

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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 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.

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

c. Fund Balances

The City follows GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Non-spendable fund balance—includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain in-tact such as the principal of an endowment.

Restricted fund balance—includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include grant awards and bond proceeds.

Committed fund balance—includes the portion of net resources upon which the City Council has imposed limitations on use. Amounts that can be used only for the specific purposes determined by a formal action of the City Council. Commitments may be changed or lifted only by the Council taking the same *formal action* that originally imposed the constraint. The formal action must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.

Assigned fund balance—includes the portion of net resources for which an intended use has been established by the City Council or the City Official authorized to do so by the City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Unassigned fund balance—includes the amounts in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

Fund Balance Policy

Committed Fund Balance—The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at the City's Council meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period (i.e. the Council may approve the calculation or formula for determining the amount to be committed).

Assigned Fund Balance—The City Council authorizes the City Manager as the City Official responsible for the assignment of fund balance to a specific purpose as approved by this fund balance policy.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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:

	<u>Governmental Funds</u>	<u>Water and Sewer</u>	<u>Airport/ Industrial Park</u>	<u>Emergency Medical Services</u>	<u>Total</u>
Receivables:					
Sanitation	\$ 411,193	\$	\$	\$	\$ 411,193
Taxes	388,818				388,818
Municipal Court	1,349,642				1,349,642
Accounts	497,440	1,523,128	86,101	2,613,651	4,720,320
Gross Receivables	\$ 2,647,093	\$ 1,523,128	\$ 86,101	\$ 2,613,651	\$ 6,869,973
Less: Allowance for Uncollectibles	(1,516,980)	(42,847)	(20,351)	(2,050,342)	(3,630,520)
Net Total Receivables	<u>\$ 1,130,113</u>	<u>\$ 1,480,281</u>	<u>\$ 65,750</u>	<u>\$ 563,309</u>	<u>\$ 3,239,453</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Intergovernmental receivables are classified separately in the accompanying financial statements.

f. Interfund Activity

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

g. Use of Estimates

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

B. Compliance and Accountability

Deficit Fund Balance or Fund Net Assets of Individual Funds

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Proprietary Fund		
Emergency Medical Services	\$ (904,178)	This fund incurred additional costs that will be recaptured.
Internal Service Fund		
Service Center	\$ (189,108)	This fund incurred additional costs that will be recaptured.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

C. Deposits and Investments

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

1. Cash Deposits:

At September 30, 2012, the carrying amount of the City's deposits was \$11,205,947 with \$338 in escrow for financing, \$30,000 in TML for loss deposit, and \$7,450 for cash on hand. The City's cash deposits at year end were \$11,168,159 with a bank balance of \$11,618,934. The City's cash deposits at September 30, 2012, and during the year then ended were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Investments:

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

The Public Funds Investment Act (the 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, 2012 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	\$ 4,826,985	100%
TexStar	17 Days Average	AAAm	\$ 11,802,464	100%

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. Analysis of Specific Deposit and Investment Risks

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

- a. Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2012, the City's investments in TexStar and TexPool were both rated AAAM by Standard and Poor's.
- b. Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. The City's demand deposits at year end are entirely covered by FDIC insurance and pledged collateral held in the City's name by the City's agent.
- c. Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Although the City's policy states that portfolio diversification is required, it does not specify diversification goals or limits. All of the City's investments were distributed between two local government investment pools at year end.
- d. Interest Rate Risk – As a means of minimizing risk of loss due to interest rate fluctuations, the City's investment policy requires that the portfolio remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. For short term liquidity requirements, the City utilizes two local government investment pools. TexPool is managed by Federated Investors for the State of Texas Comptroller of Public Accounts (TexPool). TexPool operates on a \$1 net asset value basis and allows same day or next day redemptions and deposits. As of September 30, 2012, 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, 2012, 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 of year end.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Investment Accounting Policy

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

D. Capital Assets

Capital asset activity for the year ended September 30, 2012, were as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Net 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	8,739,105	14,295	(8,739,105)		14,295
Total Capital Assets Not Being Depreciated	<u>\$ 81,575,095</u>	<u>\$ 14,295</u>	<u>\$ (8,739,105)</u>	<u>\$ 0</u>	<u>\$ 72,850,285</u>
Capital Assets Being Depreciated					
Infrastructure	\$ 5,711,462	\$	\$	\$	\$ 5,711,462
Buildings and Systems	31,517,984	379,819	71,431		31,969,234
Improvements Other Than Buildings	8,932,485		8,667,674		17,600,159
Machinery and Equipment	11,112,156	892,931	57,575	216,117	11,846,545
Total Capital Assets Being Depreciated	<u>\$ 57,274,087</u>	<u>\$ 1,272,750</u>	<u>\$ 8,796,680</u>	<u>\$ 216,117</u>	<u>\$ 67,127,400</u>
Less Accumulated Depreciation for:					
Infrastructure	\$ 5,612,070	\$ 25,382	\$	\$	\$ 5,637,452
Buildings and Systems	26,833,021	335,779			27,168,800
Improvements Other Than Buildings	2,678,194	1,614,867			4,293,061
Machinery and Equipment	8,683,858	236,769	51,578	216,117	8,756,088
Total Accumulated Depreciation	<u>\$ 43,807,143</u>	<u>\$ 2,212,797</u>	<u>\$ 51,578</u>	<u>\$ 216,117</u>	<u>\$ 45,855,401</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 13,466,944</u>	<u>\$ (940,047)</u>	<u>\$ 8,745,102</u>	<u>\$ 0</u>	<u>\$ 21,271,999</u>
Governmental Activities Capital Assets, Net	<u>\$ 95,042,039</u>	<u>\$ (925,752)</u>	<u>\$ 5,997</u>	<u>\$ 0</u>	<u>\$ 94,122,284</u>

Depreciation was charged to governmental activities as follows:

General Government	\$ 13,387
Public Safety	125,746
Highways and Streets	915,216
Sanitation	(11,526)
Community Service	11,932
Recreation and Parks	1,107,230
Cemetery	20,683
Economic Development	13,325
	<u>\$ 2,195,993</u>
Depreciation Charged to Internal Service Funds	<u>16,804</u>
Total Depreciation Charged to Governmental Activities	<u>\$ 2,212,797</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

	Beginning Balances	Increases	Net Transfers	Decreases	Ending Balances
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 5,595,149	\$	\$	\$	\$ 5,595,149
Construction in Progress	226,908	781,180	(33,800)		974,288
Total Capital Assets Not Being Depreciated	\$ 5,822,057	\$ 781,180	\$ (33,800)	\$ 0	\$ 6,569,437
Capital Assets Being Depreciated					
Buildings and Systems	\$ 70,781,063	\$ 1,019,866	\$ 33,800	\$	\$ 71,834,729
Improvements Other Than Buildings	30,519,579				30,519,579
Machinery and Equipment	3,109,191	109,291	(57,575)	118,695	3,042,212
Total Capital Assets Being Depreciated	\$ 104,409,833	\$ 1,129,157	\$ (23,775)	\$ 118,695	\$ 105,396,520
Less Accumulated Depreciation for:					
Buildings and Systems	\$ 46,667,432	\$ 2,044,157	\$	\$	\$ 48,711,589
Improvements Other Than Buildings	23,571,588	375,960			23,947,548
Machinery and Equipment	2,348,004	180,562	(51,578)	118,695	2,358,293
Total Accumulated Depreciation	\$ 72,587,024	\$ 2,600,679	\$ (51,578)	\$ 118,695	\$ 75,017,430
Total Capital Assets Being Depreciated, Net	\$ 31,822,809	\$ (1,471,522)	\$ 27,803	\$ 0	\$ 30,379,090
Business-Type Activities Capital Assets, Net	\$ 37,644,866	\$ (690,342)	\$ (5,997)	\$ 0	\$ 36,948,527
Depreciation Expense		\$ 2,600,679			

E. Internal Balances

1. Due To and From / Advances To and From Balances

Internal Balances at September 30, 2012, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Proprietary Funds	\$ 1,350,000	Short-Term Loans
Internal Service Funds	Proprietary Funds	215	Short-Term Loans
Capital Replacement	Proprietary Funds	161,303	Short-Term Loans
		\$ 1,511,518	
Advances To Fund	Advances From Fund	Amount	Purpose
EMS	Capital Replacement	\$ 35,356	Loans
Water and Sewer Fund	Capital Replacement	128,056	Loans
		\$ 163,412	
Total Internal Balances		\$ 1,674,930	

All short-term loans are scheduled to be repaid within one year and all other loans are to be repaid within five years.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. Transfers To and From Other Funds

Transfers at September 30, 2012, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Correctional Facility	Water and Sewer	\$ (439,944)	WWTP Improvements
Capital Replacement	Water and Sewer	(1,500,000)	WWTP Improvements
General Fund	EMS	(293,333)	Annual Subsidy
General Fund	Water and Sewer	(9,150)	Reimburse for Water Usage
EMS	General Fund	5,997	Transfer Book Value of Capital Asset
Water and Sewer	General Fund	529,096	Administrative Fees
Airport/Industrial Park	General Fund	154,612	Administrative Fees
EMS	General Fund	105,378	Administrative Fees
		<u>\$ (1,447,344)</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, 2012, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 12,575,000	\$	\$ 560,000	\$ 12,015,000	\$ 585,000
Certificate of Obligation Bonds	4,515,000		180,000	4,335,000	185,000
Capital Leases	1,259,896	862,139	661,429	1,460,606	554,460
Economic Conservation	1,529,683		126,290	1,403,393	131,582
Compensated Absences	1,804,503		231,615	1,572,888	20,662
Closure/Postclosure Landfill	2,177,843	139,143		2,316,986	
Total Governmental Activities	<u>\$ 23,861,925</u>	<u>\$ 1,001,282</u>	<u>\$ 1,759,334</u>	<u>\$ 23,103,873</u>	<u>\$ 1,476,704</u>
Business-Type Activities:					
General Obligation Bonds	\$ 1,555,000	\$	\$ 510,000	\$ 1,045,000	\$ 520,000
Certificate of Obligation Bonds	555,000		25,000	530,000	25,000
Combination Tax and Revenue Bonds		11,725,000		11,725,000	435,000
Capital Leases	314,117	104,060	154,120	264,057	137,399
Economic Conservation	2,580,293		213,029	2,367,264	221,955
Compensated Absences	593,854		125,774	468,080	20,309
Total Business-Type Activities	<u>\$ 5,598,264</u>	<u>\$ 11,829,060</u>	<u>\$ 1,027,923</u>	<u>\$ 16,399,401</u>	<u>\$ 1,359,663</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

2. Debt Service Requirements

Debt service requirements on general obligation bonds and certificates of obligation bonds at September 30, 2012, are as follows:

Year Ending September 30,	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	855,000	592,932	1,447,932
2017	885,000	559,907	1,444,907
2018-2022	5,035,000	2,217,202	7,252,202
2023-2027	6,325,000	923,100	7,248,100
2028-2030	865,000	54,382	919,382
Totals	<u>\$ 16,350,000</u>	<u>\$ 6,307,319</u>	<u>\$ 22,657,319</u>

<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>
2/1/2007	\$ 14,285,000	4.0% - 5.0%	2/15/2027	\$ 12,015,000	Streets & Sports Complex
2/1/2007	460,000	4.0% - 4.375%	2/15/2027	385,000	Animal Shelter
3/3/2010	4,200,000	2.0% - 4.125%	2/15/2030	3,950,000	Family Aquatic Center
	<u>\$ 18,945,000</u>			<u>\$ 16,350,000</u>	

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2013	\$ 980,000	\$ 422,941	\$ 1,402,941
2014	995,000	397,350	1,392,350
2015	490,000	379,650	869,650
2016	500,000	364,500	864,500
2017	515,000	348,975	863,975
2018-2022	2,835,000	1,493,851	4,328,851
2023-2027	3,315,000	1,019,141	4,334,141
2028-2032	3,670,000	423,179	4,093,179
Totals	\$ 13,300,000	\$ 4,849,587	\$ 18,149,587

	Date of Issue	Original Issue	Interest Rates	Maturity Date	Outstanding	Purpose of Issue
2012 Tax and Revenue	7/15/2012	\$ 11,725,000	2.0% - 5.0%	2/15/2032	\$ 11,725,000	Water Improvements
2011 Refunding Series	4/1/2011	1,555,000	2.00%	2/15/2014	1,045,000	Water Improvements
2007 C.O. Bonds	2/1/2007	640,000	4.0% - 4.375%	2/15/2027	530,000	Elevated Reservoir Repair
		<u>\$ 13,920,000</u>			<u>\$ 13,300,000</u>	

Economic Conservation debt requirements at September 30, 2012, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 131,582	\$ 58,802	\$ 190,384
2014	137,095	53,288	190,383
2015	142,840	47,545	190,385
2016	148,825	41,559	190,384
2017	155,060	35,325	190,385
2018-2021	687,991	139,776	827,767
Totals	\$ 1,403,393	\$ 376,295	\$ 1,779,688

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

	Business-Type Activities		
	Principal	Interest	Total
Year Ending September 30,			
2013	\$ 221,955	\$ 99,189	\$ 321,144
2014	231,255	89,889	321,144
2015	240,944	80,199	321,143
2016	251,039	70,104	321,143
2017	261,558	59,585	321,143
2018-2021	<u>1,160,513</u>	<u>124,059</u>	<u>1,284,572</u>
Totals	<u>\$ 2,367,264</u>	<u>\$ 523,025</u>	<u>\$ 2,890,289</u>

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

3. Capital Leases

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Machinery and Equipment	\$ 7,578,902	\$ 2,221,688
Less: Accumulated Depreciation	<u>(5,499,090)</u>	<u>(1,858,131)</u>
Totals	<u>\$ 2,079,812</u>	<u>\$ 363,557</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2012, as follows:

	Governmental Activities		
	Principal	Interest	Total
Year Ending September 30,			
2013	\$ 554,460	\$ 29,911	\$ 584,371
2014	422,450	15,882	438,332
2015	247,084	6,083	253,167
2016	176,968	2,585	179,553
2017	59,644	207	59,851
Total Minimum Rentals	<u>\$ 1,460,606</u>	<u>\$ 54,668</u>	<u>\$ 1,515,274</u>

The effective interest rate on capital leases is 1.66% to 3.85%.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2013	\$ 137,399	\$ 5,143	\$ 142,542
2014	70,607	1,847	72,454
2015	27,491	715	28,206
2016	21,360	312	21,672
2017	7,200	25	7,225
Total Minimum Rentals	<u>\$ 264,057</u>	<u>\$ 8,042</u>	<u>\$ 272,099</u>

The effective interest rate on capital leases is 1.66% to 3.85%.

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 2012, 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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

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 2011</u>	<u>Plan Year 2012</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 14.58% of annual covered payroll. The City's contributions to the TMRS for the years ending September 30, 2012, 2011, and 2010, were \$1,161,187, \$1,197,340 and \$1,166,314, respectively, and were equal to the required contributions for each year.

3. Annual Pension Cost

The City's annual pension cost of \$1,161,187 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 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation Date	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</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	28.2 years; closed period	27.3 years; closed period	26.2 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.50%	7.00%	7.00%
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%

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. Funded Status and Funding Progress

The funded status as of December 31, 2011, the most recent actuarial valuation date, is as follows:

Funded Status	
Actuarial Valuation Date	12/31/11
Actuarial Value of Assets	\$ 31,044,487
Actuarial Accrued Liability (AAL)	\$ 39,527,997
Percentage Funded	78.5%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 8,483,510
Annual Covered Payroll	\$ 8,498,850
UAAL as a Percentage of Covered Payroll	99.8%

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, 2010	\$ 1,166,314	100%	0
September 30, 2011	1,197,340	100%	0
September 30, 2012	1,161,187	100%	0

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 13%. 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, 2012, was \$3,444,660. Both the City and the firemen made the required contribution of \$413,359 and \$447,795 representing 12% and 13% of covered payroll, respectively.

I. Self-Insurance

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

	Liability Balance at 10-01	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at 9-30	Total Internal Service Funds
Year Ending 09-30-11					
Health Insurance Claims	\$ 184,093	\$ 1,186,661	\$ 1,178,289	\$ 192,465	\$
Workers' Compensation Claims	157,477	201,719	188,983	170,213	362,678
Year Ending 09-30-12					
Health Insurance Claims	\$ 192,465	\$ 1,099,058	\$ 1,198,190	\$ 93,333	\$
Workers' Compensation Claims	170,213	112,685	114,459	168,439	261,772

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 \$90,000 per claim. The City informally budgets for current claims based on actuarial and historical data. The City incurred \$1,568,167 in health insurance expense and administrative and other charges for the year ended September 30, 2012. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$93,333 at September 30, 2012.

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 \$143,087 in workers' compensation expense and administrative and other charges for the year ended September 30, 2012. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$168,439 at September 30, 2012.

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 25, 2013, the date which the financial statements were available to be issued.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 \$2,316,986 reported as landfill closure and post-closure care liability at September 30, 2012, represents the cumulative amount reported to date based on the use of 73.55% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$833,382 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 2012. 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, 2012 the City has designated an investment in the amount of \$3,004,648 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>
12/31/2009	\$ 18,962,029	\$ 28,698,884	\$ 9,736,855	66.07%	\$ 8,694,403	111.99%
12/31/2010	28,801,757	37,187,914	8,386,157	77.45%	8,820,409	95.08%
12/31/2011	31,044,487	39,527,997	8,483,510	78.54%	8,498,850	99.82%

CITY OF BIG SPRING, TEXAS

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes	\$ 3,432,100	\$ 3,465,000	\$ 3,476,758	\$ 11,758
General Sales Taxes	4,900,000	5,600,000	5,791,110	191,110
Gross Receipts Business Taxes	1,390,500	1,512,000	1,530,152	18,152
License and Permits	203,250	236,650	225,050	(11,600)
Intergovernmental	997,142	999,913	1,002,560	2,647
Charges for Services	3,018,000	3,108,750	3,140,092	31,342
Fines	414,100	531,800	476,689	(55,111)
Recreation	896,000	851,600	850,840	(760)
Investment Earnings	7,000	3,350	10,137	6,787
Rents and Royalties	320,067	325,367	313,439	(11,928)
Miscellaneous	23,428	170,028	170,014	(14)
Contributions and Donations	15,000	15,100	45,144	30,044
Total Revenues	\$ 15,616,587	\$ 16,819,558	\$ 17,031,985	\$ 212,427
Expenditures:				
Current:				
General Government				
Non-Departmental (000)	\$ 298,181	\$ 323,206	\$ 265,126	\$ 58,080
City Council (110)	146,932	133,132	119,746	13,386
Finance (120)	503,705	507,991	492,500	15,491
City Manager (130)	248,337	249,752	251,660	(1,908)
Information Technology (140)	150,519	146,239	145,222	1,017
Legal (150)	221,075	258,769	256,167	2,602
Human Resources (160)	299,698	336,141	339,177	(3,036)
Public Safety				
Police (200)	4,504,720	4,270,853	4,303,606	(32,753)
Fire (210)	3,611,758	3,495,741	3,541,325	(45,584)
Municipal Court (220)	280,113	257,605	255,845	1,760
Fire Marshal (230)	111,075	112,054	114,040	(1,986)
Animal Control (240)	245,997	199,294	197,542	1,752
Highways and Streets				
Code Enforcement (300)	359,199	308,694	302,409	6,285
General Maintenance (310)	98,637	103,117	99,805	3,312
Streets (320)	1,721,910	1,727,878	1,651,879	75,999
Sanitation				
Sanitation (330)	1,063,488	1,268,160	1,269,575	(1,415)
Landfill (350)	1,193,556	870,987	859,162	11,825
Compost Facility (360)	115,711	125,425	122,591	2,834
Recreation and Parks				
Parks (370)	318,490	299,760	282,803	16,957
Sports Complex (375)	257,128	235,636	219,564	16,072
Swimming Pool (380)	180,815	215,993	225,005	(9,012)
Golf Course (390)	469,468	500,858	549,633	(48,775)
Lake (410)	21,825	24,125	24,839	(714)
City Hall (420)	103,149	101,670	101,532	138
Debt Service:				
Principal	782,269	761,463	742,849	18,614
Interest and Fiscal Charges	103,695	103,695	103,695	
Total Expenditures	\$ 17,411,450	\$ 16,938,238	\$ 16,837,297	\$ 100,941
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,794,863)	\$ (118,680)	\$ 194,688	\$ 313,368
Other Financing Sources (Uses):				
Transfers In	\$ 1,192,164	\$ 1,192,467	\$ 1,184,922	\$
Transfers Out	(612,399)	(496,592)	(639,902)	(143,310)
Proceeds from Capital Lease Financing	796,000	862,139	862,139	
Total Other Financing Sources	\$ 1,375,765	\$ 1,558,014	\$ 1,407,159	\$ (143,310)
Net Change in Fund Balances	\$ (419,098)	\$ 1,439,334	\$ 1,601,847	\$ 162,513
Fund Balances - Beginning	8,342,822	8,342,822	8,342,822	
Fund Balances - Ending	\$ 7,923,724	\$ 9,782,156	\$ 9,944,669	\$ 162,513

See notes to required supplementary information.

**CITY OF BIG SPRING, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2012**

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**

-57-
CITY OF BIG SPRING, TEXAS

EXHIBIT C-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	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 Water Park	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS								
Assets:								
Cash and Cash Equivalents	\$ 1,453,279	\$ 328,768	\$ 16,245	\$ 211,942	\$ 194,049	\$ 184,343	\$ 351,557	\$ 2,740,183
Receivables (Net of Allowance for Uncollectibles)	216,249	31,940	1,091	4,405				253,685
Due from Other Funds					166,681			166,681
Prepaid Items	1,813							1,813
Intergovernmental Receivables	377,604							377,604
Advances to Other Funds					166,675			166,675
Total Assets	<u>\$ 2,048,945</u>	<u>\$ 360,708</u>	<u>\$ 17,336</u>	<u>\$ 216,347</u>	<u>\$ 527,405</u>	<u>\$ 184,343</u>	<u>\$ 351,557</u>	<u>\$ 3,706,641</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts Payable	\$ 422,585	\$	\$	\$	\$	\$	\$	\$ 422,585
Accrued Wages	41,050							41,050
Due to Other Funds	9,453							9,453
Deferred Revenue	78,995	31,940	1,091	4,405				116,431
Customer Deposits	16,025							16,025
Total Liabilities	<u>\$ 568,108</u>	<u>\$ 31,940</u>	<u>\$ 1,091</u>	<u>\$ 4,405</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 605,544</u>
Fund Balances:								
Nonspendable Fund Balances:								
Prepays	\$ 1,813	\$	\$	\$	\$	\$	\$	\$ 1,813
Cemetery Permanent Care							351,557	351,557
Restricted Fund Balances:								
Restricted for Advertising and Promotions	1,340,832							1,340,832
Restricted for Debt Service		328,768	16,245	211,942				556,955
Restricted for Capital Projects					527,405			527,405
Committed Fund Balances:								
Committed for Capital Improvements - Sports Complex						184,343		184,343
Committed for Employee Education	14,522							14,522
Committed for Task Force Operations	27,098							27,098
Committed for Cemetery Operations	86,310							86,310
Committed for Volunteer Program	10,262							10,262
Total Fund Balances	<u>\$ 1,480,837</u>	<u>\$ 328,768</u>	<u>\$ 16,245</u>	<u>\$ 211,942</u>	<u>\$ 527,405</u>	<u>\$ 184,343</u>	<u>\$ 351,557</u>	<u>\$ 3,101,097</u>
Total Liabilities and Fund Balances	<u>\$ 2,048,945</u>	<u>\$ 360,708</u>	<u>\$ 17,336</u>	<u>\$ 216,347</u>	<u>\$ 527,405</u>	<u>\$ 184,343</u>	<u>\$ 351,557</u>	<u>\$ 3,706,641</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	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 Water Park	Capital Projects Fund Law Enforcement	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:									
Taxes									
General Property Taxes	\$ 466,733	\$ 1,149,464	\$ 39,216	\$ 160,422	\$	\$	\$	\$	\$ 1,815,835
General Sales Taxes	1,930,370								1,930,370
Motel Occupancy Taxes	1,145,353								1,145,353
Intergovernmental	275,737								275,737
Charges for Services	64,222								64,222
Fines	8,845								8,845
Investment Earnings	3,835	410	20	216	19,840	526	401		25,248
Rents and Royalties	167,489				47,043				214,532
Miscellaneous	50								50
Contributions and Donations									0
Total Revenue	\$ 4,062,634	\$ 1,149,874	\$ 39,236	\$ 160,638	\$ 66,883	\$ 526	\$ 0	\$ 401	\$ 5,480,192
Expenditures:									
Current									
General Government	\$ (39)	\$	\$	\$	\$	\$	\$	\$	\$ (39)
Public Safety	460,516						1,700,000		2,160,516
Highways and Streets									0
Sanitation									0
Community Service	476,450								476,450
Recreation and Parks						9,269			9,269
Economic Development	2,583,829								2,583,829
Cemetery	115,531								115,531
Debt Service									
Principal	30,981	560,000	20,000	160,000					770,981
Interest and Fiscal Charges	3,200	546,856	16,513	145,237					711,806
Fiscal Agent's Fees		500	250	200					950
Total Expenditures	\$ 3,670,468	\$ 1,107,356	\$ 36,763	\$ 305,437	\$ 0	\$ 9,269	\$ 1,700,000	\$ 0	\$ 6,829,293
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 392,166	\$ 42,518	\$ 2,473	\$ (144,799)	\$ 66,883	\$ (8,743)	\$ (1,700,000)	\$ 401	\$ (1,349,101)
Other Financing Sources (Uses):									
Transfers In	\$ 197,775	\$	\$	\$ 329,000	\$	\$	\$	\$	\$ 526,775
Transfers Out	(658,346)				(1,500,000)	(329,000)		(355)	(2,487,701)
Total Other Financing Sources (Uses)	\$ (460,571)	\$ 0	\$ 0	\$ 329,000	\$ (1,500,000)	\$ (329,000)	\$ 0	\$ (355)	\$ (1,960,926)
Net Change in Fund Balances	\$ (68,405)	\$ 42,518	\$ 2,473	\$ 184,201	\$ (1,433,117)	\$ (337,743)	\$ (1,700,000)	\$ 46	\$ (3,310,027)
Fund Balances - Beginning	1,549,242	286,250	13,772	27,741	1,960,522	522,086	1,700,000	351,511	6,411,124
Fund Balances - Ending	\$ 1,480,837	\$ 328,768	\$ 16,245	\$ 211,942	\$ 527,405	\$ 184,343	\$ 0	\$ 351,557	\$ 3,101,097

-59-
CITY OF BIG SPRING, TEXAS

EXHIBIT C-3

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2012**

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	\$ 1,255,065	\$ 21,362	\$	\$ 14,522	\$ 7,627	\$ 18,896	\$ 41,341	\$ 84,217	\$ 10,249	\$ 1,453,279
Receivables (Net of Allowance for Uncollectibles)	139,481	661			1,776		13,535	60,637	159	216,249
Due from Other Funds										0
Prepaid Items							1,813			1,813
Intergovernmental Receivables			361,574						16,030	377,604
Total Assets	\$ 1,394,546	\$ 22,023	\$ 361,574	\$ 14,522	\$ 9,403	\$ 18,896	\$ 56,689	\$ 144,854	\$ 26,438	\$ 2,048,945
LIABILITIES AND FUND BALANCES:										
Liabilities:										
Accounts Payable	\$ 34,859		\$ 361,574		\$ 3	\$ 703	\$ 4,584	\$ 3,227	\$ 17,635	\$ 422,585
Retainage Payable										0
Accrued Wages	2,826					7,931	10,170	11,344	8,779	41,050
Due to Other Funds	4				9,400		24	1	24	9,453
Deferred Revenue		22,023					13,000	43,972		78,995
Customer Deposits	16,025									16,025
Total Liabilities	\$ 53,714	\$ 22,023	\$ 361,574	\$ 0	\$ 9,403	\$ 8,634	\$ 27,778	\$ 58,544	\$ 26,438	\$ 568,108
Fund Balances:										
Nonspendable Fund Balances:										
Prepays							1,813			1,813
Restricted Fund Balances:										
Restricted for Advertising and Promotions	1,340,832									1,340,832
Committed Fund Balances:										
Committed for Employee Education				14,522						14,522
Committed for Task Force Operations							27,098			27,098
Committed for Cemetery Operations								86,310		86,310
Committed for Volunteer Program						10,262				10,262
Total Fund Balances	\$ 1,340,832	\$ 0	\$ 0	\$ 14,522	\$ 0	\$ 10,262	\$ 28,911	\$ 86,310	\$ 0	\$ 1,480,837
Total Liabilities and Fund Balances	\$ 1,394,546	\$ 22,023	\$ 361,574	\$ 14,522	\$ 9,403	\$ 18,896	\$ 56,689	\$ 144,854	\$ 26,438	\$ 2,048,945

-60-
CITY OF BIG SPRING, TEXAS

EXHIBIT C-4

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	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	Correctional Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Revenue:											
Taxes											
General Property Taxes	\$	\$	\$	\$	\$	\$	\$ 466,733	\$	\$	\$	\$ 466,733
General Sales Taxes			1,930,370								1,930,370
Motel Occupancy Taxes	1,145,353										1,145,353
Intergovernmental		17,065				46,529	12,113		200,030		275,737
Charges for Services				23,758					40,464		64,222
Fines					8,845						8,845
Investment Earnings	1,297			22	(9)	22	36	2,131	33	303	3,835
Rents and Royalties	54,036							113,453			167,489
Miscellaneous	50										50
Total Revenue	<u>\$ 1,200,736</u>	<u>\$ 17,065</u>	<u>\$ 1,930,370</u>	<u>\$ 23,780</u>	<u>\$ 8,836</u>	<u>\$ 46,551</u>	<u>\$ 478,882</u>	<u>\$ 115,584</u>	<u>\$ 240,527</u>	<u>\$ 303</u>	<u>\$ 4,062,634</u>
Expenditures:											
Current											
General Government	\$	\$	\$	\$ (39)	\$	\$	\$	\$	\$	\$	\$ (39)
Public Safety		17,065			7,259		436,192				460,516
Community Service						67,509			408,941		476,450
Economic Development	653,459		1,930,370								2,583,829
Cemetery								115,531			115,531
Debt Service											
Principal	3,906						27,075				30,981
Interest and Fiscal Charges	1,982						1,218				3,200
Total Expenditures	<u>\$ 659,347</u>	<u>\$ 17,065</u>	<u>\$ 1,930,370</u>	<u>\$ (39)</u>	<u>\$ 7,259</u>	<u>\$ 67,509</u>	<u>\$ 464,485</u>	<u>\$ 115,531</u>	<u>\$ 408,941</u>	<u>\$ 0</u>	<u>\$ 3,670,468</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 541,389</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,819</u>	<u>\$ 1,577</u>	<u>\$ (20,958)</u>	<u>\$ 14,397</u>	<u>\$ 53</u>	<u>\$ (168,414)</u>	<u>\$ 303</u>	<u>\$ 392,166</u>
Other Financing Sources (Uses):											
Transfers In	\$	\$	\$	\$	\$	\$ 31,000	\$	\$ 355	\$ 166,420	\$	\$ 197,775
Transfers Out	(154,643)			(60,000)	(3,456)					(440,247)	(658,346)
Total Other Financing Sources (Uses)	<u>\$ (154,643)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (60,000)</u>	<u>\$ (3,456)</u>	<u>\$ 31,000</u>	<u>\$ 0</u>	<u>\$ 355</u>	<u>\$ 166,420</u>	<u>\$ (440,247)</u>	<u>\$ (460,571)</u>
Net Change in Fund Balances	\$ 386,746	\$	\$	\$ (36,181)	\$ (1,879)	\$ 10,042	\$ 14,397	\$ 408	\$ (1,994)	\$ (439,944)	\$ (68,405)
Fund Balances - Beginning	954,086			50,703	1,879	220	14,514	85,902	1,994	439,944	1,549,242
Fund Balances - Ending	<u>\$ 1,340,832</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,522</u>	<u>\$ 0</u>	<u>\$ 10,262</u>	<u>\$ 28,911</u>	<u>\$ 86,310</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,480,837</u>

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
Motel Occupancy Taxes	\$ 542,000	\$ 1,000,000	\$ 1,145,353	\$ 145,353
Investment Earnings	1,000	160	1,297	1,137
Rents and Royalties	42,400	52,500	54,036	1,536
Miscellaneous	0	50	50	0
Total Revenues	<u>\$ 585,400</u>	<u>\$ 1,052,710</u>	<u>\$ 1,200,736</u>	<u>\$ 148,026</u>
Expenditures:				
Economic Development	\$ 709,346	\$ 710,184	\$ 653,459	\$ 56,725
Debt Service:	5,888	5,888	5,888	0
Total Expenditures	<u>\$ 715,234</u>	<u>\$ 716,072</u>	<u>\$ 659,347</u>	<u>\$ 56,725</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (129,834)</u>	<u>\$ 336,638</u>	<u>\$ 541,389</u>	<u>\$ 204,751</u>
Other Financing Uses:				
Transfers Out (Use)	<u>\$ (154,643)</u>	<u>\$ (154,643)</u>	<u>\$ (154,643)</u>	<u>\$ 0</u>
Total Other Financing Uses	<u>\$ (154,643)</u>	<u>\$ (154,643)</u>	<u>\$ (154,643)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (284,477)	\$ 181,995	\$ 386,746	\$ 204,751
Fund Balances - Beginning	<u>954,086</u>	<u>954,086</u>	<u>954,086</u>	<u></u>
Fund Balances - Ending	<u>\$ 669,609</u>	<u>\$ 1,136,081</u>	<u>\$ 1,340,832</u>	<u>\$ 204,751</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-6

ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
General Sales Taxes	\$ <u>1,633,300</u>	\$ <u>1,866,600</u>	\$ <u>1,930,370</u>	\$ <u>63,770</u>
Total Revenues	\$ <u>1,633,300</u>	\$ <u>1,866,600</u>	\$ <u>1,930,370</u>	\$ <u>63,770</u>
Expenditures:				
Economic Developemnt	\$ <u>1,613,670</u>	\$ <u>1,866,600</u>	\$ <u>1,930,370</u>	\$ <u>(63,770)</u>
Total Expenditures	\$ <u>1,613,670</u>	\$ <u>1,866,600</u>	\$ <u>1,930,370</u>	\$ <u>(63,770)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>19,630</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Change in Fund Balances	\$ <u>19,630</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances - Beginning	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances - Ending	\$ <u><u>19,630</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Charges for Services	\$ 24,000	\$ 24,000	\$ 23,758	\$ (242)
Investment Earnings	25	10	22	12
Total Revenues	<u>\$ 24,025</u>	<u>\$ 24,010</u>	<u>\$ 23,780</u>	<u>\$ (230)</u>
Expenditures:				
Current				
General Government	\$ 3,000	\$ 1,000	\$ (39)	\$ 1,039
Total Expenditures	<u>\$ 3,000</u>	<u>\$ 1,000</u>	<u>\$ (39)</u>	<u>\$ 1,039</u>
Excess of Revenues Over Expenditures	<u>\$ 21,025</u>	<u>\$ 23,010</u>	<u>\$ 23,819</u>	<u>\$ 809</u>
Other Financing Sources (Uses):				
Transfers Out	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$</u>
Total Other Financing Sources (Uses)	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (38,975)	\$ (36,990)	\$ (36,181)	\$ 809
Fund Balances - Beginning	<u>50,703</u>	<u>50,703</u>	<u>50,703</u>	<u></u>
Fund Balances - Ending	<u>\$ 11,728</u>	<u>\$ 13,713</u>	<u>\$ 14,522</u>	<u>\$ 809</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Fines	\$ 9,000	\$ 8,500	\$ 8,845	\$ 345
Investment Earnings	10		(9)	(9)
Total Revenues	<u>\$ 9,010</u>	<u>\$ 8,500</u>	<u>\$ 8,836</u>	<u>\$ 336</u>
Expenditures:				
Current				
Public Safety	\$ 7,200	\$ 8,200	\$ 7,259	\$ 941
Total Expenditures	<u>\$ 7,200</u>	<u>\$ 8,200</u>	<u>\$ 7,259</u>	<u>\$ 941</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,810</u>	<u>\$ 300</u>	<u>\$ 1,577</u>	<u>\$ 1,277</u>
Other Financing Uses:				
Transfers Out	\$ (11,000)	\$ (11,000)	\$ (3,456)	\$
Total Other Financing Uses	<u>\$ (11,000)</u>	<u>\$ (11,000)</u>	<u>\$ (3,456)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (9,190)	\$ (10,700)	\$ (1,879)	\$ 8,821
Fund Balances - Beginning	<u>1,879</u>	<u>1,879</u>	<u>1,879</u>	
Fund Balances - Ending	<u>\$ (7,311)</u>	<u>\$ (8,821)</u>	<u>\$ 0</u>	<u>\$ 8,821</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-9

R.S.V.P. FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental	\$ 43,262	\$ 46,529	\$ 46,529	\$
Investment Earnings			22	
Total Revenues	<u>\$ 43,262</u>	<u>\$ 46,529</u>	<u>\$ 46,551</u>	<u>\$ 0</u>
Expenditures:				
Community Service	\$ 74,210	\$ 73,931	\$ 67,509	\$ 6,422
Total Expenditures	<u>\$ 74,210</u>	<u>\$ 73,931</u>	<u>\$ 67,509</u>	<u>\$ 6,422</u>
Deficiency of Revenues Under Expenditures	<u>\$ (30,948)</u>	<u>\$ (27,402)</u>	<u>\$ (20,958)</u>	<u>\$ 6,422</u>
Other Financing Sources (Uses):				
Transfers In	\$ 31,000	\$ 31,000	\$ 31,000	\$
Total Other Financing Sources	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 52	\$ 3,598	\$ 10,042	\$ 6,444
Fund Balances - Beginning	<u>220</u>	<u>220</u>	<u>220</u>	
Fund Balances - Ending	<u><u>\$ 272</u></u>	<u><u>\$ 3,818</u></u>	<u><u>\$ 10,262</u></u>	<u><u>\$ 6,444</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-10

NARCOTICS TASK FORCE
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
General Property Taxes	\$ 456,500	\$ 460,500	\$ 466,733	\$ 6,233
Intergovernmental	9,000	59,000	12,113	(46,887)
Investment Earnings	150	20	36	16
Total Revenues	<u>\$ 465,650</u>	<u>\$ 519,520</u>	<u>\$ 478,882</u>	<u>\$ (40,638)</u>
Expenditures:				
Current				
Public Safety	\$ 430,062	\$ 437,548	\$ 436,192	\$ 1,356
Debt Service	28,293	28,293	28,293	
Total Expenditures	<u>\$ 458,355</u>	<u>\$ 465,841</u>	<u>\$ 464,485</u>	<u>\$ 1,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 7,295</u>	<u>\$ 53,679</u>	<u>\$ 14,397</u>	<u>\$ (39,282)</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	\$ 7,295	\$ 53,679	\$ 14,397	\$ (39,282)
Fund Balances - Beginning	<u>14,514</u>	<u>14,514</u>	<u>14,514</u>	
Fund Balances - Ending	<u>\$ 21,809</u>	<u>\$ 68,193</u>	<u>\$ 28,911</u>	<u>\$ (39,282)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-11

CEMETERY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 2,131	\$ 131
Rents and Royalties	85,450	106,450	113,453	7,003
Total Revenues	<u>\$ 87,450</u>	<u>\$ 108,450</u>	<u>\$ 115,584</u>	<u>\$ 7,134</u>
Expenditures:				
Cemetery	\$ 141,437	\$ 116,362	\$ 115,531	\$ 831
Total Expenditures	<u>\$ 141,437</u>	<u>\$ 116,362</u>	<u>\$ 115,531</u>	<u>\$ 831</u>
Deficiency of Revenues Under Expenditures	<u>\$ (53,987)</u>	<u>\$ (7,912)</u>	<u>\$ 53</u>	<u>\$ 7,965</u>
Other Financing Sources:				
Transfers In	\$ 425	\$ 400	\$ 355	\$ (45)
Total Other Financing Sources	<u>\$ 425</u>	<u>\$ 400</u>	<u>\$ 355</u>	<u>\$ (45)</u>
Net Change in Fund Balances	\$ (53,562)	\$ (7,512)	\$ 408	\$ 7,920
Fund Balances - Beginning	<u>85,902</u>	<u>85,902</u>	<u>85,902</u>	
Fund Balances - Ending	<u><u>\$ 32,340</u></u>	<u><u>\$ 78,390</u></u>	<u><u>\$ 86,310</u></u>	<u><u>\$ 7,920</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-12

SENIOR CENTER
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental	\$ 228,000	\$ 208,000	\$ 200,030	\$ (7,970)
Charges for Services	41,500	36,600	40,464	3,864
Investment Earnings		10	33	23
Miscellaneous		<u>20,000</u>		<u>(20,000)</u>
Total Revenues	<u>\$ 269,500</u>	<u>\$ 264,610</u>	<u>\$ 240,527</u>	<u>\$ (24,083)</u>
Expenditures:				
Community Service	\$ 431,748	\$ 469,351	\$ 408,941	\$ 60,410
Total Expenditures	<u>\$ 431,748</u>	<u>\$ 469,351</u>	<u>\$ 408,941</u>	<u>\$ 60,410</u>
Deficiency of Revenues Under Expenditures	<u>\$ (162,248)</u>	<u>\$ (204,741)</u>	<u>\$ (168,414)</u>	<u>\$ 36,327</u>
Other Financing Sources:				
Transfers In	\$ 163,000	\$ 163,000	\$ 166,420	\$ 3,420
Total Other Financing Sources	<u>\$ 163,000</u>	<u>\$ 163,000</u>	<u>\$ 166,420</u>	<u>\$ 3,420</u>
Net Change in Fund Balances	\$ 752	\$ (41,741)	\$ (1,994)	\$ 39,747
Fund Balances - Beginning	<u>1,994</u>	<u>1,994</u>	<u>1,994</u>	
Fund Balances - Ending	<u>\$ 2,746</u>	<u>\$ (39,747)</u>	<u>\$ 0</u>	<u>\$ 39,747</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-13

CORRECTIONAL CENTER FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u> </u>	\$ <u> 303</u>	\$ <u> 303</u>	\$ <u> </u>
Total Revenues	\$ <u> 0</u>	\$ <u> 303</u>	\$ <u> 303</u>	\$ <u> 0</u>
Expenditures:				
Total Expenditures	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Excess of Revenues Over Expenditures	\$ <u> 0</u>	\$ <u> 303</u>	\$ <u> 303</u>	\$ <u> 0</u>
Other Financing Sources (Uses):				
Transfers Out (Use)	\$ <u> (439,869)</u>	\$ <u> (440,247)</u>	\$ <u> (440,247)</u>	\$ <u> </u>
Total Other Financing Uses	\$ <u> (439,869)</u>	\$ <u> (440,247)</u>	\$ <u> (440,247)</u>	\$ <u> 0</u>
Net Change in Fund Balances	\$ <u> (439,869)</u>	\$ <u> (439,944)</u>	\$ <u> (439,944)</u>	\$ <u> </u>
Fund Balances - Beginning	<u> 439,944</u>	<u> 439,944</u>	<u> 439,944</u>	<u> </u>
Fund Balances - Ending	\$ <u> 75</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 1,114,440	\$ 1,127,700	\$ 1,149,464	\$ 21,764
Investment Earnings	500	75	410	335
Total Revenues	<u>\$ 1,114,940</u>	<u>\$ 1,127,775</u>	<u>\$ 1,149,874</u>	<u>\$ 22,099</u>
Expenditures:				
Debt Service:				
Principal	\$ 560,000	\$ 560,000	\$ 560,000	\$
Interest and Fiscal Charges	546,856	546,856	546,856	
Fiscal Agent's Fees	500	500	500	
Total Expenditures	<u>\$ 1,107,356</u>	<u>\$ 1,107,356</u>	<u>\$ 1,107,356</u>	<u>\$ 0</u>
Excess of Revenues Over Expenditures	<u>\$ 7,584</u>	<u>\$ 20,419</u>	<u>\$ 42,518</u>	<u>\$ 22,099</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	\$ 7,584	\$ 20,419	\$ 42,518	\$ 22,099
Fund Balances - Beginning	<u>286,250</u>	<u>286,250</u>	<u>286,250</u>	
Fund Balances - Ending	<u>\$ 293,834</u>	<u>\$ 306,669</u>	<u>\$ 328,768</u>	<u>\$ 22,099</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 38,450	\$ 38,450	\$ 39,216	\$ 766
Investment Earnings	20	5	20	15
Total Revenues	<u>\$ 38,470</u>	<u>\$ 38,455</u>	<u>\$ 39,236</u>	<u>\$ 781</u>
Expenditures:				
Debt Service:				
Principal	\$ 20,000	\$ 20,000	\$ 20,000	\$
Interest and Fiscal Charges	16,513	16,513	16,513	
Fiscal Agent's Fees	250	250	250	
Total Expenditures	<u>\$ 36,763</u>	<u>\$ 36,763</u>	<u>\$ 36,763</u>	<u>\$ 0</u>
Excess of Revenues Over Expenditures	<u>\$ 1,707</u>	<u>\$ 1,692</u>	<u>\$ 2,473</u>	<u>\$ 781</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,707	\$ 1,692	\$ 2,473	\$ 781
Fund Balances - Beginning	<u>13,772</u>	<u>13,772</u>	<u>13,772</u>	
Fund Balances - Ending	<u>\$ 15,479</u>	<u>\$ 15,464</u>	<u>\$ 16,245</u>	<u>\$ 781</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-16

2010 C.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 152,290	\$ 156,900	\$ 160,422	\$ 3,522
Investment Earnings	100	20	216	196
Total Revenues	<u>\$ 152,390</u>	<u>\$ 156,920</u>	<u>\$ 160,638</u>	<u>\$ 3,718</u>
Expenditures:				
Debt Service:				
Principal	\$ 160,000	\$ 160,000	\$ 160,000	\$
Interest and Fiscal Charges	145,238	145,238	145,237	1
Fiscal Agent's Fees	500	500	200	300
Total Expenditures	<u>\$ 305,738</u>	<u>\$ 305,738</u>	<u>\$ 305,437</u>	<u>\$ 301</u>
Excess of Revenues Over Expenditures	<u>\$ (153,348)</u>	<u>\$ (148,818)</u>	<u>\$ (144,799)</u>	<u>\$ 4,019</u>
Other Financing Sources:				
Transfers In	\$ 165,000	\$ 329,000	\$ 329,000	\$ 0
Total Other Financing Sources	<u>\$ 165,000</u>	<u>\$ 329,000</u>	<u>\$ 329,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 11,652	\$ 180,182	\$ 184,201	\$ 4,019
Fund Balances - Beginning	<u>27,741</u>	<u>27,741</u>	<u>27,741</u>	
Fund Balances - Ending	<u>\$ 39,393</u>	<u>\$ 207,923</u>	<u>\$ 211,942</u>	<u>\$ 4,019</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-17

CAPITAL REPLACEMENT FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 20,839	\$ 20,839	\$ 19,840	\$ (999)
Rents and Royalties	20,000	20,000	47,043	27,043
Total Revenues	<u>\$ 40,839</u>	<u>\$ 40,839</u>	<u>\$ 66,883</u>	<u>\$ 26,044</u>
Expenditures:				
Total Expenditures	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
Excess of Revenues Over Expenditures	<u>\$ 40,839</u>	<u>\$ 40,839</u>	<u>\$ 66,883</u>	<u>\$ 26,044</u>
Other Financing Sources (Uses):				
Transfers Out	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>
Net Change in Fund Balances	\$ 40,839	\$ 40,839	\$ (1,433,117)	\$ (1,473,956)
Fund Balances - Beginning	<u>1,960,522</u>	<u>1,960,522</u>	<u>1,960,522</u>	<u>_____</u>
Fund Balances - Ending	<u>\$ 2,001,361</u>	<u>\$ 2,001,361</u>	<u>\$ 527,405</u>	<u>\$ (1,473,956)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-18

2010 C.O. WATER PARK
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u> </u>	\$ <u> 600</u>	\$ <u> 526</u>	\$ <u> (74)</u>
Total Revenues	\$ <u> 0</u>	\$ <u> 600</u>	\$ <u> 526</u>	\$ <u> (74)</u>
Expenditures:				
Recreation and Parks				
Water Park	\$ <u> </u>	\$ <u> 9,268</u>	\$ <u> 9,269</u>	\$ <u> (1)</u>
Total Expenditures	\$ <u> 0</u>	\$ <u> 9,268</u>	\$ <u> 9,269</u>	\$ <u> (1)</u>
Deficiency of Revenues Under Expenditures	\$ <u> 0</u>	\$ <u> (8,668)</u>	\$ <u> (8,743)</u>	\$ <u> (75)</u>
Other Financing Uses:				
Transfers Out	\$ <u> (165,000)</u>	\$ <u> (329,000)</u>	\$ <u> (329,000)</u>	\$ <u> </u>
Total Other Financing Uses	\$ <u> (165,000)</u>	\$ <u> (329,000)</u>	\$ <u> (329,000)</u>	\$ <u> 0</u>
Net Change in Fund Balances	\$ <u> (165,000)</u>	\$ <u> (337,668)</u>	\$ <u> (337,743)</u>	\$ <u> (75)</u>
Fund Balances - Beginning	<u> 522,086</u>	<u> 522,086</u>	<u> 522,086</u>	<u> </u>
Fund Balances - Ending	\$ <u> 357,086</u>	\$ <u> 184,418</u>	\$ <u> 184,343</u>	\$ <u> (75)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-19

LAW ENFORCEMENT
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<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> </u>
Total Revenues	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
Expenditures:				
Public Safety	\$ <u>1,700,000</u>	\$ <u>1,700,000</u>	\$ <u>1,700,000</u>	\$ <u> </u>
Total Expenditures	\$ <u>1,700,000</u>	\$ <u>1,700,000</u>	\$ <u>1,700,000</u>	\$ <u> 0</u>
Deficiency of Revenues Under Expenditures	\$ <u>(1,700,000)</u>	\$ <u>(1,700,000)</u>	\$ <u>(1,700,000)</u>	\$ <u> 0</u>
Other Financing Sources:				
Transfers In	\$ <u>14,249</u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Total Other Financing Sources	\$ <u>14,249</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
Net Change in Fund Balances	\$ <u>(1,685,751)</u>	\$ <u>(1,700,000)</u>	\$ <u>(1,700,000)</u>	\$ <u> </u>
Fund Balances - Beginning	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	<u> </u>
Fund Balances - Ending	\$ <u><u>14,249</u></u>	\$ <u><u> 0</u></u>	\$ <u><u> 0</u></u>	\$ <u><u> 0</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-20

CEMETERY PERMANENT CARE FUND
PERMANENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>425</u>	\$ <u>400</u>	\$ <u>401</u>	\$ <u>1</u>
Total Revenues	\$ <u>425</u>	\$ <u>400</u>	\$ <u>401</u>	\$ <u>1</u>
Expenditures:				
Debt Service:	\$ _____	\$ _____	\$ _____	\$ _____
Total Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Excess of Revenues Over Expenditures	\$ <u>425</u>	\$ <u>400</u>	\$ <u>401</u>	\$ <u>1</u>
Other Financing Uses:				
Transfers Out	\$ <u>(425)</u>	\$ <u>(400)</u>	\$ <u>(355)</u>	\$ <u>45</u>
Total Other Financing Uses	\$ <u>(425)</u>	\$ <u>(400)</u>	\$ <u>(355)</u>	\$ <u>45</u>
Net Change in Fund Balances	\$ _____	\$ _____	\$ <u>46</u>	\$ <u>46</u>
Fund Balances - Beginning	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>	_____
Fund Balances - Ending	\$ <u><u>351,511</u></u>	\$ <u><u>351,511</u></u>	\$ <u><u>351,557</u></u>	\$ <u><u>46</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-21

WATER AND SEWER FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Water Sales	\$ 9,000,000	\$ 9,200,000	\$ 9,289,836	\$ 89,836
Sewer Charges	2,800,000	2,830,000	2,848,338	18,338
Other Services	<u>296,400</u>	<u>327,500</u>	<u>372,329</u>	<u>44,829</u>
Total Operating Revenues	<u>\$ 12,096,400</u>	<u>\$ 12,357,500</u>	<u>\$ 12,510,503</u>	<u>\$ 153,003</u>
OPERATING EXPENSES:				
Personnel Services	\$ 2,468,747	\$ 2,237,945	\$ 2,209,003	\$ 28,942
Supplies and Materials	4,857,190	4,633,351	4,678,000	(44,649)
Contractual Services	766,590	807,555	774,982	32,573
Maintenance	701,234	799,102	752,861	46,241
Depreciation			1,526,257	(1,526,257)
Other	<u>10,000</u>	<u>47,520</u>	<u>113,835</u>	<u>(66,315)</u>
Total Operating Expenses	<u>\$ 8,803,761</u>	<u>\$ 8,525,473</u>	<u>\$ 10,054,938</u>	<u>\$ (1,529,465)</u>
Operating Income	<u>\$ 3,292,639</u>	<u>\$ 3,832,027</u>	<u>\$ 2,455,565</u>	<u>\$ (1,376,462)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$	\$ 1,000	\$	\$ (1,000)
Other	8,000	16,500	17,676	1,176
Interest Expense and Paying Agent Fees	<u>356,544</u>	<u>(1,132,990)</u>	<u>(221,206)</u>	<u>911,784</u>
Total Non-Operating Expenses	<u>\$ 364,544</u>	<u>\$ (1,115,490)</u>	<u>\$ (203,530)</u>	<u>\$ 911,960</u>
Income Before Transfers	\$ 3,657,183	\$ 2,716,537	\$ 2,252,035	\$ (464,502)
Transfers In	1,174,519	1,532,061	2,674,839	1,142,778
Transfers Out	<u>(1,254,596)</u>	<u>(1,256,896)</u>	<u>(1,254,841)</u>	<u>2,055</u>
Change in Net Assets	\$ 3,577,106	\$ 2,991,702	\$ 3,672,033	\$ 680,331
Total Net Assets - Beginning	<u>8,695,371</u>	<u>8,695,371</u>	<u>8,695,371</u>	
Total Net Assets - Ending	<u>\$ 12,272,477</u>	<u>\$ 11,687,073</u>	<u>\$ 12,367,404</u>	<u>\$ 680,331</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-22

AIRPORT/INDUSTRIAL PARK
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Commercial Rentals and Fees	\$ 871,852	\$ 928,852	\$ 942,427	\$ 13,575
Total Operating Revenues	<u>\$ 871,852</u>	<u>\$ 928,852</u>	<u>\$ 942,427</u>	<u>\$ 13,575</u>
OPERATING EXPENSES:				
Personnel Services	\$ 386,330	\$ 345,740	\$ 346,701	\$ (961)
Supplies and Materials	59,400	65,530	62,857	2,673
Contractual Services	133,420	157,737	157,095	642
Maintenance	190,850	179,700	124,076	55,624
Depreciation			1,007,898	(1,007,898)
Other		5,000	1,327	3,673
Total Operating Expenses	<u>\$ 770,000</u>	<u>\$ 753,707</u>	<u>\$ 1,699,954</u>	<u>\$ (946,247)</u>
Operating Income (Expense)	<u>\$ 101,852</u>	<u>\$ 175,145</u>	<u>\$ (757,527)</u>	<u>\$ (932,672)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 1,599,855	\$ 1,558,934	\$ 1,246,361	\$ (312,573)
Interest Revenue	1,300	730	2,374	1,644
Other	1,000	1,665	1,666	1
Interest Expense and Paying Agent Fees	(27,120)	(27,120)	(3,328)	23,792
Total Non-Operating Revenues	<u>\$ 1,575,035</u>	<u>\$ 1,534,209</u>	<u>\$ 1,247,073</u>	<u>\$ (287,136)</u>
Income (Loss) Before Transfers	\$ 1,676,887	\$ 1,709,354	\$ 489,546	\$ (1,219,808)
Transfers Out	<u>(154,612)</u>	<u>(154,612)</u>	<u>(154,612)</u>	
Change in Net Assets	\$ 1,522,275	\$ 1,554,742	\$ 334,934	\$ (1,219,808)
Total Net Assets - Beginning	<u>23,967,075</u>	<u>23,967,075</u>	<u>23,967,075</u>	
Total Net Assets - Ending	<u>\$ 25,489,350</u>	<u>\$ 25,521,817</u>	<u>\$ 24,302,009</u>	<u>\$ (1,219,808)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-23

EMERGENCY MEDICAL SERVICES FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Emergency Medical Services	\$ 1,730,600	\$ 1,715,750	\$ 1,729,411	\$ 13,661
Total Operating Revenues	<u>\$ 1,730,600</u>	<u>\$ 1,715,750</u>	<u>\$ 1,729,411</u>	<u>\$ 13,661</u>
OPERATING EXPENSES:				
Personnel Services	\$ 1,407,596	\$ 1,375,054	\$ 1,280,954	\$ 94,100
Supplies and Materials	148,250	149,858	154,642	(4,784)
Contractual Services	68,036	64,673	63,967	706
Maintenance	34,239	60,800	59,171	1,629
Depreciation			66,524	(66,524)
Other	300,000	300,000	683,209	(383,209)
Total Operating Expenses	<u>\$ 1,958,121</u>	<u>\$ 1,950,385</u>	<u>\$ 2,308,467</u>	<u>\$ (358,082)</u>
Operating Loss	<u>\$ (227,521)</u>	<u>\$ (234,635)</u>	<u>\$ (579,056)</u>	<u>\$ (344,421)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 130,000	\$ 153,333	\$ 153,333	\$
Other	1,200	1,362	5,647	4,285
Loss on Transfer of Assets			(5,997)	(5,997)
Interest Expense and Paying Agent Fees	(87,343)	(91,183)	(8,373)	82,810
Total Non-Operating Revenues (Expenses)	<u>\$ 43,857</u>	<u>\$ 63,512</u>	<u>\$ 144,610</u>	<u>\$ 81,098</u>
Loss Before Transfers	<u>\$ (183,664)</u>	<u>\$ (171,123)</u>	<u>\$ (434,446)</u>	<u>\$ (263,323)</u>
Transfers In	250,000	293,333	293,333	
Transfers Out	<u>(105,378)</u>	<u>(105,378)</u>	<u>(105,378)</u>	
Change in Net Assets	<u>\$ (39,042)</u>	<u>\$ 16,832</u>	<u>\$ (246,491)</u>	<u>\$ (263,323)</u>
Total Net Assets - Beginning	<u>(657,687)</u>	<u>(657,687)</u>	<u>(657,687)</u>	
Total Net Assets - Ending	<u><u>\$ (696,729)</u></u>	<u><u>\$ (640,855)</u></u>	<u><u>\$ (904,178)</u></u>	<u><u>\$ (263,323)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-24

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2012

	<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	\$ (37,704)	\$ 1,085,317	\$ 948,783	\$ 40,377	\$ 2,036,773
Receivables	648	6,108		28	6,784
Due from Other Funds				1,047	1,047
Inventories	132,794				132,794
Prepaid Items					0
Total Current Assets	<u>\$ 95,738</u>	<u>\$ 1,091,425</u>	<u>\$ 948,783</u>	<u>\$ 41,452</u>	<u>\$ 2,177,398</u>
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 10,000	\$	\$	\$	\$ 10,000
Machinery and Equipment	30,628				30,628
Total Noncurrent Assets	<u>\$ 40,628</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,628</u>
Total Assets	<u>\$ 136,366</u>	<u>\$ 1,091,425</u>	<u>\$ 948,783</u>	<u>\$ 41,452</u>	<u>\$ 2,218,026</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 102,738	\$	\$ 50,166	\$ 41,033	\$ 193,937
Claims and Judgments Payable		93,333	168,439		261,772
Accrued Wages	3,559				3,559
Due to Other Funds	200,031			419	200,450
Notes Payable - Current	1,191				1,191
Capital Lease Payable - Current	13,220				13,220
Total Current Liabilities	<u>\$ 320,739</u>	<u>\$ 93,333</u>	<u>\$ 218,605</u>	<u>\$ 41,452</u>	<u>\$ 674,129</u>
Noncurrent Liabilities					
Notes Payable	\$ 11,511	\$	\$	\$	\$ 11,511
Capital Lease Payable	15,315				15,315
Accrued Compensated Absences	18,907				18,907
Total Noncurrent Liabilities	<u>\$ 45,733</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,733</u>
Total Liabilities	<u>\$ 366,472</u>	<u>\$ 93,333</u>	<u>\$ 218,605</u>	<u>\$ 41,452</u>	<u>\$ 719,862</u>
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	\$ (609)	\$	\$	\$	\$ (609)
Unrestricted Net Assets	<u>(229,497)</u>	<u>998,092</u>	<u>730,178</u>	<u>0</u>	<u>1,498,773</u>
Total Net Assets	<u>\$ (230,106)</u>	<u>\$ 998,092</u>	<u>\$ 730,178</u>	<u>\$ 0</u>	<u>\$ 1,498,164</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-25

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<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	\$ 1,745,406	\$ 1,860,290	\$ 340,000	\$ 3,945,696
Total Operating Revenues	<u>\$ 1,745,406</u>	<u>\$ 1,860,290</u>	<u>\$ 340,000</u>	<u>\$ 3,945,696</u>
OPERATING EXPENSES:				
Personnel Services	\$ 272,224	\$	\$	\$ 272,224
Supplies and Materials	1,475,269			1,475,269
Contractual Services	17,009	1,111,835	121,955	1,250,799
Maintenance	31,115			31,115
Depreciation	16,804			16,804
Other		456,332	21,132	477,464
Total Operating Expenses	<u>\$ 1,812,421</u>	<u>\$ 1,568,167</u>	<u>\$ 143,087</u>	<u>\$ 3,523,675</u>
Operating Income (Loss)	<u>\$ (67,015)</u>	<u>\$ 292,123</u>	<u>\$ 196,913</u>	<u>\$ 422,021</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$	\$ 1,416	\$ 1,353	\$ 2,769
Interest Expense and Paying Agent Fees	(2,123)			(2,123)
Total Non-Operating Revenues (Expenses)	<u>\$ (2,123)</u>	<u>\$ 1,416</u>	<u>\$ 1,353</u>	<u>\$ 646</u>
Income (Loss) Before Transfers	<u>\$ (69,138)</u>	<u>\$ 293,539</u>	<u>\$ 198,266</u>	<u>\$ 422,667</u>
Transfers Out		<u>(33,434)</u>	<u>(4,001)</u>	<u>(37,435)</u>
Change in Net Assets	\$ (69,138)	\$ 260,105	\$ 194,265	\$ 385,232
Total Net Assets - Beginning	<u>(160,968)</u>	<u>737,987</u>	<u>535,913</u>	<u>1,112,932</u>
Total Net Assets - Ending	<u>\$ (230,106)</u>	<u>\$ 998,092</u>	<u>\$ 730,178</u>	<u>\$ 1,498,164</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-26

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	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	\$ 1,746,311	\$ 1,365,690	\$ 303,560	\$	\$ 3,415,561
Cash Payments to Employees	(298,818)				(298,818)
Cash Payments to Suppliers for Goods and Services	(1,480,891)	(1,211,297)	(89,296)	(51,552)	(2,833,036)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (33,398)</u>	<u>\$ 154,393</u>	<u>\$ 214,264</u>	<u>\$ (51,552)</u>	<u>\$ 283,707</u>
Cash Flows from Non-Capital Financing Activities:					
Transfers to Other Funds	\$	\$ (33,434)	\$ (4,001)	\$	\$ (37,435)
Net Cash Used in Non-Capital Financing Activities	<u>\$ 0</u>	<u>\$ (33,434)</u>	<u>\$ (4,001)</u>	<u>\$ 0</u>	<u>\$ (37,435)</u>
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid	\$ (16,013)	\$	\$	\$	\$ (16,013)
Net Cash Used in Capital and Related Financing Activities	<u>\$ (16,013)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (16,013)</u>
Cash Flows from Investing Activities					
Interest and Dividends on Investments	\$	\$ 1,416	\$ 1,353	\$	\$ 2,769
Net Cash Provided by Investing Activities	<u>\$ 0</u>	<u>\$ 1,416</u>	<u>\$ 1,353</u>	<u>\$ 0</u>	<u>\$ 2,769</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (49,411)	\$ 122,375	\$ 211,616	\$ (51,552)	\$ 233,028
Cash and Cash Equivalents at Beginning of Year	11,707	962,942	737,167	91,929	1,803,745
Cash and Cash Equivalents at End of Year	<u>\$ (37,704)</u>	<u>\$ 1,085,317</u>	<u>\$ 948,783</u>	<u>\$ 40,377</u>	<u>\$ 2,036,773</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ (67,015)	\$ 292,123	\$ 196,913	\$ 0	\$ 422,021
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	\$ 16,804	\$	\$	\$	\$ 16,804
Change in Assets and Liabilities					
Decrease in Receivable	905	(6,108)		(28)	(5,231)
Increase in Interfund Receivable			1,983	(1)	1,982
Decrease in Prepaid Items	253				253
Increase in Inventories	(1,730)				(1,730)
(Decrease) Increase in Accounts Payable	(6,021)	(99,462)	32,659	(51,267)	(124,091)
Increase (Decrease) in Interfund Payables	50,000	(32,160)	(17,291)	(256)	293
Decrease in Accrued Expenses	(26,594)				(26,594)
Total Adjustments	<u>\$ 33,617</u>	<u>\$ (137,730)</u>	<u>\$ 17,351</u>	<u>\$ (51,552)</u>	<u>\$ (138,314)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (33,398)</u>	<u>\$ 154,393</u>	<u>\$ 214,264</u>	<u>\$ (51,552)</u>	<u>\$ 283,707</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-27

GARAGE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,697,230	\$ 1,739,725	\$ 1,745,406	\$ 5,681
Total Operating Revenues	<u>\$ 1,697,230</u>	<u>\$ 1,739,725</u>	<u>\$ 1,745,406</u>	<u>\$ 5,681</u>
OPERATING EXPENSES:				
Personnel Services	\$ 392,493	\$ 307,793	\$ 272,224	\$ 35,569
Supplies and Materials	1,471,890	1,460,570	1,475,269	(14,699)
Contractual Services	23,625	18,233	17,009	1,224
Maintenance	18,700	31,700	31,115	585
Depreciation			16,804	(16,804)
Total Operating Expenses	<u>\$ 1,906,708</u>	<u>\$ 1,818,296</u>	<u>\$ 1,812,421</u>	<u>\$ 5,875</u>
Operating Loss	<u>\$ (209,478)</u>	<u>\$ (78,571)</u>	<u>\$ (67,015)</u>	<u>\$ 11,556</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 50	\$	\$	\$
Interest Expense and Paying Agent Fees	(15,787)	(15,807)	(2,123)	13,684
Total Non-Operating Expenses	<u>\$ (15,737)</u>	<u>\$ (15,807)</u>	<u>\$ (2,123)</u>	<u>\$ 13,684</u>
Change in Net Assets	\$ (225,215)	\$ (94,378)	\$ (69,138)	\$ 25,240
Total Net Assets - Beginning	<u>(160,968)</u>	<u>(160,968)</u>	<u>(160,968)</u>	
Total Net Assets - Ending	<u>\$ (386,183)</u>	<u>\$ (255,346)</u>	<u>\$ (230,106)</u>	<u>\$ 25,240</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-28

HEALTH INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ <u>1,805,000</u>	\$ <u>1,685,000</u>	\$ <u>1,860,290</u>	\$ <u>175,290</u>
Total Operating Revenues	\$ <u>1,805,000</u>	\$ <u>1,685,000</u>	\$ <u>1,860,290</u>	\$ <u>175,290</u>
OPERATING EXPENSES:				
Contractual Services	\$ <u>1,367,500</u>	\$ <u>1,217,500</u>	\$ <u>1,111,835</u>	\$ <u>105,665</u>
Other	<u>485,000</u>	<u>460,000</u>	<u>456,332</u>	<u>3,668</u>
Total Operating Expenses	\$ <u>1,852,500</u>	\$ <u>1,677,500</u>	\$ <u>1,568,167</u>	\$ <u>109,333</u>
Operating Loss	\$ <u>(47,500)</u>	\$ <u>7,500</u>	\$ <u>292,123</u>	\$ <u>284,623</u>
NON-OPERATING REVENUES				
Interest Revenue	\$ <u>1,500</u>	\$ <u>750</u>	\$ <u>1,416</u>	\$ <u>666</u>
Total Non-Operating Revenues	\$ <u>1,500</u>	\$ <u>750</u>	\$ <u>1,416</u>	\$ <u>666</u>
Loss Before Transfers	\$ <u>(46,000)</u>	\$ <u>8,250</u>	\$ <u>293,539</u>	\$ <u>285,289</u>
Transfers Out	<u>(33,434)</u>	<u>(33,434)</u>	<u>(33,434)</u>	
Change in Net Assets	\$ <u>(79,434)</u>	\$ <u>(25,184)</u>	\$ <u>260,105</u>	\$ <u>285,289</u>
Total Net Assets - Beginning	<u>737,987</u>	<u>737,987</u>	<u>737,987</u>	
Total Net Assets - Ending	\$ <u><u>658,553</u></u>	\$ <u><u>712,803</u></u>	\$ <u><u>998,092</u></u>	\$ <u><u>285,289</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-29

OCCUPATIONAL ACCIDENT INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<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	\$
Total Operating Revenues	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 0</u>
OPERATING EXPENSES:				
Contractual Services	\$ 175,000	\$ 100,000	\$ 121,955	\$ (21,955)
Other	45,000	25,000	21,132	3,868
Total Operating Expenses	<u>\$ 220,000</u>	<u>\$ 125,000</u>	<u>\$ 143,087</u>	<u>\$ (18,087)</u>
Operating Income	<u>\$ 120,000</u>	<u>\$ 215,000</u>	<u>\$ 196,913</u>	<u>\$ (18,087)</u>
NON-OPERATING REVENUES				
Interest Revenue	\$ 1,000	\$ 1,200	\$ 1,353	\$ 153
Total Non-Operating Revenues	<u>\$ 1,000</u>	<u>\$ 1,200</u>	<u>\$ 1,353</u>	<u>\$ 153</u>
Income Before Transfers	\$ 121,000	\$ 216,200	\$ 198,266	\$ (17,934)
Transfers Out	<u>(4,001)</u>	<u>(4,001)</u>	<u>(4,001)</u>	
Change in Net Assets	\$ 116,999	\$ 212,199	\$ 194,265	\$ (17,934)
Total Net Assets - Beginning	<u>535,913</u>	<u>535,913</u>	<u>535,913</u>	
Total Net Assets - Ending	<u>\$ 652,912</u>	<u>\$ 748,112</u>	<u>\$ 730,178</u>	<u>\$ (17,934)</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.	92-97
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.	98-101
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.	102-103
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.	104-106

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities										
General Government	\$ 1,582,278	\$ 1,598,837	\$ 1,741,763	\$ 2,292,138	\$ 1,553,112	\$ 1,793,992	\$ 1,824,360	\$ 2,036,771	\$ 2,208,403	\$ 1,465,600
Public Safety	56,593,832	59,753,329	63,357,979	64,737,117	34,574,020	7,500,329	8,224,479	8,959,484	8,858,090	10,206,784
Highways and Streets	1,983,861	1,864,786	2,005,424	2,382,964	1,539,111	1,851,028	2,142,249	2,004,963	2,166,500	2,818,290
Sanitation	1,757,039	1,748,448	1,440,393	1,886,843	1,739,329	1,776,428	2,260,078	1,843,457	1,971,841	1,917,764
Community Service	70,742	73,937	75,926	82,963	85,350	367,619	498,303	518,615	541,643	488,382
Recreation and Parks	896,606	828,455	986,783	1,119,815	923,075	1,420,690	1,404,752	1,616,841	2,249,772	2,141,638
Cemetery	179,568	129,875	133,495	141,936	143,459	149,141	190,062	146,107	138,837	136,214
Economic Development	1,050,143	1,253,655	1,316,261	1,568,429	1,626,113	1,862,701	1,867,545	1,816,715	1,997,635	2,597,377
Bond Issue Costs				656						
Interest on Long-Term Debt	96,774	96,553	82,235	75,692	505,201	796,014	771,681	814,498	864,355	820,539
Total Governmental Activities Expenses	\$ 64,210,843	\$ 67,347,875	\$ 71,140,259	\$ 74,287,897	\$ 42,689,426	\$ 17,517,942	\$ 19,183,509	\$ 19,757,451	\$ 20,997,076	\$ 22,592,588
Business-Type Activities										
Water and Sewer	\$ 7,788,542	\$ 8,167,245	\$ 8,467,850	\$ 8,837,666	\$ 8,736,468	\$ 9,133,088	\$ 9,959,780	\$ 10,851,962	\$ 10,285,767	\$ 10,276,144
Airport/Industrial Park	1,824,411	1,840,550	1,891,731	1,950,574	1,787,590	1,473,504	1,536,701	1,516,681	1,713,690	1,703,282
Emergency Medical Services	1,501,056	1,486,434	1,584,557	1,625,902	1,537,351	2,047,764	1,991,905	2,183,830	2,293,215	2,316,840
Total Business-Type Activities Expenses	\$ 11,114,009	\$ 11,494,229	\$ 11,944,138	\$ 12,414,142	\$ 12,061,409	\$ 12,654,356	\$ 13,488,386	\$ 14,552,473	\$ 14,292,672	\$ 14,296,266
Total Primary Government Expenses	\$ 75,324,852	\$ 78,842,104	\$ 83,084,397	\$ 86,702,039	\$ 54,750,835	\$ 30,172,298	\$ 32,671,895	\$ 34,309,924	\$ 35,289,748	\$ 36,888,854
Program Revenues										
Governmental Activities										
Charges for Services										
Public Safety	\$ 49,144,890	\$ 51,833,181	\$ 55,843,075	\$ 56,146,480	\$ 27,965,372	\$ 2,408,181	\$ 2,789,526	\$ 2,735,430	\$ 2,860,676	\$ 2,914,021
Sanitation	2,242,670	2,241,575	2,177,773	2,241,759	2,284,695	2,408,181	2,789,526	2,735,430	2,860,676	2,914,021
Community Service		298,686	321,379	306,525	91,453	95,691	53,727	50,740	37,848	40,464
Recreation and Parks	316,591	164,761	190,868	202,275	218,268	364,201	421,657	407,605	731,107	850,840
General Government	54,952	93,629	63,020	50,849	50,173	318,536	194,274	223,348	238,024	233,895
Operating Grants and Contributions	218,672	185,096	232,439	390,121	140,642	442,151	257,142	227,973	241,571	200,736
Capital Grants and Contributions					37,364	16,207	52,370	135,368	99,993	
Total Governmental Activities Program Revenues	\$ 51,977,775	\$ 54,816,928	\$ 58,828,554	\$ 59,338,009	\$ 30,787,967	\$ 3,644,967	\$ 3,768,696	\$ 3,780,464	\$ 4,209,219	\$ 4,239,956
Business-Type Activities										
Charges for Services										
Water and Sewer	\$ 7,309,152	\$ 7,623,550	\$ 8,031,772	\$ 9,076,991	\$ 8,259,517	\$ 9,313,289	\$ 9,594,378	\$ 9,702,905	\$ 10,399,803	\$ 12,510,503
Airport/Industrial Park	642,611	630,480	604,809	687,081	722,052	834,312	806,400	847,816	864,539	942,427
Emergency Medical Services	1,027,761	1,101,470	1,182,332	1,207,937	1,357,381	1,350,445	1,808,569	1,747,596	1,732,690	1,729,411
Operating Grants and Contributions							203,042	163,875	181,052	156,348
Capital Grants and Contributions							4,584,321			1,243,346
Total Business-Type Activities Program Revenues	\$ 8,979,524	\$ 9,355,500	\$ 9,818,913	\$ 10,972,009	\$ 10,338,950	\$ 11,498,046	\$ 16,996,710	\$ 12,462,192	\$ 13,178,084	\$ 16,582,035
Total Primary Government Program Revenues	\$ 60,957,299	\$ 64,172,428	\$ 68,647,467	\$ 70,310,018	\$ 41,126,917	\$ 15,143,013	\$ 20,765,406	\$ 16,242,656	\$ 17,387,303	\$ 20,821,991
Net (Expense) Revenue										
Governmental Activities	\$ (12,233,068)	\$ (12,530,947)	\$ (12,311,705)	\$ (14,949,888)	\$ (11,901,459)	\$ (13,872,975)	\$ (15,414,813)	\$ (15,976,987)	\$ (16,787,857)	\$ (18,352,632)
Business-Type Activities	(2,134,485)	(2,138,729)	(2,125,225)	(1,442,133)	(1,722,459)	(1,156,310)	3,508,324	(2,090,281)	(1,114,588)	2,285,769
Total Primary Government Net Expense	\$ (14,367,553)	\$ (14,669,676)	\$ (14,436,930)	\$ (16,392,021)	\$ (13,623,918)	\$ (15,029,285)	\$ (11,906,489)	\$ (18,067,268)	\$ (17,902,445)	\$ (16,066,863)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense) Revenue										
Governmental Activities	\$ (12,233,068)	\$ (12,530,947)	\$ (12,311,705)	\$ (14,949,888)	\$ (11,901,459)	\$ (13,872,975)	\$ (15,414,813)	\$ (15,976,987)	\$ (16,787,857)	\$ (18,352,632)
Business-Type Activities	<u>(2,134,485)</u>	<u>(2,138,729)</u>	<u>(2,125,225)</u>	<u>(1,442,133)</u>	<u>(1,722,459)</u>	<u>(1,156,310)</u>	<u>3,508,324</u>	<u>(2,090,281)</u>	<u>(1,114,588)</u>	<u>2,285,769</u>
Total Primary Government Net Expense	<u>\$ (14,367,553)</u>	<u>\$ (14,669,676)</u>	<u>\$ (14,436,930)</u>	<u>\$ (16,392,021)</u>	<u>\$ (13,623,918)</u>	<u>\$ (15,029,285)</u>	<u>\$ (11,906,489)</u>	<u>\$ (18,067,268)</u>	<u>\$ (17,902,445)</u>	<u>\$ (16,066,863)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Taxes										
Property Taxes	\$ 2,738,315	\$ 2,981,435	\$ 3,001,978	\$ 3,075,336	\$ 3,252,311	\$ 5,068,566	\$ 5,400,654	\$ 5,558,497	\$ 5,542,990	\$ 5,261,553
Sales Taxes	3,640,107	4,024,731	4,258,228	4,969,337	5,369,792	6,047,491	5,778,812	5,734,386	6,479,539	7,721,480
Gross Receipts Taxes	1,399,420	1,344,025	1,386,769	1,864,360	1,477,481	1,522,960	1,414,058	1,428,017	1,468,738	1,530,152
Motel Occupancy Taxes	194,100	253,684	301,660	369,762	478,512	694,339	505,456	499,279	732,252	1,145,353
Unrestricted Grants and Contributions	1,476,448	1,710,957	2,172,243	1,769,263	942,137	1,053,729	1,182,689	1,126,704	1,144,321	1,077,560
Investment Earnings	144,468	137,333	247,938	390,416	1,023,253	844,532	186,464	71,567	51,606	38,154
Other	712,160	1,033,835	1,257,385	1,017,673	1,236,171	1,364,251	1,450,330	1,265,495	1,383,766	1,469,698
Transfers	<u>(250,000)</u>	<u>(250,000)</u>	<u>(585,747)</u>	<u>(250,000)</u>	<u>570,670</u>	<u>(296,038)</u>	<u>(215,821)</u>	<u>687,099</u>	<u>593,937</u>	<u>(1,447,344)</u>
Total Governmental Activities	<u>\$ 10,055,018</u>	<u>\$ 11,236,000</u>	<u>\$ 12,040,454</u>	<u>\$ 13,206,147</u>	<u>\$ 14,350,327</u>	<u>\$ 16,299,830</u>	<u>\$ 15,702,642</u>	<u>\$ 16,371,044</u>	<u>\$ 17,397,149</u>	<u>\$ 16,796,606</u>
Business-Type Activities										
Unrestricted Grants and Contributions	\$ 131,843		\$ 130,000	\$ 208,557	\$ 217,009	\$ 1,036,216	\$	\$	\$	\$
Investment Earnings	43,274		78,221	142,904	276,256	106,972	20,005	1,646	1,252	2,374
Other	440,191	667,337	2,167	15,865	450	3,711	6,737	24,814	20,272	24,989
Transfers	<u>250,000</u>	<u>250,000</u>	<u>585,747</u>	<u>250,000</u>	<u>(570,670)</u>	<u>296,038</u>	<u>215,821</u>	<u>(687,099)</u>	<u>(593,937)</u>	<u>1,447,344</u>
Total Business-Type Activities	<u>\$ 865,308</u>	<u>\$ 917,337</u>	<u>\$ 796,135</u>	<u>\$ 617,326</u>	<u>\$ (76,955)</u>	<u>\$ 1,442,937</u>	<u>\$ 242,563</u>	<u>\$ (660,639)</u>	<u>\$ (572,413)</u>	<u>\$ 1,474,707</u>
Total Primary Government	<u>\$ 10,920,326</u>	<u>\$ 12,153,337</u>	<u>\$ 12,836,589</u>	<u>\$ 13,823,473</u>	<u>\$ 14,273,372</u>	<u>\$ 17,742,767</u>	<u>\$ 15,945,205</u>	<u>\$ 15,710,405</u>	<u>\$ 16,824,736</u>	<u>\$ 18,271,313</u>
Change in Net Assets										
Governmental Activities	\$ (2,178,050)	\$ (1,294,947)	\$ (271,251)	\$ (1,743,741)	\$ 2,448,868	\$ 2,426,855	\$ 287,829	\$ 394,057	\$ 609,292	\$ (1,556,026)
Business-Type Activities	<u>(1,269,177)</u>	<u>(1,221,392)</u>	<u>(1,329,090)</u>	<u>(824,807)</u>	<u>(1,799,414)</u>	<u>286,627</u>	<u>3,750,887</u>	<u>(2,750,920)</u>	<u>(1,687,001)</u>	<u>3,760,476</u>
Total Primary Government	<u>\$ (3,447,227)</u>	<u>\$ (2,516,339)</u>	<u>\$ (1,600,341)</u>	<u>\$ (2,568,548)</u>	<u>\$ 649,454</u>	<u>\$ 2,713,482</u>	<u>\$ 4,038,716</u>	<u>\$ (2,356,863)</u>	<u>\$ (1,077,709)</u>	<u>\$ 2,204,450</u>

-90-
CITY OF BIG SPRING, TEXAS

TABLE E-4

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

		Pre-GASB 54							
		Fiscal Year							
		2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$	38,524	32,540	32,247	24,307	21,675	12,770	17,894	8,818
Unreserved		<u>2,890,212</u>	<u>3,340,037</u>	<u>3,898,842</u>	<u>6,356,196</u>	<u>6,426,470</u>	<u>7,764,191</u>	<u>8,607,986</u>	<u>7,314,099</u>
Total General Fund	\$	<u><u>2,928,736</u></u>	<u><u>3,372,577</u></u>	<u><u>3,931,089</u></u>	<u><u>6,380,503</u></u>	<u><u>6,448,145</u></u>	<u><u>7,776,961</u></u>	<u><u>8,625,880</u></u>	<u><u>7,322,917</u></u>
All Other Governmental Funds									
Reserved for Cemetery Care	\$	760,164	351,511	351,661	351,511	351,511	351,511	351,511	351,511
Reserved for Debit Service Funds		2,890	1,962	5,593	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		3,130,866	2,957,387	2,772,513	2,649,383	2,815,706	3,137,862	3,045,361	1,717,260
Capital Projects Funds		<u>1,118,521</u>	<u>1,592,369</u>	<u>1,578,401</u>	<u>1,650,957</u>	<u>1,717,025</u>	<u>1,781,662</u>	<u>1,829,311</u>	<u>1,919,549</u>
Total All Other Governmental Funds	\$	<u><u>5,012,441</u></u>	<u><u>4,903,229</u></u>	<u><u>4,708,168</u></u>	<u><u>4,662,313</u></u>	<u><u>20,031,197</u></u>	<u><u>17,718,666</u></u>	<u><u>8,069,163</u></u>	<u><u>9,708,639</u></u>
Post-GASB 54									
		Fiscal Year							
		2011	2012						
General Fund									
Nonspendable	\$	30,344	40,815						
Committed		2,759,003	3,004,648						
Unassigned		<u>5,553,475</u>	<u>6,899,206</u>						
Total General Fund	\$	<u><u>8,342,822</u></u>	<u><u>9,944,669</u></u>						
All Other Governmental Funds									
Nonspendable	\$	353,324	353,370						
Restricted		5,466,336	2,425,192						
Committed		<u>591,464</u>	<u>322,535</u>						
Total All Other Governmental Funds	\$	<u><u>6,411,124</u></u>	<u><u>3,101,097</u></u>						

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 7,936,755	\$ 8,501,804	\$ 8,998,104	\$ 10,301,113	\$ 10,579,730	\$ 13,321,348	\$ 13,059,530	\$ 13,203,041	\$ 14,228,655	\$ 15,689,578
Licenses, Fees, and Permits	342,585	317,098	192,618	204,021	220,018	311,572	186,062	213,509	229,314	225,050
Fines and Penalties	297,287	248,228	441,079	258,458	295,996	317,535	361,425	451,300	464,054	485,534
Charges for Services	2,099,015	2,091,438	2,407,456	2,476,170	2,567,774	2,860,629	3,267,596	3,002,540	3,179,692	3,204,314
Recreation						364,201	421,657	407,605	731,107	850,840
Intergovernmental	50,761,153	53,722,280	58,236,015	58,298,013	29,078,145	1,512,088	1,492,201	1,492,007	1,386,686	1,278,297
Investment Earnings	144,468	137,333	247,938	390,416	1,023,253	844,532	186,464	71,567	49,298	35,385
Other Revenues	1,101,921	1,103,872	981,014	888,283	804,341	783,474	683,754	682,384	761,982	743,179
Total Revenues	\$ 62,683,184	\$ 66,122,053	\$ 71,504,224	\$ 72,816,474	\$ 44,569,257	\$ 20,315,379	\$ 19,658,689	\$ 19,523,953	\$ 21,030,788	\$ 22,512,177
Expenditures										
General Government	\$ 1,305,280	\$ 1,340,274	\$ 1,563,355	\$ 1,901,122	\$ 1,509,104	\$ 1,943,501	\$ 1,754,193	\$ 1,861,001	\$ 1,968,659	\$ 1,869,559
Public Safety	54,935,165	58,295,462	62,728,675	63,303,421	34,835,688	7,964,371	8,416,171	9,257,095	8,718,705	10,572,874
Highways and Streets	1,478,347	1,755,539	1,664,960	1,878,575	1,834,063	2,593,080	6,927,490	4,820,334	2,052,702	2,054,093
Sanitation	1,357,147	1,547,455	1,816,743	1,802,870	1,675,718	1,986,031	1,766,181	2,210,220	1,604,844	2,251,328
Community Service	70,742	73,937	75,926	82,963	85,350	409,001	489,450	528,189	529,711	476,450
Recreation and Parks	694,841	725,169	1,049,187	1,152,060	2,425,815	2,815,726	5,141,208	2,216,615	4,559,619	1,412,645
Economic Development	1,050,143	1,282,737	1,316,261	1,568,429	1,617,966	1,931,752	1,825,613	1,832,712	2,047,073	2,583,829
Cemetery	179,568	129,875	167,995	141,936	139,369	166,209	215,888	125,424	116,176	115,531
Capital Outlay	536,124									
Debt Service										
Interest and Fees	97,682	97,441	85,776	74,755	189,148	1,058,840	774,219	750,003	908,500	816,451
Principal	667,992	688,061	820,956	723,009	843,754	1,062,767	1,511,564	1,349,565	1,432,358	1,513,830
Total Expenditures	\$ 62,373,031	\$ 65,935,950	\$ 71,289,834	\$ 72,629,140	\$ 45,155,975	\$ 21,931,278	\$ 28,821,977	\$ 24,951,158	\$ 23,938,347	\$ 23,666,590
Excess of Revenues										
Under Expenditures	\$ 310,153	\$ 186,103	\$ 214,390	\$ 187,334	\$ (586,718)	\$ (1,615,899)	\$ (9,163,288)	\$ (5,427,205)	\$ (2,907,559)	\$ (1,154,413)
Other Financing Sources (Uses)										
Capital Leases	\$	\$ 398,526	\$ 734,809	\$ 2,466,226	\$ 707,574	\$ 928,222	\$ 578,525	\$ 955,949	\$	\$ 862,139
Issuance of Debt					14,745,000			4,120,670		
Transfers In	409,146	361,676	647,766	439,839	1,226,448	907,813	1,266,966	3,616,590	1,794,636	1,711,697
Transfers Out	(659,146)	(611,676)	(1,233,513)	(689,839)	(655,778)	(1,203,851)	(1,482,787)	(2,929,491)	(1,164,687)	(3,127,603)
Total Other Financing Sources	\$ (250,000)	\$ 148,526	\$ 149,062	\$ 2,216,226	\$ 16,023,244	\$ 632,184	\$ 362,704	\$ 5,763,718	\$ 629,949	\$ (553,767)
Net Change in Fund Balances	\$ 60,153	\$ 334,629	\$ 363,452	\$ 2,403,560	\$ 15,436,526	\$ (983,715)	\$ (8,800,584)	\$ 336,513	\$ (2,277,610)	\$ (1,708,180)
Debt Service as a Percentage of Noncapital Expenditures	1.2%	1.2%	1.3%	1.1%	2.4%	11.8%	12.0%	10.8%	11.6%	10.4%
Capital Outlay	536,124	950,486	1,343,183	776,366	2,709,518	3,986,263	9,778,973	5,423,093	3,687,953	1,287,045

CITY OF BIG SPRING, TEXAS

TABLE E-6

TAX REVENUES BY SOURCES, GOVERNMENTAL FUNDS
LAST TEN 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>
2003	\$ 2,703,128	\$ 3,640,107	\$ 1,399,420	\$ 194,100	\$ 7,936,755
2004	2,879,364	4,024,731	1,344,025	253,684	8,501,804
2005	3,051,477	4,258,228	1,386,769	301,660	8,998,134
2006	3,097,654	4,969,337	1,864,360	369,762	10,301,113
2007	3,252,311	5,369,792	1,477,481	478,512	10,578,096
2008	5,068,566	6,047,491	1,522,960	694,339	13,333,356
2009	5,361,204	5,778,812	1,414,058	505,456	13,059,530
2010	5,541,359	5,734,386	1,428,017	499,279	13,203,041
2011	5,548,126	6,479,539	1,468,738	732,252	14,228,655
2012	5,292,592	7,721,480	1,530,153	1,145,353	15,689,578
Percent Change 2003 - 2012	51.1%	67.5%	8.6%	137.0%	

CITY OF BIG SPRING, TEXAS

TABLE E-7

**DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Big Spring Economic Development Corporation</u>	<u>Total</u>	<u>State of Texas</u>	<u>Total</u>
2002-03	1.50%	0.50%	2.00%	6.25%	8.25%
2003-04	1.50%	0.50%	2.00%	6.25%	8.25%
2004-05	1.50%	0.50%	2.00%	6.25%	8.25%
2005-06	1.50%	0.50%	2.00%	6.25%	8.25%
2006-07	1.50%	0.50%	2.00%	6.25%	8.25%
2007-08	1.50%	0.50%	2.00%	6.25%	8.25%
2008-09	1.50%	0.50%	2.00%	6.25%	8.25%
2009-10	1.50%	0.50%	2.00%	6.25%	8.25%
2010-11	1.50%	0.50%	2.00%	6.25%	8.25%
2011-12	1.50%	0.50%	2.00%	6.25%	8.25%

Note: Effective May 1990, the citizens of Big Spring approved a referendum calling for the creation of a one-half cent sales tax to be used to support economic development activities in Big Spring.

-94-
CITY OF BIG SPRING, TEXAS

TABLE E-8

**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		
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%
2011	486,149,592	486,149,592	59,926,475	59,926,475	546,076,067	546,076,067	0.9495	100.00%
2012	485,739,452	485,739,452	61,267,318	61,267,318	547,006,770	547,006,770	0.8650	100.00%

Source: Central Appraisal District

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

CITY OF BIG SPRING, TEXAS

TABLE E-9

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Container	\$ 16,591,367	1	3.02%	\$ 29,523,090	1	7.15%
Scenic Mountain Medical Center	14,497,923	2	2.64%	14,796,737	2	./,
Oncor Electric Delivery	8,063,887	3	1.48%	8,965,830	3	2.18%
Wal-Mart Stores Texas LP	7,425,515	4	1.36%			
Wal-Mart Real Estate	7,028,034	5	1.29%	6,650,000	5	1.62%
John Crane Production Sol Inc	5,474,778	6	1.00%			
The Coca-Cola Company	5,117,337	7	0.94%			
R&B Leasing Company LLC	4,752,312	8	0.87%			
HTP TA Properties Trust	4,071,903	9	0.75%			
Southwestern Bell Telephone LP	3,926,047	10	0.72%	7,705,840	4	1.88%
Wal-Mart Stores Inc.				6,166,502	6	1.50%
H. E. Butt Grocery, Inc.				3,529,867	7	0.86%
Atmos Energy Corporation				3,142,310	8	0.77%
Innotek Powder Coatings				2,441,980	9	0.60%
Hobbs and Curry Family				2,149,126	10	0.53%
Total	\$ <u>76,949,103</u>		<u>14.07%</u>	\$ <u>85,071,282</u>		<u>17.09%</u>

Source: Texas State Comptroller

CITY OF BIG SPRING, TEXAS

TABLE E-10

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
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%
2011	5,461,889	5,271,162	96.51%	138,433	5,409,595	99.04%
2012	5,198,600	5,013,337	96.44%	147,470	5,160,807	99.27%

Source: Howard County

CITY OF BIG SPRING, TEXAS

TABLE E-11

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

Taxpayer	2012			2003		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Limited Service Restaurants	\$ 310,659	1	5.98%	\$ 105,899	6	3.92%
Electric Power Distribution	276,916	2	5.33%			
Gasoline Stations with Convenience Stores	248,788	3	4.79%	196,041	1	7.26%
Supermarkets and Other Grocery (except Convenience)	215,345	4	4.14%	173,320	4	6.42%
Crude Petroleum and Natural Gas Extraction	195,395	5	3.76%			
Full Service Restaurants	159,823	6	3.07%	137,518	5	5.09%
Wireless Telecommunications Carriers (except satellite)	157,308	7	3.03%	67,828	10	2.51%
Gasoline Service Stations	155,089	8	2.98%			
Wired Telecommunications Carriers	149,953	9	2.88%	92,865	7	3.44%
Other Building Material Dealers	119,320	10	2.30%			
Furniture Stores	115,110	11	2.21%	37,161	12	1.38%
Eating Places	113,248	12	2.18%	175,820	2	6.51%
Lumber and other Building Materials Dealers				66,906	9	2.48%
Communications Services, Not Elsewhere Classified				68,750	8	2.55%
Hydroelectric Power Generation				174,148	3	6.45%
All other General Miscellaneous MFG				48,996	11	1.82%
Total	<u>\$ 2,216,954</u>		<u>42.65%</u>	<u>\$ 1,345,252</u>		<u>49.84%</u>

Source: Texas State Comptroller

-98-
CITY OF BIG SPRING, TEXAS

TABLE E-12

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN 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			
2003	\$ 1,360,000	\$	\$ 1,186,532	\$	\$ 4,840,000	\$	\$ 657,826	\$	\$ 8,044,358	1.57%	\$ 319
2004	1,125,000		1,131,998		4,475,000		607,286		7,339,284	1.35%	291
2005	895,000		1,270,973		4,095,000		497,681		6,758,654	1.22%	268
2006	665,000		1,211,763		3,705,000		308,080		5,889,843	1.01%	233
2007	14,725,000	460,000	1,364,927		3,305,000	640,000	333,377		20,828,304	3.46%	825
2008	14,355,000	455,000	1,711,579	1,861,886	2,885,000	630,000	295,732	3,169,341	25,363,538	3.77%	1,005
2009	13,635,000	440,000	1,573,741	1,767,233	2,450,000	605,000	568,551	2,980,993	24,020,518	3.37%	952
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	3.66%	1,075
2011	12,575,000	4,515,000	1,259,896	1,529,683	1,555,000	555,000	314,117	2,580,293	24,883,989	2.91%	799
2012	12,015,000	16,060,000	1,493,345	1,403,396	1,045,000	530,000	264,057	2,367,264	35,178,062	3.63%	1,151

CITY OF BIG SPRING, TEXAS

TABLE E-13

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN 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>
2003	\$ 1,360,000	\$ 2,890	\$ 1,357,110	0.33%	\$ 54
2004	1,125,000	1,962	1,123,038	0.27%	45
2005	895,000	5,593	889,407	0.22%	35
2006	665,000	10,462	654,538	0.16%	26
2007	15,185,000	15,907	15,169,093	3.41%	601
2008	14,810,000	228,087	14,581,913	3.03%	578
2009	14,075,000	299,833	13,775,167	2.63%	546
2010	17,740,000	256,109	17,483,891	3.24%	641
2011	17,090,000	327,764	16,762,236	3.07%	614
2012	28,075,000	235,261	27,839,739	5.09%	1,020

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 94 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 102.

CITY OF BIG SPRING, TEXAS

TABLE E-14

**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*	\$ 63,325,000	*	43.54%	\$ 27,571,705
Forsan Independent School District*	3,070,000	*	0.55%	16,885
Coahoma Independent School District*	13,217,924		0.43%	56,837
Howard County*	11,085,000	*	21.68%	2,403,228
Howard College*	18,155,000	*	21.68%	3,936,004
Subtotal, Overlapping Debt				<u>\$ 33,984,659</u>
City of Big Spring Direct Debt	\$ 15,793,045		100%	<u>\$ 15,793,045</u>
Total Direct and Overlapping Debt				<u><u>\$ 49,777,704</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

-101-
CITY OF BIG SPRING, TEXAS

TABLE E-15

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 6,169,359	\$ 6,187,365	\$ 6,202,284	\$ 6,293,613	\$ 6,668,075	\$ 7,225,313	\$ 7,855,682	\$ 8,106,131	\$ 8,191,141	\$ 8,205,102
Total Net Debt Applicable to Limit	<u>(237,110)</u>	<u>(233,038)</u>	<u>(224,408)</u>	<u>(219,538)</u>	<u>(146,016)</u>	<u>(144,137)</u>	<u>(435,167)</u>	<u>(290,975)</u>	<u>(355,151)</u>	<u>(227,024)</u>
Legal Debt Margin	<u>\$ 5,932,249</u>	<u>\$ 5,954,327</u>	<u>\$ 5,977,876</u>	<u>\$ 6,074,075</u>	<u>\$ 6,522,059</u>	<u>\$ 7,081,176</u>	<u>\$ 7,420,515</u>	<u>\$ 7,815,156</u>	<u>\$ 7,835,990</u>	<u>\$ 7,978,078</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	3.84%	3.77%	3.62%	3.49%	2.19%	1.99%	5.54%	3.59%	4.34%	2.77%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 547,006,770
Debt Limit (1.5% Assessed Value) Assessed Value	\$ 8,205,102
Debt Applicable to Limit:	
General Obligation Bonds	\$ 790,049
Less: Amount Set Aside for Repayment	<u>(563,025)</u>
Net Debt Applicable to Limit	<u>\$ 227,024</u>
Legal Debt Margin	<u>\$ 7,978,078</u>

-102-
CITY OF BIG SPRING, TEXAS

TABLE E-16

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Population (1)	25,233	25,233	25,233	25,233	25,233	25,233	25,233	27,282	27,282	27,282
Total Personal Income	\$ 512,810,259	\$ 542,534,733	\$ 553,233,525	\$ 585,052,338	\$ 602,008,914	\$ 673,579,236	\$ 713,135,046	\$ 742,607,190	\$ 854,990,598	\$ 867,049,242
Per Capita Personal Income (2)	\$ 20,323	\$ 21,501	\$ 21,925	\$ 23,186	\$ 23,858	\$ 26,692	\$ 28,262	\$ 29,430	\$ 31,339	\$ 31,781
Median Age (2)	36	36	36	36	36	37	37	37	37	36
Unemployment (3)	6.6%	5.9%	5.6%	5.2%	4.4%	4.4%	7.5%	7.3%	6.9%	5.7%

Data Sources:

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

CITY OF BIG SPRING, TEXAS

TABLE E-17

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2012			2003	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Big Spring ISD	626	1	4.57%	610	2
Big Spring State Hospital	577	2	4.22%	655	1
Veterans Administration Hospital	547	3	4.00%	508	3
GEO Group	490	4	3.58%		
Wal-Mart	360	5	2.63%	358	5
Robinson Drilling of Texas	353	6	2.58%		
Scenic Mountain Medical Center	322	7	2.35%	340	6
Price Construction	322	8	2.35%	125	10
Howard College & SWICD	268	9	1.96%	235	8
City of Big Spring	262	10	1.91%	266	7
Federal Bureau of Prisons	235	11	1.72%		
Alon USA	178	12	1.30%	190	9
Cornell Corrections, Inc.				449	4
Total	<u>4,540</u>		<u>33.17%</u>	<u>3,736</u>	

Source: Oncor community profiles

CITY OF BIG SPRING, TEXAS

TABLE E-18

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

Function/Program	Full-Time-Equivalent Employees as of Year End									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Management Services	8	8	7	7	8	8	8	8	9	9
Finance	6	6	6	6	5	5	5	5	5	5
Other	6	5	5	5	9	9	9	8.5	8.5	8.5
Information Technology	1	1	1	1	2	2	2	2	2	2
Convention and Visitors Bureau		1	1	1	1	1	1	2	2	2
Police										
Officers	48	56	56	56	49	54	58	54	54	49
Civilians	16	8	8	8	13	13	10	15	15	12
Fire										
Firefighters and Officers	46	46	46	46	45	45	45	45	45	45
Civilians		1	1	1	1	1	1	0.5	0.5	0.5
EMS										
EMS and Officers	16	16	16	16	16	16	16	16	16	16
Civilians	2	1	2	2	2	2	2	2	2	2
Refuse Collection (Landfill)	6	8	7	7	6	6	6	6	7	7
Other Public Works	7	8	9	9	17	17	21	21.5	17	18
Parks and Recreation	8	9	9	9	11	11	15	14	19	19
Service Center	8	8	8	8	8	8	8	8	8	8
Streets	14	14	14	14	14	14	14	14	14	14
Sanitation	8	8	8	8	8	8	8	8	7	7
Airpark	7	7	7	7	7	7	5	7	7	6
Water	41	41	41	41	40	40	40	41	40	40
Wastewater	9	8	9	9	9	9	9	9	9	9
Total	257	260	261	261	271	276	283	287	287	279

Source: City Budget Office

CITY OF BIG SPRING, TEXAS

TABLE E-19

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Building Permits Issued	269	1,170	966	1,351	1,460	1,482	1,196	1,267	1,262	1,386
Police										
Physical Arrests	1,613	1,574	1,730	1,904	1,704	2,225	1,320	2,743	2,466	2,158
Number of Calls for Service	33,344	38,411	26,961	19,431	19,200	29,412	26,576	35,661	37,700	33,028
Alarm Responses	726	832	1,132	1,057	647	688	742	1,143	1,001	1,522
Fire										
Emergency Responses	327	333	281	431	427	411	442	409	424	607
EMS Service										
Number of Runs	2,175	2,293	2,546	3,265	3,164	3,660	3,088	3,275	4,057	4,272
Refuse Collection										
Collected (Tons per Day)	110	110	120	120	115	110	120	156	130	130
Water										
Active Accounts	8,649	8,471	8,311	8,626	8,677	8,727	8,600	8,579	8,687	8,693
Water Main Breaks	225	228	200	199	206	168	250	580	210	167
Average Daily Consumption (Thousands of Gallons)	5,380	5,380	4,919	4,919	4,412	5,091	5,317	5,320	4,991	3,467
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons)	2,450	2,183	2,054	2,205	2,730	2,646	2,629	2,576	2,176	2,176

Data Sources: Various City Departments

-106-
CITY OF BIG SPRING, TEXAS

TABLE E-20

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units										
Marked	34	34	34	34	34	35	39	43	38	41
Unmarked	17	17	17	17	17	21	19	19	17	12
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)	174	177	158	158	189	189	189	189	189	189
Unpaved (Miles)	15	12	12	12	5	0.5	0.5	0.05	0.05	0.05
Street Lights	1,903	1,907	1,812	1,812	1,810	1,808	1,808	1,784	1,779	1,873
Parks and Recreation										
Acreage	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,211	1,211
Parks	5	5	5	5	5	8	8	8	8	8
Lakes	2	2	2	2	5	2	2	2	2	2
Baseball/Softball Fields	6	6	6	6	6	6	14	14	14	14
Soccer/Football Fields							6	6	6	6
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (Miles)	240	240	177	177	177	177	177	177	177	177
Fire Hydrants	1,510	1,510	722	722	722	722	722	722	722	722
System Capacity (Thousands of Gallons)	12,500	12,500	12,500	12,500	12,500	13,450	13,450	13,450	13,450	13,450
Wastewater										
Sanitary Sewers (Miles)	170	170	125	125	125	125	125	125	125	125
Treatment Capacity (Thousands of Gallons)	2,450	2,183	2,054	2,205	2,205	5,000	5,000	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

PHONE: (806) 747-3806

FAX: (806) 747-3815

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, 2012, which collectively comprise City of Big Spring, Texas' basic financial statements and have issued our report thereon dated March 25, 2013. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of Big Spring Economic Development Corporation, as described in our report on the City of Big Spring, Texas' basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a 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.

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

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 & Mann LLP

Certified Public Accountants

March 25, 2013