

CITY OF BIG SPRING, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2013

CAFR Prepared by the Finance Department

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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INTRODUCTORY SECTION



February 24, 2014

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, 2013.

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, 2012. 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, fire protection, and 911 emergency medical services; 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, a railroad, 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 2013 was 5.3%, 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) again fell in 2012-13 year from \$5,293 to \$5,169, a 2.3% decrease. This was due to adoption of a lower total property tax rate 85.66 cents per \$100 of assessed value from the previous year's rate of 86.50 cents, a 1.0% decrease.

Sales tax revenue has increased by 54.3% 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 2009 to 2013, reflecting a 165.0% increase. Hotel occupancy tax is due to increase further as The City is currently in negotiations with more hotels wishing to locate in The City and take advantage of the increasing need of overnight stay from the oil & gas and related activities in Howard County. Note hotel occupancy tax, by law, is restricted to uses which should have a direct impact on bringing more overnight visitors to The City of Big Springs. It is not available to meet many of The City's governmental needs.

Much of the increase in business activities in The City is related to the exploration and production of the Cline Shale oil and gas formation. The City of Big Spring is the largest city within the boundaries of the shale formation. The elected officials and city management believe the predicted economic and population growth in Big Spring from the activity associated with this formation has begun and will continue for another 7 – 12 years.

Long-term Financial Planning

Unassigned fund balance in the General Fund (39.0% of total General Fund expenditures) is higher than the policy guidelines set by the council for budgetary and planning purposes (5.0% as defined by The City's master plan, which was adopted in 1995). The fund balance has increased significantly over the past ten years because of diligence in budgeting and understaffing due to the small pool of qualified workers due to the demand of workers in the local oil and gas and related industries.

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 \$17,110,297.

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 \$3.3 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. From revenues derived from recent fee increases in sanitation rates, gate fees and commercial tipping fees, as well as annual contributions from Howard County the City has been able to accumulate \$3,255 committed fund balance for coming closure and post-closure expenditures at the end of 2013. The City hopes to start accumulating funds, through user fees, for the cost of permitting and opening both the new section and a new landfill soon.

The City of Big Spring has no material liability for other post-employment benefits. Employees eligible for retirement are allowed to remain on The City's health insurance plan until age 65, while paying 100% of their premiums. Currently there are 28 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 three current major initiatives The City is undergoing all deal with The City's need to provide the basic services of sanitation/landfill, water, and wastewater disposal. The City is currently in the engineering and construction bidding of the new east cell at the current landfill. Also The City is in the midst of a multi-million dollar upgrade to both the water and wastewater processing facilities. Several smaller projects, the largest of which is water line replacement, which is partly funded by a grant, and street resurfacing / seal coating are ongoing. The City is also negotiating with existing and planned businesses to provide water and sewer, funded through the Texas Capital Grant, to the north side of The City.

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, 2013. This was the sixteenth 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

Donald Moore, CPA
Interim Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Big Spring
Texas**

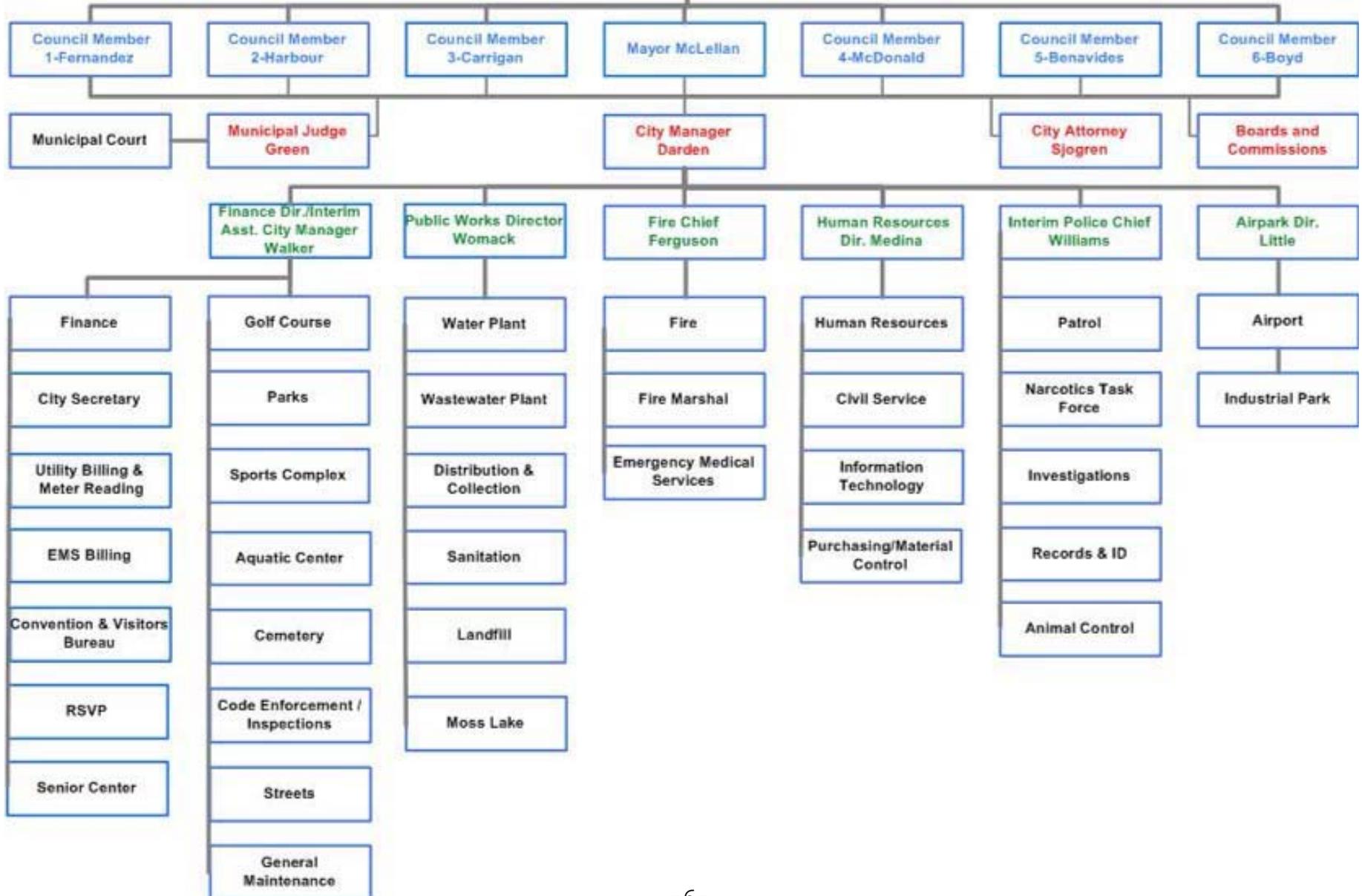
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

City of Big Spring, Texas

Citizens of Big Spring



CITY OF BIG SPRING, TEXAS

**LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2013**

Elected Officials

<u>Name</u>	<u>Office</u>
Larry McLellan	Mayor
Marcus Fernandez	Mayor Pro Tem - District 1 Council Member
Carmen Harbour	District 2 Council Member
Glen Carrigan	District 3 Council Member
Bobby McDonald	District 4 Council Member
Raul Benavides	District 5 Council Member
Marvin Boyd	District 6 Council Member

Appointed Officials

<u>Name</u>	<u>Position</u>
Todd Darden	City Manager
	Assistant City Manager
Donald Moore	Interim Finance Director/City Secretary
Linda Sjogren	City Attorney
Chad Williams	Chief of Police (Interim)
Craig Ferguson	Fire Chief
Timothy Green	Municipal Judge
John Medina	Director of Human Resources
Jim Little	Airpark Director

FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Big Spring, Texas (the City), as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 represent 100% of the assets, net position, and revenues of the Corporation. Those statements were audited by other auditors whose report 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flow thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note A.3. to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statements No. 63 and 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 of the employees of the City, and budgetary information on pages 11 through 21 and 55 through 57 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and budgetary comparison schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

The introductory and statistical sections have 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the City's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

February 24, 2014

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, 2013. 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, 2013, by \$123,869 (net position). Of this amount, \$10,678 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,738, attributable in part to increases in revenue from sales tax and under budget of operating expense due to unoccupied employee positions from the continued tight area employment market.
- The City's governmental funds reported combined ending fund balances of \$14,263, of which \$7,466 is available for spending at the City's discretion.
- The ending unassigned fund balance for the General Fund was \$7,466, or 41.1% of total General Fund revenues and 39.3% of total expenditures.
- Total assets for the primary government increased by \$2,680 during fiscal year 2012-13, mostly as a result of an increase in cash and cash equivalents.
- Resources available for appropriation in 2013-14 were \$587 less 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 Position 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 Position and the Statement of Activities

The Statement of Net Position 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 Position 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 position and changes in them. The City's net position (the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position 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 Position 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 Position 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 Position 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 an annual appropriated budget for its general fund (major fund). A budgetary comparison schedule has been provided for this fund to demonstrate budgetary compliance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The City of Big Spring's assets exceeded liabilities by \$123,869 at September 30, 2013. The largest portion of the City's net position (88.2%) 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 POSITION
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:						
Cash and Cash Equivalents	\$ 13,798	\$ 12,015	\$ 12,209	\$ 15,821	\$ 26,007	\$ 27,835
Receivables	1,288	1,130	1,759	2,109	3,047	3,239
Internal Balances	1,513	1,675	(1,513)	(1,675)	0	0
Due from Other Governments	1,599	1,471		22	1,599	1,492
Capital Assets	93,771	94,122	42,313	36,949	136,084	131,071
Other Assets	98	262	372	627	470	889
Total Assets	<u>\$ 112,067</u>	<u>\$ 110,675</u>	<u>\$ 55,140</u>	<u>\$ 53,852</u>	<u>\$ 167,207</u>	<u>\$ 164,527</u>
Liabilities:						
Accounts Payable and Other Current Liabilities	\$ 2,531	\$ 1,843	\$ 2,802	\$ 1,586	\$ 5,333	\$ 3,429
Current Portion of Long-term Liabilities	1,770	1,491	1,378	1,441	3,148	2,932
Long-term Liabilities	21,060	21,613	13,797	15,060	34,857	36,673
Total Liabilities	<u>\$ 25,361</u>	<u>\$ 24,947</u>	<u>\$ 17,977</u>	<u>\$ 18,087</u>	<u>\$ 43,338</u>	<u>\$ 43,034</u>
Net Position:						
Invested in Capital Assets, Net	\$ 74,891	\$ 74,724	\$ 34,408	\$ 32,820	\$ 109,299	\$ 107,544
Restricted	3,892	3,273			3,892	3,273
Unrestricted	7,923	7,731	2,755	2,946	10,678	10,677
Total Net Position	<u>\$ 86,706</u>	<u>\$ 85,728</u>	<u>\$ 37,163</u>	<u>\$ 35,765</u>	<u>\$ 123,869</u>	<u>\$ 121,493</u>

The City has restricted net position totaling 3.1% of total net position, 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 position of \$10,678 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 position for governmental activities and both categories in business-type activities.

There was an overall increase of \$1,755 in net investment in capital assets, with capital assets in governmental activities increasing by \$167 and capital assets in business-type activities increasing by \$1,588. The net investment in capital assets for the primary government has increased due to more capital additions compared to depreciation being taken.

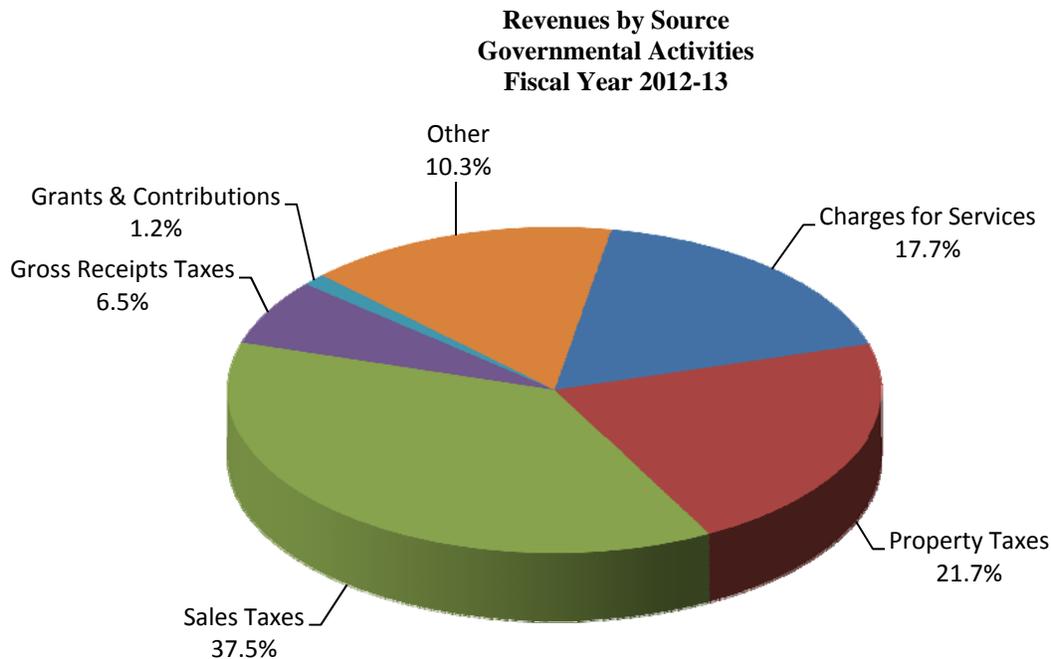
Table II
City of Big Spring, Texas
CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,197	\$ 4,039	\$ 15,201	\$ 15,182	\$ 19,398	\$ 19,222
Operating Grants and Contributions	280	201	173	156	453	357
Capital Grants and Contributions		0	750	1,243	750	1,243
General Revenues						
Property Taxes	5,161	5,262			5,161	5,262
Sales Taxes	8,915	7,721			8,915	7,721
Gross Receipts Taxes	1,553	1,530			1,553	1,530
Motel Occupancy Tax	1,339	1,145			1,339	1,145
Grants and Contributions Not						
Restricted to Specific Programs	993	1,078	1,554		2,547	1,078
Unrestricted Investment Earnings	34	38	13	2	47	41
Miscellaneous	1,284	1,470	(5)	25	1,279	1,495
Total Revenues	\$ 23,756	\$ 22,484	\$ 17,686	\$ 16,609	\$ 41,442	\$ 39,093
Expenses:						
Water and Sewer	\$	\$	\$ 10,619	\$ 10,276	\$ 10,619	\$ 10,276
Airport/Industrial Park			1,865	1,703	1,865	1,703
Emergency Medical Services			2,733	2,317	2,733	2,317
Molone & Hogan Clinic			196		196	0
General Government	2,271	1,466			2,271	1,466
Public Safety	9,170	10,207			9,170	10,207
Highways and Streets	2,856	2,818			2,856	2,818
Sanitation	2,246	1,918			2,246	1,918
Recreation and Parks	2,577	2,142			2,577	2,142
Economic Development	2,654	2,597			2,654	2,597
Other	1,516	1,445			1,516	1,445
Total Expenses	\$ 23,290	\$ 22,593	\$ 15,413	\$ 14,296	\$ 38,703	\$ 36,889
Increase in Net Position Before Transfers	\$ 466	\$ (109)	\$ 2,273	\$ 2,313	\$ 2,739	\$ 2,204
Transfers	599	(1,447)	(599)	1,447	0	0
Increase (Decrease) in Net Position	\$ 1,065	\$ (1,556)	\$ 1,674	\$ 3,760	\$ 2,739	\$ 2,204
Net Position-Beginning	85,728	87,284	35,765	32,005	121,493	119,289
Prior Period Adjustment	(87)		(276)		(363)	0
Net Position-Ending	\$ 86,706	\$ 85,728	\$ 37,163	\$ 35,765	\$ 123,869	\$ 121,493

Governmental Activities - Governmental activities resulted in an increase of \$1,065 in the City's net position. Key elements of this decrease are as follows:

- Total revenues increased by \$1,272, as charges for services increased by \$158, sales tax revenue increased by \$1,194 and hotel/motel tax revenue increased by \$194.
- Total expenses were higher than the prior year by \$697 due in part from increases in operational expenses from retirement (employment ending pay) and addition of key management employees.
- This year the transfers from Business Activities to Governmental Activities mainly represent administrative overhead paid by the business-type activities to the General Fund. In 2012 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

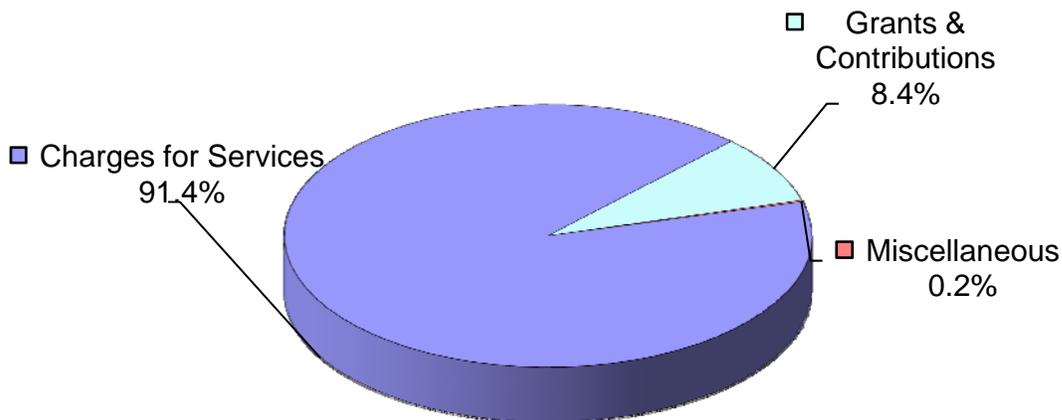
Fund to help fund water and wastewater system upgrades.



Business-type Activities - Business-type activities increased the City of Big Spring's total net position by \$1,674 in the current fiscal year. Key elements of this increase are as follows.

- The Water and Sewer, Airport/Industrial Park, and EMS funds operating expenses increased \$343, \$162, and \$416 as some needed employee positions were filled and from increase business activity.
- 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 decreased in the current fiscal year by \$371 as the result of city water usage restrictions, from two years of drought, begun to decrease city wide water usage. Charges for services in the airpark fund increased by \$192 due to increased lease revenue and airport fees from economic activity in the area. The EMS fund revenues decreased by \$1 from the prior period.

**Revenues by Source
Business-type Activities
Fiscal Year 2012-13**



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 2012-13 year, its governmental funds reported combined ending fund balances of \$14,263, representing an increase of \$1,217 from the prior year's balance of \$13,046. Unassigned fund balance at the end of the current year is \$7,466, as compared to the prior year's unreserved fund balance of \$6,899. Unassigned fund balance that is available for spending at the City's discretion amounts to 52.3% 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 \$7,466, while total fund balance reached \$10,769. Unassigned fund balance represents slightly more than 69% of total General Fund expenditures.

Total fund balance in the City's General Fund increased by \$825 during fiscal year 2012-13. Key factors in this increase are as follows:

- Sales tax revenues increased by \$1,193 from the previous year due the strong economy and booming oil industry.
- An increase of \$126 in recreation revenue from golf course and family aquatic center.
- A \$567 increase in capital leases for various pieces of capital equipment.
- An increase in many expenditures partially offset key revenue increases.

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 position of the City's enterprise funds at the end of the fiscal year are as follows:

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Water and Sewer Fund	\$ 3,163	\$ 2,078	\$ 1,085
Airport/Industrial Park	1,223	1,926	(703)
Emergency Medical Services	(1,670)	(1,059)	(611)
Molone & Hogan Clinic	<u>38</u>	<u> </u>	<u>38</u>
	<u>\$ 2,754</u>	<u>\$ 2,945</u>	<u>\$ (191)</u>

Unrestricted net position increased by \$1,085 in the Water and Sewer Fund and decreased by \$703 in the Airport/Industrial Park and decreased by \$611 in the Emergency Medical Services Fund and increased by \$38 in the Malone & Hogan Clinic Fund. The increase in the Water and Sewer Fund is mainly due to a \$750 contribution from the Big Spring Economic Development Board to help the fund pay the annual debt service for the 2012 Certificate of Obligation Bond Issue sold to upgrade and modernize both the water and sewer plants. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City’s business-type activities.

The increase of negative \$611 in unrestricted net position of the Emergency Medical Services Fund to a total negative unrestricted net position of \$1,670, after transfers from the general fund of \$350 during the year, is a concern to the city. The city has budgeted to increase the transfer to \$855 in 2013-14 and the County has verbally committed to \$389. The city is currently in the process of implementing a program to acquire revenue from auto-insurance for use of equipment in rescuing patients from auto accidents. This will be a new revenue stream to the Emergency Medical Services fund. Auto accidents have increased significantly in the Howard County area.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$713 increase in appropriations between the original and final amended budget. The following details the main components of the increase, which represents a increase of 3.9 percent over the original budget. The increase is mostly contributable to \$446 of the landfill expansion expenditures that were originally budgeted in 2011-12, but were not occurred until after the original budget of 2012-13 was adopted, and a purchase of an additional garbage truck purchased.

- City Manager Department expenditures were \$134 above original budget.
- General Government – Non Department expenditures were \$119 below original budget.
- Planning Department (which did not exists at time of original budget) expenditures were \$38,171.
- Police Department expenditures were \$34 below original budget.
- Fire Department expenditures were \$338 above original budget.
- Code Enforcement expenditures were \$47 below original budget.
- Street Department expenditures were \$159 below original budget.
- Sanitation Department expenditures were \$267 above original budget.
- Landfill Department expenditures were \$447 above original budget.
- Golf Course Department expenditures were \$39 above 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, 2013, amounts to \$136,084 (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 increased by \$1,755 or 1.6%.

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

- Capital equipment was purchased for various departments in the amount of \$1,243.
- Land with some existing structures were purchased for expansion of landfill for \$647.
- Expenditures on Construction in Progress of the Landfill expansion were \$632.
- Expenses were incurred on Construction in Progress of the water and waste water treatment facilities of \$4,481
- Annual Depreciation of Assets lowered net carrying value by \$2,607.

Table III
City of Big Spring, Texas

CAPITAL ASSETS AT SEPTEMBER 30, 2013
(Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 72,989	\$ 72,836	\$ 5,719	\$ 5,595	\$ 78,708	\$ 78,431
Infrastructure	49	74		0	49	74
Buildings and Systems	4,411	4,800	22,410	23,123	26,821	27,924
Improvements Other Than						
Buildings	11,838	13,307	8,777	6,572	20,615	19,879
Machinery and Equipment	3,852	3,090	620	684	4,472	3,774
Construction in Progress	632	14	4,787	974	5,419	989
	<u>\$ 93,771</u>	<u>\$ 94,122</u>	<u>\$ 42,313</u>	<u>\$ 36,949</u>	<u>\$ 136,084</u>	<u>\$ 131,071</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

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. The Latest City's Unenhanced Bond S&P Bond Rating is "A+".

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$27,900. The total outstanding debt is backed by the full faith and credit of the government, while a tax levy has been established for \$15,580 of the total and the remaining \$12,320 is business-type activity debt, supported by water and sewer system revenues. Total long-term debt, not due within one year, including capital leases compensated absences, landfill closure and post closure is \$34,857,170.

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, 2013
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Serviced by Tax Revenues						
General Obligation Bonds						
Certificates of Obligation Bonds	\$ 15,580	\$ 16,350	\$	\$	\$ 15,580	\$ 16,350
Serviced by Enterprise Funds						
General Obligation Bonds			525	1,045	525	1,045
Certificates of Obligation Bonds			505	530	505	530
Combination Tax & Revenue Bonds			<u>11,290</u>	<u>11,725</u>	<u>11,290</u>	<u>11,725</u>
	<u>\$ 15,580</u>	<u>\$ 16,350</u>	<u>\$ 12,320</u>	<u>\$ 13,300</u>	<u>\$ 27,900</u>	<u>\$ 29,650</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, but in the last two years all population indicators have shown a strong increase in population due to workers coming into the City to work in oil and gas and related industries from the Cline Shale oil and gas exploration and extraction. Unemployment during 2013 decreased slightly, from 5.7% in 2012 to 5.3%, which compares favorably to the state's unemployment rate of 6.0% and the national rate of 7.2% for September 2013. Per capita income (stated in actual dollars) rose by 14.2%, increasing from \$31,781 to \$36,287.

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 \$7,721 in 2012 to \$8,915 in 2013, representing an increase of over 15% 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 POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 10,543,300	\$ 5,395,260	\$ 15,938,560	\$ 4,017,971
Cash and Cash Equivalents - Restricted	3,254,712	6,814,295	10,069,007	
Receivables (Net of Allowances for Uncollectibles)	1,288,238	1,759,098	3,047,336	561,080
Internal Balances	1,513,413	(1,513,413)	0	
Due from Other Governments	1,598,720		1,598,720	
Notes Receivable			0	3,381,043
Inventories	49,233	358,750	407,983	
Deferred Charges	48,631	13,205	61,836	4,341
Other Assets			0	87,430
Capital Assets (Net of Accumulated Depreciation)				
Land	72,989,457	5,719,149	78,708,606	25,000
Buildings and System	4,410,168	22,409,727	26,819,895	134,666
Improvements Other Than Buildings	11,838,676	8,776,903	20,615,579	
Machinery and Equipment	3,851,489	619,758	4,471,247	1,545
Infrastructure	48,628		48,628	
Construction in Progress	632,169	4,786,793	5,418,962	
Total Assets	\$ 112,066,834	\$ 55,139,525	\$ 167,206,359	\$ 8,213,076
LIABILITIES:				
Accounts Payable	\$ 1,429,475	\$ 1,885,277	\$ 3,314,752	\$ 46,051
Claims and Judgments Payable	500,864		500,864	
Accrued Interest Payable	82,480	50,907	133,387	
Unamortized Bond Premium		303,325	303,325	
Retainage Payable		114,310	114,310	
Accrued Wages	352,356	100,005	452,361	
Unearned Revenue	149,879		149,879	
Customer Deposits	15,925	244,614	260,539	
Unclaimed Property		103,440	103,440	
Noncurrent Liabilities				
Due Within One Year	1,769,721	1,378,035	3,147,756	224,869
Due In More Than One Year	18,607,376	13,796,670	32,404,046	572,057
Closure/Post-closure Landfill Obligation	2,453,124		2,453,124	
Total Liabilities	\$ 25,361,200	\$ 17,976,583	\$ 43,337,783	\$ 842,977
NET POSITION				
Net Investment in Capital Assets	\$ 74,890,547	\$ 34,407,895	\$ 109,298,442	\$ 161,511
Restricted For:				
Grants			0	2,671,547
Capital Projects	542,082		542,082	
Closure/Post-closure Landfill Obligation	801,588		801,588	
Nonspendable - Cemetery Permanent Care	351,511		351,511	
Nonspendable - Prepaid Items	48,631		48,631	
Economic Development			0	4,537,041
Advertising and Promotions	1,962,900		1,962,900	
Court Security	1,120		1,120	
Employee Education	29,487		29,487	
Task Force Operations	152,603		152,603	
Cemetery Operations	1,675		1,675	
Volunteer Program	128		128	
Senior Center Operations	643		643	
Unrestricted	7,922,719	2,755,047	10,677,766	
Total Net Position	\$ 86,705,634	\$ 37,162,942	\$ 123,868,576	\$ 7,370,099

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, 2013**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	\$ 2,271,190	\$ 287,084	\$	\$	\$ (1,984,106)	\$	\$ (1,984,106)	\$
Public Safety	9,169,573		114,676		(9,054,897)		(9,054,897)	
Highways and Streets	2,856,428				(2,856,428)		(2,856,428)	
Sanitation	2,245,954	2,905,146	14,800		673,992		673,992	
Community Service	544,265	26,867	150,847		(366,551)		(366,551)	
Recreation and Parks	2,576,760	977,787			(1,598,973)		(1,598,973)	
Cemetery	197,462				(197,462)		(197,462)	
Economic Development	2,653,925				(2,653,925)		(2,653,925)	
Interest on Long-Term Debt	775,200				(775,200)		(775,200)	
Total Governmental Activities	<u>\$ 23,290,757</u>	<u>\$ 4,196,884</u>	<u>\$ 280,323</u>	<u>\$ 0</u>	<u>\$ (18,813,550)</u>	<u>\$ 0</u>	<u>\$ (18,813,550)</u>	<u>\$ 0</u>
Business-Type Activities:								
Water and Sewer	\$ 10,619,316	\$ 12,139,757	\$	\$ 750,000	\$	\$ 2,270,441	\$ 2,270,441	\$
Airport/Industrial Park	1,865,245	1,134,065	20,004			(711,176)	(711,176)	
Emergency Medical Services	2,732,967	1,728,680	153,333			(850,954)	(850,954)	
Molone & Hogan Clinic	196,300	198,983		1,554,000		1,556,683	1,556,683	
Total Business-Type Activities	<u>\$ 15,413,828</u>	<u>\$ 15,201,485</u>	<u>\$ 173,337</u>	<u>\$ 2,304,000</u>	<u>\$ 0</u>	<u>\$ 2,264,994</u>	<u>\$ 2,264,994</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 38,704,585</u>	<u>\$ 19,398,369</u>	<u>\$ 453,660</u>	<u>\$ 2,304,000</u>	<u>\$ (18,813,550)</u>	<u>\$ 2,264,994</u>	<u>\$ (16,548,556)</u>	<u>\$ 0</u>
COMPONENT UNIT:								
Economic Development Corporation	<u>\$ 1,566,645</u>	<u>\$ 13,948</u>	<u>\$ 0</u>	<u>\$ 0</u>				<u>\$ (1,552,697)</u>
General Revenues:								
Property Taxes					\$ 5,161,268	\$	\$ 5,161,268	\$
Sales Taxes					8,915,307		8,915,307	2,228,827
Gross Receipts Taxes					1,553,002		1,553,002	
Motel Occupancy Taxes					1,339,310		1,339,310	
Grants and Contributions Not Restricted to Specific Programs					992,900		992,900	
Unrestricted Investment Earnings					33,510	12,897	46,407	248,540
Other					1,284,148	(5,816)	1,278,332	
Transfers					598,536	(598,536)	0	
Total General Revenue and Transfers					<u>\$ 19,877,981</u>	<u>\$ (591,455)</u>	<u>\$ 19,286,526</u>	<u>\$ 2,477,367</u>
Change in Net Position					<u>\$ 1,064,431</u>	<u>\$ 1,673,539</u>	<u>\$ 2,737,970</u>	<u>\$ 924,670</u>
Net Position - Beginning					85,728,003	35,765,235	121,493,238	6,445,429
Prior Period Adjustment					(86,800)	(275,832)	(362,632)	
Net Position - Ending					<u>\$ 86,705,634</u>	<u>\$ 37,162,942</u>	<u>\$ 123,868,576</u>	<u>\$ 7,370,099</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND OTHER DEBITS			
ASSETS:			
Cash and Cash Equivalents	\$ 5,155,351	\$ 3,427,112	\$ 8,582,463
Receivables (Net of Allowances for Uncollectibles)	1,083,918	204,144	1,288,062
Due from Other Funds	1,351,185	140,292	1,491,477
Intergovernmental Receivables	1,206,701	392,019	1,598,720
Prepaid Items	48,631		48,631
Advances to Other Funds		26,384	26,384
Restricted Assets:			
Cash and Cash Equivalents	<u>3,254,712</u>		<u>3,254,712</u>
Total Assets	<u>\$ 12,100,498</u>	<u>\$ 4,189,951</u>	<u>\$ 16,290,449</u>
 LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 853,784	\$ 513,890	\$ 1,367,674
Accrued Wages	307,260	45,096	352,356
Due to Other Funds	3,263	1,000	4,263
Deferred Revenue	166,388	121,119	287,507
Customer Deposits	350	15,575	15,925
Total Liabilities	<u>\$ 1,331,045</u>	<u>\$ 696,680</u>	<u>\$ 2,027,725</u>
 FUND BALANCES:			
Nonspendable Fund Balances:			
Prepays	\$ 48,631		\$ 48,631
Cemetery Permanent Care		351,511	351,511
Restricted Fund Balances:			
Restricted for Advertising and Promotions		1,962,900	1,962,900
Restricted for Court Security		1,120	1,120
Restricted for Debt Service		451,122	451,122
Restricted for Capital Projects		542,060	542,060
Committed Fund Balances:			
Committed for Landfill Obligation	3,254,712		3,254,712
Committed for Capital Improvements - Sports Complex		22	22
Committed for Employee Education		29,487	29,487
Committed for Task Force Operations		152,603	152,603
Committed for Cemetery Operations		1,675	1,675
Committed for Volunteer Program		128	128
Committed for Senior Center Operations		643	643
Unassigned Fund Balance	<u>7,466,110</u>		<u>7,466,110</u>
Total Fund Balances	<u>\$ 10,769,453</u>	<u>\$ 3,493,271</u>	<u>\$ 14,262,724</u>
Total Liabilities and Fund Balances	<u>\$ 12,100,498</u>	<u>\$ 4,189,951</u>	<u>\$ 16,290,449</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 POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Total Fund Balances - Governmental Funds Balance Sheet	\$ 14,262,724
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	93,743,555
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	137,628
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,447,602
Payables for bond principal which are not due in the current period are not reported in the funds.	(15,580,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(2,012,892)
Payables for notes payable which are not due in the current period are not reported in the funds.	(1,260,300)
Payables for bond interest which are not due in the current period are not reported in the funds.	(82,480)
Payables for compensated absences which are not reported in the funds.	(1,497,079)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(2,453,124)</u>
Net Position of Governmental Activities - Statement of Net Assets	\$ <u><u>86,705,634</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue:			
Taxes:			
General Property Taxes	\$ 3,363,672	\$ 1,805,184	\$ 5,168,856
General Sales Taxes	6,686,480	2,228,827	8,915,307
Gross Receipts Business Taxes	1,553,002		1,553,002
Motel Occupancy Taxes		1,339,310	1,339,310
License and Permits	279,026		279,026
Intergovernmental	992,760	280,324	1,273,084
Charges for Services	3,157,963	52,878	3,210,841
Fines	394,546	8,058	402,604
Recreation	977,787		977,787
Investment Earnings	11,772	17,061	28,833
Rents and Royalties	330,680	165,176	495,856
Miscellaneous	327,836	25	327,861
Contributions and Donations	73,341	140	73,481
Total Revenues	<u>\$ 18,148,865</u>	<u>\$ 5,896,983</u>	<u>\$ 24,045,848</u>
Expenditures:			
Current:			
General Government	\$ 2,017,715	\$ 11,094	\$ 2,028,809
Public Safety	9,135,858	455,483	9,591,341
Highways and Streets	2,070,155		2,070,155
Sanitation	3,368,138		3,368,138
Community Service		534,888	534,888
Recreation and Parks	1,554,343	184,321	1,738,664
Economic Development	200	2,610,825	2,611,025
Cemetery		195,940	195,940
Debt Service:			
Principal	775,501	787,197	1,562,698
Interest and Fiscal Charges	92,095	684,135	776,230
Fiscal Agent's Fees		950	950
Total Expenditures	<u>\$ 19,014,005</u>	<u>\$ 5,464,833</u>	<u>\$ 24,478,838</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (865,140)</u>	<u>\$ 432,150</u>	<u>\$ (432,990)</u>
Other Financing Sources (Uses):			
Transfers In	\$ 1,324,009	\$ 349,378	\$ 1,673,387
Transfers Out	(877,214)	(389,354)	(1,266,568)
Capital Lease Proceeds	1,243,129		1,243,129
Total Other Financing Sources (Uses)	<u>\$ 1,689,924</u>	<u>\$ (39,976)</u>	<u>\$ 1,649,948</u>
Net Change in Fund Balances	\$ 824,784	\$ 392,174	\$ 1,216,958
Fund Balances - Beginning	<u>9,944,669</u>	<u>3,101,097</u>	<u>13,045,766</u>
Fund Balances - Ending	<u>\$ 10,769,453</u>	<u>\$ 3,493,271</u>	<u>\$ 14,262,724</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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 1,216,958
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital assets are not reported as expenses in the SOA.	2,798,369
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,848,751)
The loss on disposition of capital assets is not reported in the funds.	(287,718)
Proceeds of capital leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,243,129)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(7,588)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(136,138)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	770,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	662,307
Repayment of notes payable principal is an expenditure in the funds but is not an expense in the SOA.	130,391
Decrease in accrued interest from beginning of period to end of period.	3,390
The net revenue of internal service funds is reported with governmental activities.	(50,562)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>56,902</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u><u>1,064,431</u></u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Major Enterprise Funds			Non-Major Enterprise Fund	Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Molone & Hogan Clinic		
ASSETS:						
Current Assets						
Cash and Cash Equivalents	\$ 3,891,043	\$ 1,414,429	\$ 37,307	\$ 52,481	\$ 5,395,260	\$ 1,960,837
Cash and Cash Equivalents - Restricted	6,814,295				6,814,295	
Receivables (Net of Allowances for Uncollectibles)	1,538,106	99,158	121,834		1,759,098	176
Inventories	328,891		29,859		358,750	49,233
Prepaid Items	2,106		11,099		13,205	
Total Current Assets	\$ 12,574,441	\$ 1,513,587	\$ 200,099	\$ 52,481	\$ 14,340,608	\$ 2,010,246
Noncurrent Assets						
Capital Assets (Net of Accumulated Depreciation)						
Land	\$ 5,036	\$ 5,590,113	\$	\$ 124,000	\$ 5,719,149	\$ 10,000
Buildings and System	12,030,177	8,985,300		1,394,250	22,409,727	
Improvements Other Than Buildings	1,358,132	7,418,771			8,776,903	
Machinery and Equipment	251,861	81,273	286,624		619,758	17,032
Construction in Progress	4,577,142	209,651			4,786,793	
Total Noncurrent Assets	\$ 18,222,348	\$ 22,285,108	\$ 286,624	\$ 1,518,250	\$ 42,312,330	\$ 27,032
Total Assets	\$ 30,796,789	\$ 23,798,695	\$ 486,723	\$ 1,570,731	\$ 56,652,938	\$ 2,037,278
LIABILITIES:						
Current Liabilities						
Accounts Payable	\$ 1,608,060	\$ 61,681	\$ 201,511	\$ 14,025	\$ 1,885,277	\$ 61,801
Claims and Judgments Payable						500,864
Retainage Payable		114,310			114,310	
Accrued Wages	49,969	8,402	41,634		100,005	
Due to Other Funds	101,673		1,385,356		1,487,029	185
Customer Deposits	202,862	41,752			244,614	
Unclaimed Property	103,440				103,440	
Accrued Interest Payable	50,907				50,907	
Unamortized Bond Premium	303,325				303,325	
Accrued Compensated Absences - Current	17,644	7,561	28,372		53,577	
Notes Payable - Current	226,581	4,674			231,255	1,241
Revenue Bonds Payable - Current	995,000				995,000	
Capital Leases Payable - Current	41,829	7,775	48,599		98,203	11,669
Total Current Liabilities	\$ 3,701,290	\$ 246,155	\$ 1,705,472	\$ 14,025	\$ 5,666,942	\$ 575,760
Noncurrent Liabilities						
Revenue Bonds Payable	\$ 11,325,000	\$	\$	\$	\$ 11,325,000	\$
Notes Payable	1,875,374	38,681	124,318		2,038,373	10,269
Capital Leases Payable	28,929	1,970			30,899	3,647
Accrued Compensated Absences	132,516	56,791	213,091		402,398	
Advances from Other Funds	26,384				26,384	
Total Noncurrent Liabilities	\$ 13,388,203	\$ 97,442	\$ 337,409	\$ 0	\$ 13,823,054	\$ 13,916
Total Liabilities	\$ 17,089,493	\$ 343,597	\$ 2,042,881	\$ 14,025	\$ 19,489,996	\$ 589,676
NET POSITION:						
Net Investment in Capital Assets	\$ 10,543,930	\$ 22,232,008	\$ 113,707	\$ 1,518,250	\$ 34,407,895	\$ 206
Unrestricted	3,163,366	1,223,090	(1,669,865)	38,456	2,755,047	1,447,396
Total Net Position	\$ 13,707,296	\$ 23,455,098	\$ (1,556,158)	\$ 1,556,706	\$ 37,162,942	\$ 1,447,602

CITY OF BIG SPRING, TEXAS

EXHIBIT A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Major Enterprise Funds			Non-Major Enterprise Fund	Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Airport/Industrial Park	Emergency Medical Services	Molone & Hogan Clinic		
OPERATING REVENUES:						
Water Sales	\$ 8,937,578	\$	\$	\$	\$ 8,937,578	\$
Sewer Charges	2,784,493				2,784,493	
Emergency Medical Services			1,728,680		1,728,680	
Commercial Rentals and Fees		1,134,065		198,983	1,333,048	
Billings to Departments and Employees					0	2,157,890
Other Services	417,686				417,686	
Total Operating Revenues	\$ <u>12,139,757</u>	\$ <u>1,134,065</u>	\$ <u>1,728,680</u>	\$ <u>198,983</u>	\$ <u>15,201,485</u>	\$ <u>2,157,890</u>
OPERATING EXPENSES:						
Personnel Services	\$ 2,112,545	\$ 360,647	\$ 1,493,963	\$	\$ 3,967,155	\$ 15,890
Supplies and Materials	4,671,442	45,348	146,595	21,696	4,885,081	(2,241)
Contractual Services	807,696	327,415	66,659	127,259	1,329,029	1,837,599
Maintenance	878,414	144,576	79,597	11,595	1,114,182	81,277
Depreciation	1,527,979	972,497	71,117	35,750	2,607,343	13,596
Other	115,509	12,174	868,149		995,832	458,748
Total Operating Expenses	\$ <u>10,113,585</u>	\$ <u>1,862,657</u>	\$ <u>2,726,080</u>	\$ <u>196,300</u>	\$ <u>14,898,622</u>	\$ <u>2,404,869</u>
Operating Income (Loss)	\$ <u>2,026,172</u>	\$ <u>(728,592)</u>	\$ <u>(997,400)</u>	\$ <u>2,683</u>	\$ <u>302,863</u>	\$ <u>(246,979)</u>
NON-OPERATING REVENUES (EXPENSES)						
Intergovernmental Revenue	\$ 750,000	\$ 20,004	\$ 153,333	\$	\$ 923,337	\$
Contributions				1,554,000	1,554,000	
Interest Revenue	11,879	995		23	12,897	4,677
Other	13,573	2,618	19,033		35,224	1,433
Loss on Transfer of Assets			(41,040)		(41,040)	
Interest Expense and Paying Agent Fees	(505,731)	(2,588)	(6,887)		(515,206)	(1,410)
Total Non-Operating Revenues (Expenses)	\$ <u>269,721</u>	\$ <u>21,029</u>	\$ <u>124,439</u>	\$ <u>1,554,023</u>	\$ <u>1,969,212</u>	\$ <u>4,700</u>
Income (Loss) Before Transfers	\$ 2,295,893	\$ (707,563)	\$ (872,961)	\$ 1,556,706	\$ 2,272,075	\$ (242,279)
Transfers In (Out)	(680,169)	(139,348)	220,981		(598,536)	191,717
Change in Net Position	\$ 1,615,724	\$ (846,911)	\$ (651,980)	\$ 1,556,706	\$ 1,673,539	\$ (50,562)
Total Net Position - Beginning	12,367,404	24,302,009	(904,178)		35,765,235	1,498,164
Prior Period Adjustment	(275,832)				(275,832)	
Total Net Position - Ending	\$ <u>13,707,296</u>	\$ <u>23,455,098</u>	\$ <u>(1,556,158)</u>	\$ <u>1,556,706</u>	\$ <u>37,162,942</u>	\$ <u>1,447,602</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, 2013

	Major Enterprise Funds			Non-Major Enterprise Fund	Totals	Internal Service Funds
	Water and Sewer Fund	Airport/Industrial Park	Emergency Medical Services	Molone & Hogan Clinic		
Cash Flows from Operating Activities:						
Cash Received from Customers	\$ 12,081,390	\$ 1,129,906	\$ 2,189,188	\$ 198,983	\$ 15,599,467	\$
Cash Receipts from Interfund Services Provided						1,705,898
Cash Payments to Employees for Services	(2,205,204)	(355,521)	(1,427,720)		(3,988,445)	(38,356)
Cash Payments to Other Suppliers for Goods and Services	(5,532,400)	(551,705)	(995,473)	(146,525)	(7,226,103)	(1,925,484)
Net Cash Provided by (Used in) Operating Activities	\$ 4,343,786	\$ 222,680	\$ (234,005)	\$ 52,458	\$ 4,384,919	\$ (257,942)
Cash Flows from Non-Capital Financing Activities:						
Cash Received from Intergovernmental Grants	\$ 750,000	\$ 20,004	\$ 153,333	\$	\$ 923,337	\$
Advances to Other Funds	(101,672)		(35,356)		(137,028)	
Transfers from (to) Other Funds	(680,169)	(139,348)	220,981		(598,536)	191,717
Net Cash Provided by (Used in) Non-Capital Financing Activities	\$ (31,841)	\$ (119,344)	\$ 338,958	\$ 0	\$ 187,773	\$ 191,717
Cash Flows from Capital and Related Financing Activities:						
Principal and Interest Paid	\$ (1,786,793)	\$ (21,049)	\$ (60,399)	\$	\$ (1,868,241)	\$ (15,821)
Acquisition or Construction of Capital Assets	(5,489,517)	(810,226)	(18,000)		(6,317,743)	
Net Cash (Used in) Capital and Related Financing Activities	\$ (7,276,310)	\$ (831,275)	\$ (78,399)	\$ 0	\$ (8,185,984)	\$ (15,821)
Cash Flows from Investing Activities:						
Interest and Dividends on Investments	\$ 11,879	\$ 995	\$	\$ 23	\$ 12,897	\$ 6,110
Net Cash Provided by Investing Activities	\$ 11,879	\$ 995	\$ 0	\$ 23	\$ 12,897	\$ 6,110
Increase (Decrease) in Cash and Cash Equivalents	\$ (2,952,486)	\$ (726,944)	\$ 26,554	\$ 52,481	\$ (3,600,395)	\$ (75,936)
Cash and Cash Equivalents - Beginning of Year	13,657,824	2,141,373	10,753		15,809,950	2,036,773
Cash and Cash Equivalents - End of Year	\$ 10,705,338	\$ 1,414,429	\$ 37,307	\$ 52,481	\$ 12,209,555	\$ 1,960,837
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:						
Operating Income (Loss)	\$ 2,026,172	\$ (728,592)	\$ (997,400)	\$ 2,683	\$ 302,863	\$ (246,979)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities						
Depreciation	\$ 1,527,979	\$ 972,497	\$ 71,117	\$ 35,750	\$ 2,607,343	\$ 13,596
Other	13,573	2,618	19,033		35,224	
Change in Assets and Liabilities:						
Decrease (Increase) in Receivables	(57,825)	(33,408)	441,475		350,242	6,608
Decrease (Increase) in Interfund Receivable		21,875			21,875	1,047
Decrease (Increase) in Inventories	(23,184)		(6,529)		(29,713)	83,561
Decrease (Increase) in Prepaid Expenses	16,315	733	(8,335)		8,713	
Increase (Decrease) in Accounts Payable	970,578	(22,898)	181,805	14,025	1,143,510	106,956
Increase (Decrease) in Interfund Payables	(23,048)	(27)	(1,414)		(24,489)	(200,265)
Increase (Decrease) in Customer Deposits	2,389	4,756			7,145	
Increase (Decrease) in Unamortized Bond Premium	(16,504)				(16,504)	
Increase (Decrease) in Accrued Expenses	(92,659)	5,126	66,243		(21,290)	(22,466)
Total Adjustments	\$ 2,317,614	\$ 951,272	\$ 763,395	\$ 49,775	\$ 4,082,056	\$ (10,963)
Net Cash Provided by (Used in) Operating Activities	\$ 4,343,786	\$ 222,680	\$ (234,005)	\$ 52,458	\$ 4,384,919	\$ (257,942)
Supplemental Cash Flow Information:						
Non-Cash Related Financing Activities:						
Capital Lease Proceeds and Capital Assets of \$35,111 - Water and Sewer Fund						
Capital Lease Proceeds and Capital Assets of \$105,330 - EMS Fund						
Contributions and Capital Assets of \$1,554,000 - Molone & Hogan Clinic Fund						

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 Entity

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 position 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.

Molone & Hogan Clinic Fund: This fund is used to account for leasing space at the clinic and also the repairs and maintenance on the clinic. During the year ended September 30, 2013, the clinic was contributed to the City.

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.

CITY OF BIG SPRING, TEXAS

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds, of the water and sewer, airport/industrial park, EMS, and Molone and Hogan Clinic 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

CITY OF BIG SPRING, TEXAS

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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.

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. Change In Accounting Principle

GASB Statements No. 63 and No. 65 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; Items Previously Reported as Assets and Liabilities.*

These statements affected how some items were reported in the Proprietary Funds, certain Fiduciary Funds, and Government Wide Financial Statements. The prior guidance stated that a balance sheet format was to be used to report on Proprietary funds and the Government Wide Statement of Net Assets, the new statements, however, require those statements to be reported using a Statement of Net Position format (Assets + Deferred Outflow – Liabilities – Deferred Inflows = Net Position). The new statements also clarified which items had to be reported as Deferred Outflows of Resources or Deferred Inflows of Resources and continued to change other accounting principles that were previously issued by FASB. One item that affects the City is bond issue costs for the Governmental funds and Water and Sewer Fund. Bond Issue costs are no longer amortized over the life of the debt but are expensed as incurred. The City did made a prior period adjustment as a result of adopting these principles. See summary of prior period adjustments in Note M for the amounts restated.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

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

c. Inventories and Prepaid Items

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

d. Capital Assets

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

Asset Classes	Estimated Useful Lives
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:

	Governmental Funds	Water and Sewer	Airport/ Industrial Park	Emergency Medical Services	Total
Receivables:					
Sanitation	\$ 411,943	\$	\$	\$	\$ 411,943
Taxes	379,233				379,233
Municipal Court	1,278,109				1,278,109
Accounts	<u>719,965</u>	<u>1,568,825</u>	<u>131,683</u>	<u>1,717,867</u>	<u>4,138,340</u>
Gross Receivables	\$ 2,789,250	\$ 1,568,825	\$ 131,683	\$ 1,717,867	\$ 6,207,625
Less: Allowance for Uncollectibles	<u>(1,501,012)</u>	<u>(30,719)</u>	<u>(32,525)</u>	<u>(1,596,033)</u>	<u>(3,160,289)</u>
Net Total Receivables	<u>\$ 1,288,238</u>	<u>\$ 1,538,106</u>	<u>\$ 99,158</u>	<u>\$ 121,834</u>	<u>\$ 3,047,336</u>

Intergovernmental receivables are classified separately in the accompanying financial statements.

CITY OF BIG SPRING, TEXAS

NOTES TO 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. Deferred Inflows of Resources – Governmental Funds:

In addition to liabilities, the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

h. 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 position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
Proprietary Fund		
Emergency Medical Services	\$ (1,556,158)	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, 2013, the carrying amount of the City's deposits was \$14,361,764 with \$180,138 in escrow for financing, \$26,000 in TML for loss deposit, and \$7,850 for cash on hand. The City's cash deposits at year end were \$14,147,776 with a bank balance of \$14,647,818. The City's cash deposits at September 30, 2013, 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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

The City's investments at September 30, 2013 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Fair Value</u>
Tex-Pool Investment Pool	30 Days Average	AAAm	\$ 4,831,508
TexStar	17 Days Average	AAAm	\$ 6,814,295

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, 2013, 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, 2013, 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, 2013, TexStar's portfolio maintained a weighted average maturity of approximately 34 days.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

- 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.

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, 2013, were as follows:

	Beginning Balances	Increases	Net Transfers	Decreases	Ending Balances
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 72,835,990	\$ 139,172	\$ 14,295	\$	\$ 72,989,457
Construction in Progress	14,295	632,169	(14,295)		632,169
Total Capital Assets Not Being Depreciated	<u>\$ 72,850,285</u>	<u>\$ 771,341</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 73,621,626</u>
Capital Assets Being Depreciated					
Infrastructure	\$ 5,711,462	\$	\$	\$	\$ 5,711,462
Buildings and Systems	31,969,234	(23,349)			31,945,885
Improvements Other Than Buildings	17,600,159	192,310			17,792,469
Machinery and Equipment	11,846,545	1,858,067	34,668	785,529	12,953,751
Total Capital Assets Being Depreciated	<u>\$ 67,127,400</u>	<u>\$ 2,027,028</u>	<u>\$ 34,668</u>	<u>\$ 785,529</u>	<u>\$ 68,403,567</u>
Less Accumulated Depreciation for:					
Infrastructure	\$ 5,637,452	\$ 25,382	\$	\$	\$ 5,662,834
Buildings and Systems	27,168,800	366,917			27,535,717
Improvements Other Than Buildings	4,293,061	1,660,732			5,953,793
Machinery and Equipment	8,756,088	809,316	34,668	497,810	9,102,262
Total Accumulated Depreciation	<u>\$ 45,855,401</u>	<u>\$ 2,862,347</u>	<u>\$ 34,668</u>	<u>\$ 497,810</u>	<u>\$ 48,254,606</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 21,271,999</u>	<u>\$ (835,319)</u>	<u>\$ 0</u>	<u>\$ 287,719</u>	<u>\$ 20,148,961</u>
Governmental Activities Capital Assets, Net	<u>\$ 94,122,284</u>	<u>\$ (63,978)</u>	<u>\$ 0</u>	<u>\$ 287,719</u>	<u>\$ 93,770,587</u>

Depreciation was charged to governmental activities as follows:

General Government	\$ 10,043
Public Safety	407,890
Highways and Streets	995,176
Sanitation	268,091
Community Service	9,377
Recreation and Parks	1,084,081
Cemetery	16,570
Economic Development	57,523
	<u>\$ 2,848,751</u>
Depreciation Charged to Internal Service Funds	13,596
Total Depreciation Charged to Governmental Activities	<u>\$ 2,862,347</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Net Transfers</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 5,595,149	\$ 124,000	\$	\$	\$ 5,719,149
Construction in Progress	974,288	4,480,604	(668,099)		4,786,793
Total Capital Assets Not Being Depreciated	<u>\$ 6,569,437</u>	<u>\$ 4,604,604</u>	<u>\$ (668,099)</u>	<u>\$ 0</u>	<u>\$ 10,505,942</u>
Capital Assets Being Depreciated					
Buildings and Systems	\$ 71,834,729	\$ 1,506,938	\$ (149,905)	\$	\$ 73,191,762
Improvements Other Than Buildings	30,519,579	1,742,202	818,004		33,079,785
Machinery and Equipment	3,042,212	158,442	(34,668)	78,350	3,087,636
Total Capital Assets Being Depreciated	<u>\$ 105,396,520</u>	<u>\$ 3,407,582</u>	<u>\$ 633,431</u>	<u>\$ 78,350</u>	<u>\$ 109,359,183</u>
Less Accumulated Depreciation for:					
Buildings and Systems	\$ 48,711,589	\$ 2,070,446	\$	\$	\$ 50,782,035
Improvements Other Than Buildings	23,947,548	355,335			24,302,883
Machinery and Equipment	2,358,293	181,562	(34,668)	37,310	2,467,877
Total Accumulated Depreciation	<u>\$ 75,017,430</u>	<u>\$ 2,607,343</u>	<u>\$ (34,668)</u>	<u>\$ 37,310</u>	<u>\$ 77,552,795</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 30,379,090</u>	<u>\$ 800,239</u>	<u>\$ 668,099</u>	<u>\$ 41,040</u>	<u>\$ 31,806,388</u>
Business-Type Activities Capital Assets, Net	<u>\$ 36,948,527</u>	<u>\$ 5,404,843</u>	<u>\$ 0</u>	<u>\$ 41,040</u>	<u>\$ 42,312,330</u>
Depreciation Expense		<u>\$ 2,607,343</u>			

E. Internal Balances

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

Internal Balances at September 30, 2013, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Proprietary Funds	\$ 1,350,000	Short-Term Loans
Capital Replacement	Proprietary Funds	137,029	Short-Term Loans
		<u>\$ 1,487,029</u>	
<u>Advances To Fund</u>	<u>Advances From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Water and Sewer Fund	Capital Replacement	\$ 26,384	Loans
Total Internal Balances		<u>\$ 1,513,413</u>	

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, 2013, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	EMS	\$ (349,999)	Annual Subsidy
Water and Sewer	Service Center	28,119	Share of Additional Costs
Airport/Industrial Park	Service Center	6,272	Share of Additional Costs
EMS	Service Center	11,746	Share of Additional Costs
Water and Sewer	General Fund	140,000	Excess Energy Savings
Water and Sewer	General Fund	512,050	Administrative Fees
Airport/Industrial Park	General Fund	133,076	Administrative Fees
EMS	General Fund	<u>117,272</u>	Administrative Fees
		<u>\$ 598,536</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, 2013, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 12,015,000	\$	\$ 585,000	\$ 11,430,000	\$ 605,000
Certificate of Obligation Bonds	4,335,000		185,000	4,150,000	185,000
Capital Leases	1,460,606	1,243,129	675,527	2,028,208	666,719
Economic Conservation	1,403,393		131,583	1,271,810	137,095
Compensated Absences	1,572,888	60,340	136,149	1,497,079	175,907
Closure/Postclosure Landfill	2,316,986	136,138		2,453,124	
Total Governmental Activities	<u>\$ 23,103,873</u>	<u>\$ 1,439,607</u>	<u>\$ 1,713,259</u>	<u>\$ 22,830,221</u>	<u>\$ 1,769,721</u>
Business-Type Activities:					
General Obligation Bonds	\$ 1,045,000	\$	\$ 520,000	\$ 525,000	\$ 525,000
Certificate of Obligation Bonds	530,000		25,000	505,000	25,000
Combination Tax and Revenue Bonds	11,725,000		435,000	11,290,000	445,000
Capital Leases	264,057	140,441	151,078	253,420	98,203
Economic Conservation	2,367,264		221,954	2,145,310	231,255
Compensated Absences	468,080	65,607	77,712	455,975	53,577
Total Business-Type Activities	<u>\$ 16,399,401</u>	<u>\$ 206,048</u>	<u>\$ 1,430,744</u>	<u>\$ 15,174,705</u>	<u>\$ 1,378,035</u>

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

<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, 2013, are as follows:

Year Ending September 30,	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	925,000	525,069	1,450,069
2019-2023	5,265,000	1,990,165	7,255,165
2024-2028	5,445,000	654,906	6,099,906
2029-2030	590,000	24,544	614,544
Totals	<u>\$ 15,580,000</u>	<u>\$ 5,625,662</u>	<u>\$ 21,205,662</u>

<u>Issue</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>
G.O. Bonds	2/1/2007	\$ 14,285,000	4.0% - 5.0%	2/15/2027	\$ 11,430,000	Streets & Sports Complex
C.O. Bonds	2/1/2007	460,000	4.0% - 4.375%	2/15/2027	365,000	Animal Shelter
Tax and Surplus						
Revenue C.O. Bonds	3/3/2010	<u>4,200,000</u>	2.0% - 4.125%	2/15/2030	<u>3,785,000</u>	Family Aquatic Center
		<u>\$ 18,945,000</u>			<u>\$ 15,580,000</u>	

Year Ending September 30,	Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	530,000	333,000	863,000
2019-2023	2,925,000	1,405,326	4,330,326
2024-2028	3,375,000	912,885	4,287,885
2029-2032	2,990,000	284,960	3,274,960
Totals	<u>\$ 12,320,000</u>	<u>\$ 4,426,646</u>	<u>\$ 16,746,646</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

<u>Issue</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>
2012 Tax and Revenue	7/15/2012	\$ 11,725,000	2.0% - 5.0%	2/15/2032	\$ 11,290,000	Water Improvement:
2011 Refunding Series	4/1/2011	1,555,000	2.00%	2/15/2014	525,000	Water Improvement: Elevated Reservoir
2007 C.O. Bonds	2/1/2007	640,000	4.0% - 4.375%	2/15/2027	505,000	Repair
		<u>\$ 13,920,000</u>			<u>\$ 12,320,000</u>	

Economic Conservation debt requirements at September 30, 2013, are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
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	161,557	28,827	190,384
2019-2021	526,433	110,949	637,382
Totals	<u>\$ 1,271,810</u>	<u>\$ 317,493</u>	<u>\$ 1,589,303</u>

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
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	272,517	48,626	321,143
2019-2021	887,997	75,433	963,430
Totals	<u>\$ 2,145,310</u>	<u>\$ 423,836</u>	<u>\$ 2,569,146</u>

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. Capital Leases

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and Equipment	\$ 8,812,831	\$ 2,362,129
Less: Accumulated Depreciation	<u>(6,167,623)</u>	<u>(1,998,316)</u>
Totals	<u>\$ 2,645,208</u>	<u>\$ 363,813</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2013, as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2014	\$ 666,719	\$ 27,703	\$ 694,422
2015	494,226	15,031	509,257
2016	427,018	8,626	435,644
2017	312,636	3,306	315,942
2018	<u>127,609</u>	<u>436</u>	<u>128,045</u>
Total Minimum Rentals	<u>\$ 2,028,208</u>	<u>\$ 55,102</u>	<u>\$ 2,083,310</u>

The effective interest rate on capital leases is 1.17% to 3.85%.

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2014	\$ 98,203	\$ 3,183	\$ 101,386
2015	55,411	1,726	57,137
2016	49,609	995	50,604
2017	35,780	376	36,156
2018	<u>14,417</u>	<u>49</u>	<u>14,466</u>
Total Minimum Rentals	<u>\$ 253,420</u>	<u>\$ 6,329</u>	<u>\$ 259,749</u>

The effective interest rate on capital leases is 1.17% to 3.85%.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. Continuing Disclosure

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

G. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2013, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

H. Pension Plan

1. Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multi-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

	<u>Plan Year 2012</u>	<u>Plan Year 2013</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
Updated Service Credit	Repeating,	Repeating,
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 17.23% of annual covered payroll. The City's contributions to the TMRS for the years ending September 30, 2013, 2012, and 2011, were \$1,327,503, \$1,161,187, and \$1,197,340, respectively, and were equal to the required contributions for each year.

3. Annual Pension Cost

The City's annual pension cost of \$1,327,503 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 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</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	27.3 years; closed period	26.2 years; closed period	25.3 years; closed period
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	7.00%	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%

4. Funded Status and Funding Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

Funded Status

Actuarial Valuation Date	12/31/12
Actuarial Value of Assets	\$ 33,142,290
Actuarial Accrued Liability (AAL)	\$ 40,838,832
Percentage Funded	81.2%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 7,696,542
Annual Covered Payroll	\$ 7,894,486
UAAL as a Percentage of Covered Payroll	97.5%

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

5. Trend Information for the Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2011	1,197,340	100%	0
September 30, 2012	1,161,187	100%	0
September 30, 2013	1,327,503	100%	0

6. Firemen's Relief and Retirement Fund

Firemen of the City are covered by a defined benefit 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, 2013, was \$3,410,576. Both the City and the firemen made the required contribution of \$409,269 and \$443,375 representing 12% and 13% of covered payroll, respectively.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

I. Self-Insurance

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

	Liability Balance at 10-01	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at 9-30	Total Internal Service Funds
Year Ending 09-30-12					
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
Year Ending 09-30-13					
Health Insurance Claims	\$ 93,333	\$ 1,388,575	\$ 1,415,974	\$ 65,934	\$
Workers' Compensation Claims	168,439	425,140	158,649	434,930	500,864
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 \$1,839,653 in health insurance expense and administrative and other charges for the year ended September 30, 2013. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$65,934 at September 30, 2013.

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 \$444,525 in workers' compensation expense and administrative and other charges for the year ended September 30, 2013. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$434,930 at September 30, 2013.

J. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City's Deferred Compensation Plan is administered by two trustees; the International City Management Association Retirement Corporation (ICMARC) and the Nationwide Retirement Solutions. In 1997, the City implemented the requirements of GASB

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and recent tax law changes, the City amended their trust agreements, which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the Deferred Compensation Plan in these basic financial statements. Deferred compensation investments are held by outside trustees. The City's Deferred Compensation Plan investments are chosen by the individual (employee) participant and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments or a combination of these. The City's Deferred Compensation Plan, available to all permanent City employees, permits them to defer until future years up to \$16,500. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

K. 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 February 24, 2014, the date which the financial statements were available to be issued.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

L. 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 \$2,453,124 reported as landfill closure and post-closure care liability at September 30, 2013, represents the cumulative amount reported to date based on the use of 76.93% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$735,679 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 2013. 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, 2013 the City has designated an investment in the amount of \$3,254,712 for this purpose.

M. Prior Period Adjustment

The City had two prior period adjustments that was recognized during the year, the adjustment is summarized below:

<u>Fund/Activities</u>	<u>Change in Beginning Net Position</u>	<u>Explanation</u>
Water and Sewer Fund and Business-Type Activities	\$ (275,832)	To expense debt issue costs required by GASBS No. 65
Governmental Activities	(86,800)	To expense debt issue costs required by GASBS No. 65
	<u>\$ (362,632)</u>	

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2010	\$ 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%
12/31/2012	33,142,290	40,838,832	7,696,542	81.15%	7,894,486	97.49%

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CITY OF BIG SPRING, TEXAS

EXHIBIT B-1

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes	\$ 3,350,000	\$ 3,364,000	\$ 3,363,672	\$ (328)
General Sales Taxes	5,290,000	6,600,000	6,686,480	86,480
Gross Receipts Business Taxes	1,474,500	1,545,500	1,553,002	7,502
License and Permits	224,200	259,850	279,026	19,176
Intergovernmental	1,001,342	1,488,811	992,760	(496,051)
Charges for Services	3,072,500	3,112,250	3,157,963	45,713
Fines	438,600	417,300	394,546	(22,754)
Recreation	856,000	943,000	977,787	34,787
Investment Earnings	3,800	11,500	11,772	272
Rents and Royalties	321,900	322,065	330,680	8,615
Miscellaneous	23,028	183,438	327,836	144,398
Contributions and Donations	15,000	80,000	73,341	(6,659)
Total Revenues	<u>\$ 16,070,870</u>	<u>\$ 18,327,714</u>	<u>\$ 18,148,865</u>	<u>\$ (178,849)</u>
Expenditures:				
Current:				
General Government				
Non-Departmental (000)	\$ 265,777	\$ 278,018	\$ 146,697	\$ 131,321
City Council (110)	101,035	141,091	134,515	6,576
Finance (120)	521,956	537,659	527,528	10,131
City Manager (130)	264,250	376,139	398,363	(22,224)
Information Technology (140)	166,365	171,543	172,507	(964)
Legal (150)	232,798	230,090	231,111	(1,021)
Human Resources (160)	324,245	368,694	368,823	(129)
Planning Department (190)			38,171	(38,171)
Public Safety				
Police (200)	4,733,240	4,626,521	4,699,211	(72,690)
Fire (210)	3,411,890	3,740,167	3,750,271	(10,104)
Municipal Court (220)	268,025	272,604	273,369	(765)
Fire Marshal (230)	113,292	135,512	133,546	1,966
Animal Control (240)	278,693	273,972	279,461	(5,489)
Highways and Streets				
Code Enforcement (300)	358,390	324,759	312,480	12,279
General Maintenance (310)	108,214	77,878	79,722	(1,844)
Streets (320)	1,837,004	1,761,535	1,677,953	83,582
Sanitation				
Sanitation (330)	1,066,047	1,263,182	1,333,345	(70,163)
Landfill (350)	1,543,352	1,847,766	1,990,370	(142,604)
Compost Facility (360)	96,633	50,052	44,423	5,629
Recreation and Parks				
Parks (370)	331,944	293,778	297,990	(4,212)
Sports Complex (375)	288,300	249,409	217,085	32,324
Swimming Pool (380)	209,165	241,195	227,876	13,319
Golf Course (390)	628,052	653,844	667,346	(13,502)
Lake (410)	22,575	26,850	28,609	(1,759)
City Hall (420)	106,952	120,283	115,437	4,846
Economic Development (180)			200	(200)
Debt Service:				
Principal	852,483	780,931	775,501	5,430
Interest and Fiscal Charges	92,095	92,095	92,095	
Total Expenditures	<u>\$ 18,222,772</u>	<u>\$ 18,935,567</u>	<u>\$ 19,014,005</u>	<u>\$ (78,438)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,151,902)</u>	<u>\$ (607,853)</u>	<u>\$ (865,140)</u>	<u>\$ (257,287)</u>
Other Financing Sources (Uses):				
Transfers In	\$ 1,324,009	\$ 1,324,009	\$ 1,324,009	\$ 0
Transfers Out	(539,333)	(547,666)	(877,214)	(329,548)
Proceeds from Capital Lease Financing	1,259,775	1,243,129	1,243,129	0
Total Other Financing Sources	<u>\$ 2,044,451</u>	<u>\$ 2,019,472</u>	<u>\$ 1,689,924</u>	<u>\$ (329,548)</u>
Net Change in Fund Balances	\$ (107,451)	\$ 1,411,619	\$ 824,784	\$ (586,835)
Fund Balances - Beginning	<u>9,944,669</u>	<u>9,944,669</u>	<u>9,944,669</u>	
Fund Balances - Ending	<u>\$ 9,837,218</u>	<u>\$ 11,356,288</u>	<u>\$ 10,769,453</u>	<u>\$ (586,835)</u>

See notes to required supplementary information.

**CITY OF BIG SPRING, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013**

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**

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	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	\$ 2,192,737	\$ 366,299	\$ 21,774	\$ 63,049	\$ 375,384	\$ 56,358	\$ 351,511	\$ 3,427,112
Receivables (Net of Allowance for Uncollectibles)	167,830	30,941	1,122	4,251				204,144
Due from Other Funds					140,292			140,292
Intergovernmental Receivables	392,019							392,019
Advances to Other Funds					26,384			26,384
Total Assets	\$ 2,752,586	\$ 397,240	\$ 22,896	\$ 67,300	\$ 542,060	\$ 56,358	\$ 351,511	\$ 4,189,951
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts Payable	\$ 457,554	\$	\$	\$	\$	\$ 56,336	\$	\$ 513,890
Accrued Wages	45,096							45,096
Due to Other Funds	1,000							1,000
Deferred Revenue	84,805	30,941	1,122	4,251				121,119
Customer Deposits	15,575							15,575
Total Liabilities	\$ 604,030	\$ 30,941	\$ 1,122	\$ 4,251	\$ 0	\$ 56,336	\$ 0	\$ 696,680
Fund Balances:								
Nonspendable Fund Balances:								
Cemetery Permanent Care	\$	\$	\$	\$	\$	\$	\$ 351,511	\$ 351,511
Restricted Fund Balances:								
Restricted for Advertising and Promotions	1,962,900							1,962,900
Restricted for Court Security	1,120							1,120
Restricted for Debt Service		366,299	21,774	63,049				451,122
Restricted for Capital Projects					542,060			542,060
Committed Fund Balances:								
Committed for Capital Improvements - Sports Complex						22		22
Committed for Employee Education	29,487							29,487
Committed for Task Force Operations	152,603							152,603
Committed for Cemetery Operations	1,675							1,675
Committed for Volunteer Program	128							128
Committed for Senior Center Operations	643							643
Total Fund Balances	\$ 2,148,556	\$ 366,299	\$ 21,774	\$ 63,049	\$ 542,060	\$ 22	\$ 351,511	\$ 3,493,271
Total Liabilities and Fund Balances	\$ 2,752,586	\$ 397,240	\$ 22,896	\$ 67,300	\$ 542,060	\$ 56,358	\$ 351,511	\$ 4,189,951

CITY OF BIG SPRING, TEXAS

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	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-5)
Revenue:								
Taxes								
General Property Taxes	\$ 459,539	\$ 1,146,332	\$ 41,460	\$ 157,853	\$	\$	\$	\$ 1,805,184
General Sales Taxes	2,228,827							2,228,827
Motel Occupancy Taxes	1,339,310							1,339,310
Intergovernmental	280,324							280,324
Charges for Services	52,878							52,878
Fines	8,058							8,058
Investment Earnings	3,946	655	31	442	11,655		332	17,061
Rents and Royalties	162,176				3,000			165,176
Miscellaneous	25							25
Contributions and Donations	140							140
Total Revenue	<u>\$ 4,535,223</u>	<u>\$ 1,146,987</u>	<u>\$ 41,491</u>	<u>\$ 158,295</u>	<u>\$ 14,655</u>	<u>\$ 0</u>	<u>\$ 332</u>	<u>\$ 5,896,983</u>
Expenditures:								
Current								
General Government	\$ 11,094	\$	\$	\$	\$	\$	\$	\$ 11,094
Public Safety	455,483							455,483
Community Service	534,888							534,888
Recreation and Parks						184,321		184,321
Economic Development	2,610,825							2,610,825
Cemetery	195,940							195,940
Debt Service								
Principal	17,197	585,000	20,000	165,000				787,197
Interest and Fiscal Charges	2,479	523,956	15,712	141,988				684,135
Fiscal Agent's Fees		500	250	200				950
Total Expenditures	<u>\$ 3,827,906</u>	<u>\$ 1,109,456</u>	<u>\$ 35,962</u>	<u>\$ 307,188</u>	<u>\$ 0</u>	<u>\$ 184,321</u>	<u>\$ 0</u>	<u>\$ 5,464,833</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 707,317</u>	<u>\$ 37,531</u>	<u>\$ 5,529</u>	<u>\$ (148,893)</u>	<u>\$ 14,655</u>	<u>\$ (184,321)</u>	<u>\$ 332</u>	<u>\$ 432,150</u>
Other Financing Sources (Uses):								
Transfers In	\$ 349,378	\$	\$	\$	\$	\$	\$	\$ 349,378
Transfers Out	(388,976)						(378)	(389,354)
Total Other Financing Sources (Uses)	<u>\$ (39,598)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (378)</u>	<u>\$ (39,976)</u>
Net Change in Fund Balances	\$ 667,719	\$ 37,531	\$ 5,529	\$ (148,893)	\$ 14,655	\$ (184,321)	\$ (46)	\$ 392,174
Fund Balances - Beginning	1,480,837	328,768	16,245	211,942	527,405	184,343	351,557	3,101,097
Fund Balances - Ending	<u>\$ 2,148,556</u>	<u>\$ 366,299</u>	<u>\$ 21,774</u>	<u>\$ 63,049</u>	<u>\$ 542,060</u>	<u>\$ 22</u>	<u>\$ 351,511</u>	<u>\$ 3,493,271</u>

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-3

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013**

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	\$ 1,850,491	\$ 22,023	\$	\$ 30,672	\$ 80	\$ 11,588	\$ 174,211	\$ 76,748	\$ 26,924	\$ 2,192,737
Receivables (Net of Allowance for Uncollectibles)	145,497				2,040		12,410	7,740	143	167,830
Intergovernmental Receivables			392,019							392,019
Total Assets	\$ 1,995,988	\$ 22,023	\$ 392,019	\$ 30,672	\$ 2,120	\$ 11,588	\$ 186,621	\$ 84,488	\$ 27,067	\$ 2,752,586
LIABILITIES AND FUND BALANCES:										
Liabilities:										
Accounts Payable	\$ 14,500		\$ 392,019	\$ 1,185		\$ 777	\$ 12,647	\$ 18,621	\$ 17,805	\$ 457,554
Accrued Wages	3,013					10,683	8,961	13,820	8,619	45,096
Due to Other Funds					1,000					1,000
Deferred Revenue		22,023					12,410	50,372		84,805
Customer Deposits	15,575									15,575
Total Liabilities	\$ 33,088	\$ 22,023	\$ 392,019	\$ 1,185	\$ 1,000	\$ 11,460	\$ 34,018	\$ 82,813	\$ 26,424	\$ 604,030
Fund Balances:										
Restricted Fund Balances:										
Restricted for Advertising and Promotions	\$ 1,962,900									\$ 1,962,900
Restricted for Court Security					1,120					1,120
Committed Fund Balances:										
Committed for Employee Education				29,487						29,487
Committed for Task Force Operations							152,603			152,603
Committed for Cemetery Operations								1,675		1,675
Committed for Volunteer Program						128				128
Committed for Senior Center Operations									643	643
Total Fund Balances	\$ 1,962,900	\$ 0	\$ 0	\$ 29,487	\$ 1,120	\$ 128	\$ 152,603	\$ 1,675	\$ 643	\$ 2,148,556
Total Liabilities and Fund Balances	\$ 1,995,988	\$ 22,023	\$ 392,019	\$ 30,672	\$ 2,120	\$ 11,588	\$ 186,621	\$ 84,488	\$ 27,067	\$ 2,752,586

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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, 2013**

	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)
Revenue:										
Taxes										
General Property Taxes	\$	\$	\$	\$	\$	\$	\$ 459,539	\$	\$	\$ 459,539
General Sales Taxes			2,228,827							2,228,827
Motel Occupancy Taxes	1,339,310									1,339,310
Intergovernmental		62,193				22,618	67,284		128,229	280,324
Charges for Services				26,011					26,867	52,878
Fines					8,058					8,058
Investment Earnings	1,810			48	(2)	6	185	1,928	(29)	3,946
Rents and Royalties	52,030							110,146		162,176
Miscellaneous	25									25
Contributions and Donations									140	140
Total Revenue	<u>\$ 1,393,175</u>	<u>\$ 62,193</u>	<u>\$ 2,228,827</u>	<u>\$ 26,059</u>	<u>\$ 8,056</u>	<u>\$ 22,624</u>	<u>\$ 527,008</u>	<u>\$ 112,074</u>	<u>\$ 155,207</u>	<u>\$ 4,535,223</u>
Expenditures:										
Current										
General Government	\$	\$	\$	\$ 11,094	\$	\$	\$	\$	\$	\$ 11,094
Public Safety		62,193			6,936		386,354			455,483
Community Service						74,758			460,130	534,888
Economic Development	381,998		2,228,827							2,610,825
Cemetery								195,940		195,940
Debt Service										
Principal	3,906						13,291			17,197
Interest and Fiscal Charges	1,982						497			2,479
Total Expenditures	<u>\$ 387,886</u>	<u>\$ 62,193</u>	<u>\$ 2,228,827</u>	<u>\$ 11,094</u>	<u>\$ 6,936</u>	<u>\$ 74,758</u>	<u>\$ 400,142</u>	<u>\$ 195,940</u>	<u>\$ 460,130</u>	<u>\$ 3,827,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,005,289</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,965</u>	<u>\$ 1,120</u>	<u>\$ (52,134)</u>	<u>\$ 126,866</u>	<u>\$ (83,866)</u>	<u>\$ (304,923)</u>	<u>\$ 707,317</u>
Other Financing Sources (Uses):										
Transfers In	\$	\$	\$	\$	\$	\$ 42,000	\$	\$ 378	\$ 307,000	\$ 349,378
Transfers Out	(383,221)						(3,174)	(1,147)	(1,434)	(388,976)
Total Other Financing Sources (Uses)	<u>\$ (383,221)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,000</u>	<u>\$ (3,174)</u>	<u>\$ (769)</u>	<u>\$ 305,566</u>	<u>\$ (39,598)</u>
Net Change in Fund Balances	\$ 622,068	\$	\$	\$ 14,965	\$ 1,120	\$ (10,134)	\$ 123,692	\$ (84,635)	\$ 643	\$ 667,719
Fund Balances - Beginning	1,340,832			14,522		10,262	28,911	86,310		1,480,837
Fund Balances - Ending	<u>\$ 1,962,900</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,487</u>	<u>\$ 1,120</u>	<u>\$ 128</u>	<u>\$ 152,603</u>	<u>\$ 1,675</u>	<u>\$ 643</u>	<u>\$ 2,148,556</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
Motel Occupancy Taxes	\$ 900,000	\$ 900,000	\$ 1,339,310	\$ 439,310
Investment Earnings	150	1,800	1,810	10
Rents and Royalties	47,500	47,500	52,030	4,530
Miscellaneous		25	25	0
Total Revenues	<u>\$ 947,650</u>	<u>\$ 949,325</u>	<u>\$ 1,393,175</u>	<u>\$ 443,850</u>
Expenditures:				
Economic Development	\$ 910,276	\$ 436,057	\$ 381,998	\$ 54,059
Debt Service:	5,888	5,888	5,888	0
Total Expenditures	<u>\$ 916,164</u>	<u>\$ 441,945</u>	<u>\$ 387,886</u>	<u>\$ 54,059</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 31,486</u>	<u>\$ 507,380</u>	<u>\$ 1,005,289</u>	<u>\$ 497,909</u>
Other Financing Uses:				
Transfers Out (Use)	<u>\$ (383,221)</u>	<u>\$ (383,221)</u>	<u>\$ (383,221)</u>	<u>\$ 0</u>
Total Other Financing Uses	<u>\$ (383,221)</u>	<u>\$ (383,221)</u>	<u>\$ (383,221)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (351,735)	\$ 124,159	\$ 622,068	\$ 497,909
Fund Balances - Beginning	<u>1,340,832</u>	<u>1,340,832</u>	<u>1,340,832</u>	
Fund Balances - Ending	<u>\$ 989,097</u>	<u>\$ 1,464,991</u>	<u>\$ 1,962,900</u>	<u>\$ 497,909</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-6

ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
General Sales Taxes	\$ <u>1,763,300</u>	\$ <u>2,200,000</u>	\$ <u>2,228,827</u>	\$ <u>28,827</u>
Total Revenues	\$ <u>1,763,300</u>	\$ <u>2,200,000</u>	\$ <u>2,228,827</u>	\$ <u>28,827</u>
Expenditures:				
Economic Development	\$ <u>1,763,300</u>	\$ <u>2,200,000</u>	\$ <u>2,228,827</u>	\$ <u>(28,827)</u>
Total Expenditures	\$ <u>1,763,300</u>	\$ <u>2,200,000</u>	\$ <u>2,228,827</u>	\$ <u>(28,827)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Change in Fund Balances	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances - Beginning	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances - Ending	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-7

EMPLOYEE'S COLLEGE EDUCATION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Charges for Services	\$ 35,000	\$ 25,000	\$ 26,011	\$ 1,011
Investment Earnings	5	40	48	8
Total Revenues	<u>\$ 35,005</u>	<u>\$ 25,040</u>	<u>\$ 26,059</u>	<u>\$ 1,019</u>
Expenditures:				
Current				
General Government	\$ 3,000	\$ 10,000	\$ 11,094	\$ (1,094)
Total Expenditures	<u>\$ 3,000</u>	<u>\$ 10,000</u>	<u>\$ 11,094</u>	<u>\$ (1,094)</u>
Excess of Revenues Over Expenditures	<u>\$ 32,005</u>	<u>\$ 15,040</u>	<u>\$ 14,965</u>	<u>\$ (75)</u>
Other Financing Sources (Uses):				
Transfers Out	\$	\$	\$ 0	\$
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 32,005	\$ 15,040	\$ 14,965	\$ (75)
Fund Balances - Beginning	<u>14,522</u>	<u>14,522</u>	<u>14,522</u>	
Fund Balances - Ending	<u>\$ 46,527</u>	<u>\$ 29,562</u>	<u>\$ 29,487</u>	<u>\$ (75)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Fines	\$ 9,000	\$ 8,400	\$ 8,058	\$ (342)
Investment Earnings			(2)	(2)
Total Revenues	<u>\$ 9,000</u>	<u>\$ 8,400</u>	<u>\$ 8,056</u>	<u>\$ (344)</u>
Expenditures:				
Current				
Public Safety	\$ 8,200	\$ 7,400	\$ 6,936	\$ 464
Total Expenditures	<u>\$ 8,200</u>	<u>\$ 7,400</u>	<u>\$ 6,936</u>	<u>\$ 464</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 800</u>	<u>\$ 1,000</u>	<u>\$ 1,120</u>	<u>\$ 120</u>
Other Financing Uses:				
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Uses	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 800	\$ 1,000	\$ 1,120	\$ 120
Fund Balances - Beginning	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances - Ending	<u>\$ 800</u>	<u>\$ 1,000</u>	<u>\$ 1,120</u>	<u>\$ 120</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental	\$ 50,000	\$ 47,000	\$ 22,618	\$ (24,382)
Investment Earnings		10	6	(4)
Total Revenues	<u>\$ 50,000</u>	<u>\$ 47,010</u>	<u>\$ 22,624</u>	<u>\$ (24,386)</u>
Expenditures:				
Community Service	\$ 82,904	\$ 68,103	\$ 74,758	\$ (6,655)
Total Expenditures	<u>\$ 82,904</u>	<u>\$ 68,103</u>	<u>\$ 74,758</u>	<u>\$ (6,655)</u>
Deficiency of Revenues Under Expenditures	<u>\$ (32,904)</u>	<u>\$ (21,093)</u>	<u>\$ (52,134)</u>	<u>\$ (31,041)</u>
Other Financing Sources (Uses):				
Transfers In	\$ 16,000	\$ 16,000	\$ 42,000	\$ 26,000
Total Other Financing Sources	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 42,000</u>	<u>\$ 26,000</u>
Net Change in Fund Balances	\$ (16,904)	\$ (5,093)	\$ (10,134)	\$ (5,041)
Fund Balances - Beginning	<u>10,262</u>	<u>10,262</u>	<u>10,262</u>	<u></u>
Fund Balances - Ending	<u><u>\$ (6,642)</u></u>	<u><u>\$ 5,169</u></u>	<u><u>\$ 128</u></u>	<u><u>\$ (5,041)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
General Property Taxes	\$ 452,850	\$ 456,500	\$ 459,539	\$ 3,039
Intergovernmental	9,000	65,636	67,284	1,648
Investment Earnings	25	100	185	85
Total Revenues	<u>\$ 461,875</u>	<u>\$ 522,236</u>	<u>\$ 527,008</u>	<u>\$ 4,772</u>
Expenditures:				
Current				
Public Safety	\$ 451,726	\$ 396,598	\$ 386,354	\$ 10,244
Debt Service	13,788	13,788	13,788	
Total Expenditures	<u>\$ 465,514</u>	<u>\$ 410,386</u>	<u>\$ 400,142</u>	<u>\$ 10,244</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (3,639)</u>	<u>\$ 111,850</u>	<u>\$ 126,866</u>	<u>\$ 15,016</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	\$ (3,639)	\$ 111,850	\$ 126,866	\$ 15,016
Fund Balances - Beginning	<u>28,911</u>	<u>28,911</u>	<u>28,911</u>	
Fund Balances - Ending	<u>\$ 25,272</u>	<u>\$ 140,761</u>	<u>\$ 155,777</u>	<u>\$ 15,016</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-11

CEMETERY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 1,928	\$ (72)
Rents and Royalties	98,450	110,500	110,146	(354)
Total Revenues	<u>\$ 100,450</u>	<u>\$ 112,500</u>	<u>\$ 112,074</u>	<u>\$ (426)</u>
Expenditures:				
Cemetery	\$ 134,979	\$ 132,992	\$ 195,940	\$ (62,948)
Total Expenditures	<u>\$ 134,979</u>	<u>\$ 132,992</u>	<u>\$ 195,940</u>	<u>\$ (62,948)</u>
Deficiency of Revenues Under Expenditures	<u>\$ (34,529)</u>	<u>\$ (20,492)</u>	<u>\$ (83,866)</u>	<u>\$ (63,374)</u>
Other Financing Sources:				
Transfers In	\$ 425	\$ 450	\$ 378	\$ (72)
Transfers Out			(1,147)	(1,147)
Total Other Financing Sources	<u>\$ 425</u>	<u>\$ 450</u>	<u>\$ (769)</u>	<u>\$ (1,219)</u>
Net Change in Fund Balances	\$ (34,104)	\$ (20,042)	\$ (84,635)	\$ (64,593)
Fund Balances - Beginning	<u>86,310</u>	<u>86,310</u>	<u>86,310</u>	
Fund Balances - Ending	<u><u>\$ 52,206</u></u>	<u><u>\$ 66,268</u></u>	<u><u>\$ 1,675</u></u>	<u><u>\$ (64,593)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-12

SENIOR CENTER
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental	\$ 213,000	\$ 141,000	\$ 128,229	\$ (12,771)
Charges for Services	36,600	27,700	26,867	(833)
Investment Earnings	10	(20)	(29)	(9)
Contributions and Donations		140	140	0
Total Revenues	<u>\$ 249,610</u>	<u>\$ 168,820</u>	<u>\$ 155,207</u>	<u>\$ (13,613)</u>
Expenditures:				
Community Service	\$ 450,592	\$ 473,271	\$ 460,130	\$ 13,141
Total Expenditures	<u>\$ 450,592</u>	<u>\$ 473,271</u>	<u>\$ 460,130</u>	<u>\$ 13,141</u>
Deficiency of Revenues Under Expenditures	<u>\$ (200,982)</u>	<u>\$ (304,451)</u>	<u>\$ (304,923)</u>	<u>\$ (472)</u>
Other Financing Sources:				
Transfers In	\$ 225,000	\$ 225,000	\$ 307,000	\$ 82,000
Total Other Financing Sources	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 307,000</u>	<u>\$ 82,000</u>
Net Change in Fund Balances	\$ 24,018	\$ (79,451)	\$ 2,077	\$ 81,528
Fund Balances - Beginning	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances - Ending	<u>\$ 24,018</u>	<u>\$ (79,451)</u>	<u>\$ 2,077</u>	<u>\$ 81,528</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-13

2007 G.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 1,104,335	\$ 1,144,000	\$ 1,146,332	\$ 2,332
Investment Earnings	100	500	655	155
Total Revenues	<u>\$ 1,104,435</u>	<u>\$ 1,144,500</u>	<u>\$ 1,146,987</u>	<u>\$ 2,487</u>
Expenditures:				
Debt Service:				
Principal	\$ 585,000	\$ 605,000	\$ 585,000	\$ 20,000
Interest and Fiscal Charges	523,956	500,156	523,956	(23,800)
Fiscal Agent's Fees	500	500	500	
Total Expenditures	<u>\$ 1,109,456</u>	<u>\$ 1,105,656</u>	<u>\$ 1,109,456</u>	<u>\$ (3,800)</u>
Excess of Revenues Over Expenditures	<u>\$ (5,021)</u>	<u>\$ 38,844</u>	<u>\$ 37,531</u>	<u>\$ (1,313)</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	\$ (5,021)	\$ 38,844	\$ 37,531	\$ (1,313)
Fund Balances - Beginning	<u>328,768</u>	<u>328,768</u>	<u>328,768</u>	
Fund Balances - Ending	<u>\$ 323,747</u>	<u>\$ 367,612</u>	<u>\$ 366,299</u>	<u>\$ (1,313)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-14

2007 C.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 39,720	\$ 41,550	\$ 41,460	\$ (90)
Investment Earnings	10	35	31	(4)
Total Revenues	<u>\$ 39,730</u>	<u>\$ 41,585</u>	<u>\$ 41,491</u>	<u>\$ (94)</u>
Expenditures:				
Debt Service:				
Principal	\$ 20,000	\$ 20,000	\$ 20,000	\$
Interest and Fiscal Charges	15,713	14,913	15,712	(799)
Fiscal Agent's Fees	250	250	250	
Total Expenditures	<u>\$ 35,963</u>	<u>\$ 35,163</u>	<u>\$ 35,962</u>	<u>\$ (799)</u>
Excess of Revenues Over Expenditures	<u>\$ 3,767</u>	<u>\$ 6,422</u>	<u>\$ 5,529</u>	<u>\$ (893)</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	\$ 3,767	\$ 6,422	\$ 5,529	\$ (893)
Fund Balances - Beginning	<u>16,245</u>	<u>16,245</u>	<u>16,245</u>	
Fund Balances - Ending	<u>\$ 20,012</u>	<u>\$ 22,667</u>	<u>\$ 21,774</u>	<u>\$ (893)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-15

2010 C.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Taxes				
General Property Taxes	\$ 151,700	\$ 157,950	\$ 157,853	\$ (97)
Investment Earnings	20	250	442	192
Total Revenues	<u>\$ 151,720</u>	<u>\$ 158,200</u>	<u>\$ 158,295</u>	<u>\$ 95</u>
Expenditures:				
Debt Service:				
Principal	\$ 165,000	\$ 165,000	\$ 165,000	\$
Interest and Fiscal Charges	141,988	138,688	141,988	(3,300)
Fiscal Agent's Fees	500	500	200	300
Total Expenditures	<u>\$ 307,488</u>	<u>\$ 304,188</u>	<u>\$ 307,188</u>	<u>\$ (3,000)</u>
Excess of Revenues Over Expenditures	<u>\$ (155,768)</u>	<u>\$ (145,988)</u>	<u>\$ (148,893)</u>	<u>\$ (2,905)</u>
Other Financing Sources:				
Transfers In	\$	\$	\$ 0	\$ 0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (155,768)	\$ (145,988)	\$ (148,893)	\$ (2,905)
Fund Balances - Beginning	<u>211,942</u>	<u>211,942</u>	<u>211,942</u>	
Fund Balances - Ending	<u>\$ 56,174</u>	<u>\$ 65,954</u>	<u>\$ 63,049</u>	<u>\$ (2,905)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-16

CAPITAL REPLACEMENT FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 20,839	\$ 300	\$ 11,655	\$ 11,355
Rents and Royalties	20,000	20,000	3,000	(17,000)
Total Revenues	<u>\$ 40,839</u>	<u>\$ 20,300</u>	<u>\$ 14,655</u>	<u>\$ (5,645)</u>
Expenditures:				
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess of Revenues Over Expenditures	<u>\$ 40,839</u>	<u>\$ 20,300</u>	<u>\$ 14,655</u>	<u>\$ (5,645)</u>
Other Financing Sources (Uses):				
Transfers Out	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 40,839	\$ 20,300	\$ 14,655	\$ (5,645)
Fund Balances - Beginning	<u>527,405</u>	<u>527,405</u>	<u>527,405</u>	
Fund Balances - Ending	<u><u>\$ 568,244</u></u>	<u><u>\$ 547,705</u></u>	<u><u>\$ 542,060</u></u>	<u><u>\$ (5,645)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-17

2010 C.O. WATER PARK
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u> </u>	\$ <u> </u>	\$ <u> 0</u>	\$ <u> 0</u>
Total Revenues	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
Expenditures:				
Recreation and Parks				
Sports Complex	\$ <u> 184,417</u>	\$ <u> 184,343</u>	\$ <u> 184,321</u>	\$ <u> 22</u>
Total Expenditures	\$ <u> 184,417</u>	\$ <u> 184,343</u>	\$ <u> 184,321</u>	\$ <u> 22</u>
Deficiency of Revenues Under Expenditures	\$ <u> (184,417)</u>	\$ <u> (184,343)</u>	\$ <u> (184,321)</u>	\$ <u> 22</u>
Other Financing Uses:				
Transfers Out	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Total Other Financing Uses	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
Net Change in Fund Balances	\$ <u> (184,417)</u>	\$ <u> (184,343)</u>	\$ <u> (184,321)</u>	\$ <u> 22</u>
Fund Balances - Beginning	<u> 184,343</u>	<u> 184,343</u>	<u> 184,343</u>	<u> </u>
Fund Balances - Ending	\$ <u> (74)</u>	\$ <u> 0</u>	\$ <u> 22</u>	\$ <u> 22</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-18

CEMETERY PERMANENT CARE FUND
PERMANENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>425</u>	\$ <u>450</u>	\$ <u>332</u>	\$ <u>(118)</u>
Total Revenues	\$ <u>425</u>	\$ <u>450</u>	\$ <u>332</u>	\$ <u>(118)</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>450</u>	\$ <u>332</u>	\$ <u>(118)</u>
Other Financing Uses:				
Transfers Out	\$ <u>(425)</u>	\$ <u>(495)</u>	\$ <u>(378)</u>	\$ <u>117</u>
Total Other Financing Uses	\$ <u>(425)</u>	\$ <u>(495)</u>	\$ <u>(378)</u>	\$ <u>117</u>
Net Change in Fund Balances	\$ 0	\$ (45)	\$ (46)	\$ (1)
Fund Balances - Beginning	<u>351,557</u>	<u>351,557</u>	<u>351,557</u>	<u> </u>
Fund Balances - Ending	<u><u>351,557</u></u>	<u><u>351,512</u></u>	<u><u>351,511</u></u>	<u><u>(1)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-19

WATER AND SEWER FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Water Sales	\$ 9,200,000	\$ 9,100,000	\$ 8,937,578	\$ (162,422)
Sewer Charges	2,800,000	2,800,000	2,784,493	(15,507)
Other Services	297,400	401,900	417,686	15,786
Total Operating Revenues	<u>\$ 12,297,400</u>	<u>\$ 12,301,900</u>	<u>\$ 12,139,757</u>	<u>\$ (162,143)</u>
OPERATING EXPENSES:				
Personnel Services	\$ 2,472,366	\$ 2,244,979	\$ 2,112,545	\$ 132,434
Supplies and Materials	4,686,480	4,683,930	4,671,442	12,488
Contractual Services	791,665	777,298	807,696	(30,398)
Maintenance	744,578	845,470	878,414	(32,944)
Depreciation			1,527,979	(1,527,979)
Other	25,000	23,015	115,509	(92,494)
Total Operating Expenses	<u>\$ 8,720,089</u>	<u>\$ 8,574,692</u>	<u>\$ 10,113,585</u>	<u>\$ (1,538,893)</u>
Operating Income	<u>\$ 3,577,311</u>	<u>\$ 3,727,208</u>	<u>\$ 2,026,172</u>	<u>\$ (1,701,036)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 750,000	\$ 750,000	\$ 750,000	\$ 0
Interest Revenue	300	15,100	11,879	(3,221)
Other	9,000	13,000	13,573	573
Interest Expense and Paying Agent Fees	(1,910,573)	(1,898,993)	(505,731)	1,393,262
Total Non-Operating Expenses	<u>\$ (1,151,273)</u>	<u>\$ (1,120,893)</u>	<u>\$ 269,721</u>	<u>\$ 1,390,614</u>
Income Before Transfers	\$ 2,426,038	\$ 2,606,315	\$ 2,295,893	\$ (310,422)
Transfers In	586,800	592,600	47,780	(544,820)
Transfers Out	<u>(1,239,850)</u>	<u>(1,244,650)</u>	<u>(727,949)</u>	<u>516,701</u>
Change in Net Position	\$ 1,772,988	\$ 1,954,265	\$ 1,615,724	\$ (338,541)
Total Net Position - Beginning	12,367,404	12,367,404	12,367,404	
Prior Period Adjustment	<u>(275,832)</u>	<u>(275,832)</u>	<u>(275,832)</u>	
Total Net Position - Ending	<u>\$ 13,864,560</u>	<u>\$ 14,045,837</u>	<u>\$ 13,707,296</u>	<u>\$ (338,541)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-20

AIRPORT/INDUSTRIAL PARK
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Commercial Rentals and Fees	\$ 918,852	\$ 1,080,730	\$ 1,134,065	\$ 53,335
Total Operating Revenues	<u>\$ 918,852</u>	<u>\$ 1,080,730</u>	<u>\$ 1,134,065</u>	<u>\$ 53,335</u>
OPERATING EXPENSES:				
Personnel Services	\$ 425,959	\$ 369,402	\$ 360,647	\$ 8,755
Supplies and Materials	59,350	59,350	45,348	14,002
Contractual Services	261,850	312,460	327,415	(14,955)
Maintenance	179,600	181,600	144,576	37,024
Depreciation			972,497	(972,497)
Other	5,000	2,000	12,174	(10,174)
Total Operating Expenses	<u>\$ 931,759</u>	<u>\$ 924,812</u>	<u>\$ 1,862,657</u>	<u>\$ (937,845)</u>
Operating Income (Expense)	<u>\$ (12,907)</u>	<u>\$ 155,918</u>	<u>\$ (728,592)</u>	<u>\$ (884,510)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 1,187,750	\$ 50,000	\$ 20,004	\$ (29,996)
Interest Revenue	800	1,000	995	(5)
Other	10	2,550	2,618	68
Interest Expense and Paying Agent Fees	(21,046)	(21,046)	(2,588)	18,458
Total Non-Operating Revenues	<u>\$ 1,167,514</u>	<u>\$ 32,504</u>	<u>\$ 21,029</u>	<u>\$ (11,475)</u>
Income (Loss) Before Transfers	<u>\$ 1,154,607</u>	<u>\$ 188,422</u>	<u>\$ (707,563)</u>	<u>\$ (895,985)</u>
Transfers Out	<u>(133,076)</u>	<u>(133,076)</u>	<u>(139,348)</u>	<u>(6,272)</u>
Change in Net Position	<u>\$ 1,021,531</u>	<u>\$ 55,346</u>	<u>\$ (846,911)</u>	<u>\$ (902,257)</u>
Total Net Position- Beginning	<u>24,302,009</u>	<u>24,302,009</u>	<u>24,302,009</u>	
Total Net Position - Ending	<u>\$ 25,323,540</u>	<u>\$ 24,357,355</u>	<u>\$ 23,455,098</u>	<u>\$ (902,257)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-21

EMERGENCY MEDICAL SERVICES FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Emergency Medical Services	\$ 1,730,750	\$ 1,820,750	\$ 1,728,680	\$ (92,070)
Total Operating Revenues	<u>\$ 1,730,750</u>	<u>\$ 1,820,750</u>	<u>\$ 1,728,680</u>	<u>\$ (92,070)</u>
OPERATING EXPENSES:				
Personnel Services	\$ 1,383,334	\$ 1,446,148	\$ 1,493,963	\$ (47,815)
Supplies and Materials	148,750	154,500	146,595	7,905
Contractual Services	66,636	67,146	66,659	487
Maintenance	40,023	61,400	79,597	(18,197)
Depreciation			71,117	(71,117)
Other	300,000	300,400	868,149	(567,749)
Total Operating Expenses	<u>\$ 1,938,743</u>	<u>\$ 2,029,594</u>	<u>\$ 2,726,080</u>	<u>\$ (696,486)</u>
Operating Loss	<u>\$ (207,993)</u>	<u>\$ (208,844)</u>	<u>\$ (997,400)</u>	<u>\$ (788,556)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 153,333	\$ 153,333	\$ 153,333	\$
Other	1,300	18,600	19,033	433
Loss on Transfer of Assets		(41,040)	(41,040)	
Interest Expense and Paying Agent Fees	(101,454)	(97,567)	(6,887)	90,680
Total Non-Operating Revenues (Expenses)	<u>\$ 53,179</u>	<u>\$ 33,326</u>	<u>\$ 124,439</u>	<u>\$ 91,113</u>
Loss Before Transfers	<u>\$ (154,814)</u>	<u>\$ (175,518)</u>	<u>\$ (872,961)</u>	<u>\$ (697,443)</u>
Transfers In	293,333	306,666	350,000	43,334
Transfers Out	<u>(117,272)</u>	<u>(1,172,725)</u>	<u>(129,019)</u>	<u>1,043,706</u>
Change in Net Position	\$ 21,247	\$ (1,041,577)	\$ (651,980)	\$ 389,597
Total Net Position - Beginning	<u>(904,178)</u>	<u>(904,178)</u>	<u>(904,178)</u>	
Total Net Position - Ending	<u>\$ (882,931)</u>	<u>\$ (1,945,755)</u>	<u>\$ (1,556,158)</u>	<u>\$ 389,597</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-22

MOLONE & HOGAN CLINIC
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:				
Commercial Rentals and Fees	\$ 0	\$ 198,830	\$ 198,983	\$ 153
Total Operating Revenues	<u>\$ 0</u>	<u>\$ 198,830</u>	<u>\$ 198,983</u>	<u>\$ 153</u>
OPERATING EXPENSES:				
Supplies and Materials	\$ 0	\$ 22,000	\$ 21,696	\$ 304
Contractual Services	0	136,000	127,259	8,741
Maintenance	0	13,000	11,595	1,405
Depreciation	0	0	35,750	(35,750)
Total Operating Expenses	<u>\$ 0</u>	<u>\$ 171,000</u>	<u>\$ 196,300</u>	<u>\$ (25,300)</u>
Operating Loss	<u>\$ 0</u>	<u>\$ 27,830</u>	<u>\$ 2,683</u>	<u>\$ (25,147)</u>
NON-OPERATING REVENUES (EXPENSES)				
Contributions	\$ 0	\$ 0	\$ 1,554,000	\$ 1,554,000
Interest Revenue	0	15	23	8
Total Non-Operating Revenues (Expenses)	<u>\$ 0</u>	<u>\$ 15</u>	<u>\$ 1,554,023</u>	<u>\$ 1,554,008</u>
Change in Net Position	\$ 0	\$ 27,845	\$ 1,556,706	\$ 1,528,861
Total Net Position - Beginning	_____	_____	_____	_____
Total Net Position - Ending	<u>\$ 0</u>	<u>\$ 27,845</u>	<u>\$ 1,556,706</u>	<u>\$ 1,528,861</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-23

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2013

	<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	\$ (25,694)	\$ 872,369	\$ 1,066,233	\$ 47,929	\$ 1,960,837
Receivables				176	176
Inventories	49,233				49,233
Total Current Assets	<u>\$ 23,539</u>	<u>\$ 872,369</u>	<u>\$ 1,066,233</u>	<u>\$ 48,105</u>	<u>\$ 2,010,246</u>
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 10,000	\$	\$	\$	\$ 10,000
Machinery and Equipment	17,032				17,032
Total Noncurrent Assets	<u>\$ 27,032</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,032</u>
Total Assets	<u>\$ 50,571</u>	<u>\$ 872,369</u>	<u>\$ 1,066,233</u>	<u>\$ 48,105</u>	<u>\$ 2,037,278</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ (497)	\$ 6,985	\$ 7,393	\$ 47,920	\$ 61,801
Claims and Judgments Payable		65,934	434,930		500,864
Due to Other Funds				185	185
Notes Payable - Current	1,241				1,241
Capital Lease Payable - Current	11,669				11,669
Total Current Liabilities	<u>\$ 12,413</u>	<u>\$ 72,919</u>	<u>\$ 442,323</u>	<u>\$ 48,105</u>	<u>\$ 575,760</u>
Noncurrent Liabilities					
Notes Payable	\$ 10,269	\$	\$	\$	\$ 10,269
Capital Lease Payable	3,647				3,647
Total Noncurrent Liabilities	<u>\$ 13,916</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,916</u>
Total Liabilities	<u>\$ 26,329</u>	<u>\$ 72,919</u>	<u>\$ 442,323</u>	<u>\$ 48,105</u>	<u>\$ 589,676</u>
NET POSITION					
Investment in Capital Assets, Net of Related Debt	\$ 206	\$	\$	\$	\$ 206
Unrestricted Net Position	24,036	799,450	623,910		1,447,396
Total Net Position	<u>\$ 24,242</u>	<u>\$ 799,450</u>	<u>\$ 623,910</u>	<u>\$ 0</u>	<u>\$ 1,447,602</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-24

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<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	\$ 144,909	\$ 1,672,981	\$ 340,000	\$ 2,157,890
Total Operating Revenues	<u>\$ 144,909</u>	<u>\$ 1,672,981</u>	<u>\$ 340,000</u>	<u>\$ 2,157,890</u>
OPERATING EXPENSES:				
Personnel Services	\$ 15,890	\$	\$	\$ 15,890
Supplies and Materials	(2,241)			(2,241)
Contractual Services	12,169	1,400,290	425,140	1,837,599
Maintenance	81,277			81,277
Depreciation	13,596			13,596
Other		439,363	19,385	458,748
Total Operating Expenses	<u>\$ 120,691</u>	<u>\$ 1,839,653</u>	<u>\$ 444,525</u>	<u>\$ 2,404,869</u>
Operating Income (Loss)	<u>\$ 24,218</u>	<u>\$ (166,672)</u>	<u>\$ (104,525)</u>	<u>\$ (246,979)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$	\$ 2,066	\$ 2,611	\$ 4,677
Other Income	1,433			1,433
Interest Expense and Paying Agent Fees	(1,410)			(1,410)
Total Non-Operating Revenues (Expenses)	<u>\$ 23</u>	<u>\$ 2,066</u>	<u>\$ 2,611</u>	<u>\$ 4,700</u>
Income (Loss) Before Transfers	\$ 24,241	\$ (164,606)	\$ (101,914)	\$ (242,279)
Transfers In/(Out)	<u>230,107</u>	<u>(34,036)</u>	<u>(4,354)</u>	<u>191,717</u>
Change in Net Position	\$ 254,348	\$ (198,642)	\$ (106,268)	\$ (50,562)
Total Net Position - Beginning	<u>(230,106)</u>	<u>998,092</u>	<u>730,178</u>	<u>1,498,164</u>
Total Net Position - Ending	<u>\$ 24,242</u>	<u>\$ 799,450</u>	<u>\$ 623,910</u>	<u>\$ 1,447,602</u>

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-25

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	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	\$ 145,557	\$ 1,239,726	\$ 320,615	\$	\$ 1,705,898
Cash Payments to Employees	(38,356)				(38,356)
Cash Payments to Suppliers for Goods and Services	(310,910)	(1,420,704)	(201,422)	7,552	(1,925,484)
Net Cash Provided by (Used in) Operating Activities	\$ (203,709)	\$ (180,978)	\$ 119,193	\$ 7,552	\$ (257,942)
Cash Flows from Non-Capital Financing Activities:					
Transfers	\$ 230,107	\$ (34,036)	\$ (4,354)	\$	\$ 191,717
Net Cash Used in Non-Capital Financing Activities	\$ 230,107	\$ (34,036)	\$ (4,354)	\$ 0	\$ 191,717
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid	\$ (15,821)	\$	\$	\$	\$ (15,821)
Net Cash Used in Capital and Related Financing Activities	\$ (15,821)	\$ 0	\$ 0	\$ 0	\$ (15,821)
Cash Flows from Investing Activities					
Interest and Dividends on Investments	\$ 1,433	\$ 2,066	\$ 2,611	\$	\$ 6,110
Net Cash Provided by Investing Activities	\$ 1,433	\$ 2,066	\$ 2,611	\$ 0	\$ 6,110
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 12,010	\$ (212,948)	\$ 117,450	\$ 7,552	\$ (75,936)
Cash and Cash Equivalents at Beginning of Year	(37,704)	1,085,317	948,783	40,377	2,036,773
Cash and Cash Equivalents at End of Year	\$ (25,694)	\$ 872,369	\$ 1,066,233	\$ 47,929	\$ 1,960,837
Reconciliation of Operating Income to Net Cash					
Provided by Operating Activities					
Operating Income (Loss)	\$ 24,218	\$ (166,672)	\$ (104,525)	\$ 0	\$ (246,979)
Adjustments to Reconcile Operating Income to					
Net Cash Provided by Operating Activities					
Depreciation	\$ 13,596	\$	\$	\$	\$ 13,596
Change in Assets and Liabilities					
Decrease in Receivable	648	6,108		(148)	6,608
Increase in Interfund Receivable				1,047	1,047
Decrease in Inventories	83,561				83,561
Increase (Decrease) in Accounts Payable	(103,235)	(20,414)	223,718	6,887	106,956
Increase (Decrease) in Interfund Payables	(200,031)			(234)	(200,265)
Decrease in Accrued Expenses	(22,466)				(22,466)
Total Adjustments	\$ (227,927)	\$ (14,306)	\$ 223,718	\$ 7,552	\$ (10,963)
Net Cash Provided by (Used in) Operating Activities	\$ (203,709)	\$ (180,978)	\$ 119,193	\$ 7,552	\$ (257,942)

CITY OF BIG SPRING, TEXAS

EXHIBIT C-26

GARAGE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,465,950	\$	\$ 144,909	\$ 144,909
Total Operating Revenues	<u>\$ 1,465,950</u>	<u>\$ 0</u>	<u>\$ 144,909</u>	<u>\$ 144,909</u>
OPERATING EXPENSES:				
Personnel Services	\$ 360,382	\$ 34,796	\$ 15,890	\$ (18,906)
Supplies and Materials	1,453,200	(3,101)	(2,241)	860
Contractual Services	20,125	12,213	12,169	(44)
Maintenance	19,700	14,955	81,277	66,322
Depreciation			13,596	13,596
Total Operating Expenses	<u>\$ 1,853,407</u>	<u>\$ 58,863</u>	<u>\$ 120,691</u>	<u>\$ 61,828</u>
Operating Loss	<u>\$ (387,457)</u>	<u>\$ (58,863)</u>	<u>\$ 24,218</u>	<u>\$ 83,081</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$	\$ 40	\$ 0	\$ (40)
Other Income		(1,433)	1,433	2,866
Interest Expense and Paying Agent Fees	<u>(15,787)</u>	<u>(15,787)</u>	<u>(1,410)</u>	<u>14,377</u>
Total Non-Operating Expenses	<u>\$ (15,787)</u>	<u>\$ (17,180)</u>	<u>\$ 23</u>	<u>\$ 17,203</u>
Income Before Transfers	\$ (403,244)	\$ (76,043)	\$ 24,241	\$ 100,284
Transfers In			<u>230,107</u>	<u>230,107</u>
Change in Net Position	\$ (403,244)	\$ (76,043)	\$ 254,348	\$ 330,391
Total Net Position - Beginning	<u>(230,106)</u>	<u>(230,106)</u>	<u>(230,106)</u>	
Total Net Position - Ending	<u>\$ (633,350)</u>	<u>\$ (306,149)</u>	<u>\$ 24,242</u>	<u>\$ 330,391</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-27

HEALTH INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ <u>1,722,000</u>	\$ <u>1,665,000</u>	\$ <u>1,672,981</u>	\$ <u>7,981</u>
Total Operating Revenues	\$ <u>1,722,000</u>	\$ <u>1,665,000</u>	\$ <u>1,672,981</u>	\$ <u>7,981</u>
OPERATING EXPENSES:				
Contractual Services	\$ <u>1,368,000</u>	\$ <u>1,363,000</u>	\$ <u>1,400,290</u>	\$ <u>(37,290)</u>
Other	<u>470,000</u>	<u>440,000</u>	<u>439,363</u>	<u>637</u>
Total Operating Expenses	\$ <u>1,838,000</u>	\$ <u>1,803,000</u>	\$ <u>1,839,653</u>	\$ <u>(36,653)</u>
Operating Loss	\$ <u>(116,000)</u>	\$ <u>(138,000)</u>	\$ <u>(166,672)</u>	\$ <u>(28,672)</u>
NON-OPERATING REVENUES				
Interest Revenue	\$ <u>750</u>	\$ <u>2,000</u>	\$ <u>2,066</u>	\$ <u>66</u>
Total Non-Operating Revenues	\$ <u>750</u>	\$ <u>2,000</u>	\$ <u>2,066</u>	\$ <u>66</u>
Loss Before Transfers	\$ <u>(115,250)</u>	\$ <u>(136,000)</u>	\$ <u>(164,606)</u>	\$ <u>(28,606)</u>
Transfers Out	<u>(34,036)</u>	<u>(34,036)</u>	<u>(34,036)</u>	
Change in Net Position	\$ <u>(149,286)</u>	\$ <u>(170,036)</u>	\$ <u>(198,642)</u>	\$ <u>(28,606)</u>
Total Net Position - Beginning	<u>998,092</u>	<u>998,092</u>	<u>998,092</u>	
Total Net Position - Ending	\$ <u><u>848,806</u></u>	\$ <u><u>828,056</u></u>	\$ <u><u>799,450</u></u>	\$ <u><u>(28,606)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-28

OCCUPATIONAL ACCIDENT INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<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	\$ 150,000	\$ 150,000	\$ 425,140	\$ (275,140)
Other	35,000	20,000	19,385	615
Total Operating Expenses	<u>\$ 185,000</u>	<u>\$ 170,000</u>	<u>\$ 444,525</u>	<u>\$ (274,525)</u>
Operating Income	<u>\$ 155,000</u>	<u>\$ 170,000</u>	<u>\$ (104,525)</u>	<u>\$ (274,525)</u>
NON-OPERATING REVENUES				
Interest Revenue	\$ 1,000	\$ 2,500	\$ 2,611	\$ 111
Total Non-Operating Revenues	<u>\$ 1,000</u>	<u>\$ 2,500</u>	<u>\$ 2,611</u>	<u>\$ 111</u>
Income Before Transfers	\$ 156,000	\$ 172,500	\$ (101,914)	\$ (274,414)
Transfers Out	<u>(4,354)</u>	<u>(4,354)</u>	<u>(4,354)</u>	
Change in Net Position	\$ 151,646	\$ 168,146	\$ (106,268)	\$ (274,414)
Total Net Position - Beginning	<u>730,178</u>	<u>730,178</u>	<u>730,178</u>	
Total Net Position - Ending	<u>\$ 881,824</u>	<u>\$ 898,324</u>	<u>\$ 623,910</u>	<u>\$ (274,414)</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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
General Government	\$ 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	\$ 2,271,190
Public Safety	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	9,169,573
Highways and Streets	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	2,856,428
Sanitation	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	2,245,954
Community Service	73,937	75,926	82,963	85,350	367,619	498,303	518,615	541,643	488,382	544,265
Recreation and Parks	828,455	986,783	1,119,815	923,075	1,420,690	1,404,752	1,616,841	2,249,772	2,141,638	2,576,760
Cemetery	129,875	133,495	141,936	143,459	149,141	190,062	146,107	138,837	136,214	197,462
Economic Development	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	2,653,925
Interest on Long-Term Debt	96,553	82,235	75,692	505,857	796,014	771,681	814,498	864,355	820,539	775,200
Total Governmental Activities Expenses	\$ 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	\$ 23,290,757
Business-Type Activities										
Water and Sewer	\$ 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	\$ 10,619,316
Airport/Industrial Park	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	1,865,245
Emergency Medical Services	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	2,732,967
Molone & Hogan Clinic										196,300
Total Business-Type Activities Expenses	\$ 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	\$ 15,413,828
Total Primary Government Expenses	\$ 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	\$ 38,704,585
Program Revenues										
Governmental Activities										
Charges for Services										
Public Safety	\$ 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	\$ 2,905,146
Sanitation	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	2,905,146
Community Service	298,686	321,379	306,525	91,453	95,691	53,727	50,740	37,848	40,464	26,867
Recreation and Parks	164,761	190,868	202,275	218,268	364,201	421,657	407,605	731,107	850,840	977,787
General Government	93,629	63,020	50,849	50,173	318,536	194,274	223,348	238,024	233,895	287,084
Operating Grants and Contributions	185,096	232,439	390,121	140,642	442,151	257,142	227,973	241,571	200,736	280,323
Capital Grants and Contributions				37,364	16,207	52,370	135,368	99,993		
Total Governmental Activities Program Revenues	\$ 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	\$ 4,477,207
Business-Type Activities										
Charges for Services										
Water and Sewer	\$ 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	\$ 12,139,757
Airport/Industrial Park	630,480	604,809	687,081	722,052	834,312	806,400	847,816	864,539	942,427	1,134,065
Emergency Medical Services	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	1,728,680
Molone & Hogan Clinic										198,983
Operating Grants and Contributions						203,042	163,875	181,052	156,348	173,337
Capital Grants and Contributions						4,584,321			1,243,346	2,304,000
Total Business-Type Activities Program Revenues	\$ 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	\$ 17,678,822
Total Primary Government Program Revenues	\$ 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	\$ 22,156,029
Net (Expense) Revenue										
Governmental Activities	\$ (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)	\$ (18,813,550)
Business-Type Activities	(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	2,264,994
Total Primary Government Net Expense	\$ (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)	\$ (16,548,556)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue										
Governmental Activities	\$ (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)	\$ (18,813,550)
Business-Type Activities	<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>	<u>2,264,994</u>
Total Primary Government Net Expense	<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>	<u>\$ (16,548,556)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	\$ 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	\$ 5,161,268
Sales Taxes	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	8,915,307
Gross Receipts Taxes	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	1,553,002
Motel Occupancy Taxes	253,684	301,660	369,762	478,512	694,339	505,456	499,279	732,252	1,145,353	1,339,310
Unrestricted Grants and Contributions	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	992,900
Investment Earnings	137,333	247,938	390,416	1,023,253	844,532	186,464	71,567	51,606	38,154	33,510
Other	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	1,284,148
Transfers	<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>	<u>598,536</u>
Total Governmental Activities	<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>	<u>\$ 19,877,981</u>
Business-Type Activities										
Unrestricted Grants and Contributions	\$	\$ 130,000	\$ 208,557	\$ 217,009	\$ 1,036,216	\$	\$	\$	\$	\$
Investment Earnings		78,221	142,904	276,256	106,972	20,005	1,646	1,252	2,374	12,897
Other	667,337	2,167	15,865	450	3,711	6,737	24,814	20,272	24,989	(5,816)
Transfers	<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>	<u>(598,536)</u>
Total Business-Type Activities	<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>	<u>\$ (591,455)</u>
Total Primary Government	<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>	<u>\$ 19,286,526</u>
Change in Net Position										
Governmental Activities	\$ (1,294,947)	\$ (271,251)	\$ (1,743,741)	\$ 2,448,868	\$ 2,426,855	\$ 287,829	\$ 394,057	\$ 609,292	\$ (1,556,026)	\$ 1,064,431
Business-Type Activities	<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>	<u>1,673,539</u>
Total Primary Government	<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>	<u>\$ 2,737,970</u>

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						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$ 32,540	\$ 32,247	\$ 24,307	\$ 21,675	\$ 12,770	\$ 17,894	\$ 8,818
Unreserved	<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>\$ 3,372,577</u>	<u>\$ 3,931,089</u>	<u>\$ 6,380,503</u>	<u>\$ 6,448,145</u>	<u>\$ 7,776,961</u>	<u>\$ 8,625,880</u>	<u>\$ 7,322,917</u>
All Other Governmental Funds							
Reserved for Cemetery Care	\$ 351,511	\$ 351,661	\$ 351,511	\$ 351,511	\$ 351,511	\$ 351,511	\$ 351,511
Reserved for Debit Service Funds	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	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>1,592,369</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>\$ 4,903,229</u>	<u>\$ 4,708,168</u>	<u>\$ 4,662,313</u>	<u>\$ 20,031,197</u>	<u>\$ 17,718,666</u>	<u>\$ 8,069,163</u>	<u>\$ 9,708,639</u>
	Post-GASB 54						
	Fiscal Year						
	2011	2012	2013				
General Fund							
Nonspendable	\$ 30,344	\$ 40,815	\$ 48,631				
Committed	2,759,003	3,004,648	3,254,712				
Unassigned	<u>5,553,475</u>	<u>6,899,206</u>	<u>7,455,110</u>				
Total General Fund	<u>\$ 8,342,822</u>	<u>\$ 9,944,669</u>	<u>\$ 10,758,453</u>				
All Other Governmental Funds							
Nonspendable	\$ 353,324	\$ 353,370	\$ 351,511				
Restricted	5,466,336	2,425,192	2,957,202				
Committed	<u>591,464</u>	<u>322,535</u>	<u>184,558</u>				
Total All Other Governmental Funds	<u>\$ 6,411,124</u>	<u>\$ 3,101,097</u>	<u>\$ 3,493,271</u>				

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 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	\$ 16,976,475
Licenses, Fees, and Permits	317,098	192,618	204,021	220,018	311,572	186,062	213,509	229,314	225,050	279,026
Fines and Penalties	248,228	441,079	258,458	295,996	317,535	361,425	451,300	464,054	485,534	402,604
Charges for Services	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	3,210,841
Recreation					364,201	421,657	407,605	731,107	850,840	977,787
Intergovernmental	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	1,273,084
Investment Earnings	137,333	247,938	390,416	1,023,253	844,532	186,464	71,567	49,298	35,385	28,833
Other Revenues	1,103,872	981,014	888,283	804,341	783,474	683,754	682,384	761,982	743,179	897,198
Total Revenues	\$ 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	\$ 24,045,848
Expenditures										
General Government	\$ 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	\$ 2,028,809
Public Safety	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	9,591,341
Highways and Streets	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	2,070,155
Sanitation	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	3,368,138
Community Service	73,937	75,926	82,963	85,350	409,001	489,450	528,189	529,711	476,450	534,888
Recreation and Parks	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	1,738,664
Economic Development	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	2,611,025
Cemetery	129,875	167,995	141,936	139,369	166,209	215,888	125,424	116,176	115,531	195,940
Capital Outlay										
Debt Service										
Interest and Fees	97,441	85,776	74,755	189,148	1,058,840	774,219	750,003	908,500	816,451	777,180
Principal	688,061	820,956	723,009	843,754	1,062,767	1,511,564	1,349,565	1,432,358	1,513,830	1,562,698
Total Expenditures	\$ 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	\$ 24,478,838
Excess of Revenues										
Under Expenditures	\$ 186,103	\$ 214,390	\$ 187,334	\$ (586,718)	\$ (1,615,899)	\$ (9,163,288)	\$ (5,427,205)	\$ (2,907,559)	\$ (1,154,413)	\$ (432,990)
Other Financing Sources (Uses)										
Capital Leases	\$ 398,526	\$ 734,809	\$ 2,466,226	\$ 707,574	\$ 928,222	\$ 578,525	\$ 955,949	\$	\$ 862,139	\$ 1,243,129
Issuance of Debt				14,745,000			4,120,670			
Transfers In	361,676	647,766	439,839	1,226,448	907,813	1,266,966	3,616,590	1,794,636	1,711,697	1,673,387
Transfers Out	(611,676)	(1,233,513)	(689,839)	(655,778)	(1,203,851)	(1,482,787)	(2,929,491)	(1,164,687)	(3,127,603)	(1,266,568)
Total Other Financing Sources	\$ 148,526	\$ 149,062	\$ 2,216,226	\$ 16,023,244	\$ 632,184	\$ 362,704	\$ 5,763,718	\$ 629,949	\$ (553,767)	\$ 1,649,948
Net Change in Fund Balances	\$ 334,629	\$ 363,452	\$ 2,403,560	\$ 15,436,526	\$ (983,715)	\$ (8,800,584)	\$ 336,513	\$ (2,277,610)	\$ (1,708,180)	\$ 1,216,958
Debt Service as a Percentage of										
Noncapital Expenditures	1.2%	1.3%	1.1%	2.4%	11.8%	12.0%	10.8%	11.6%	10.4%	10.8%
 Capital Outlay	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	2,798,369

CITY OF BIG SPRING, TEXAS

TABLE E-6

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Business Gross Receipts Tax</u>	<u>Motel Occupancy Tax</u>	<u>Total</u>
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
2013	5,168,855	8,915,307	681,487	1,339,310	16,104,959
Percent Change 2009 - 2013	-3.6%	54.3%	-51.8%	165.0%	

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>
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%
2012-13	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.

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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		
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%
2013	515,418,056	515,418,056	59,925,347	59,925,347	575,343,403	575,343,403	0.8566	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 TEN YEARS AGO

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Container	\$ 17,197,868	1	2.99%	\$ 228,330,710	1	55.40%
Scenic Mountain Medical Center	12,925,459	2	2.25%	10,003,248	2	2.40%
BRP Leasing LLC	9,256,100	3	1.61%			
Oncor Electric Delivery	8,595,722	4	1.49%	9,292,980	3	2.30%
Wal-Mart Real Estate	7,004,984	5	1.22%	6,650,000	4	1.60%
Wal-Mart Stores Texas LP	6,658,107	6	1.16%	6,277,948	6	1.50%
John Crane Production Sol Inc.	5,808,583	7	1.01%			
R&B Leasing Company LLC	5,499,834	8	0.96%			
The Coca-Cola Company	4,143,960	9	0.72%			
HTP TA Properties Trust	4,071,903	10	0.71%			
Southwestern Bell Telephone LP				6,568,770	5	1.60%
Parker Hannifan Corp.				2,758,290	9	0.70%
Scenic Mountain Med Ctr. Clinic				2,981,479	8	0.70%
Atmos Energy Corporation				3,064,130	7	0.70%
Innotek Powder Coatings				2,506,620	10	0.60%
Total	<u>\$ 81,162,520</u>		<u>14.12%</u>	<u>\$ 278,434,175</u>		<u>67.50%</u>

Source: Texas State Comptroller

CITY OF BIG SPRING, TEXAS

TABLE E-10

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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%
2013	4,983,657	4,903,121	98.38%	141,296	5,044,417	101.22%

Source: Howard County

CITY OF BIG SPRING, TEXAS

TABLE E-11

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

Taxpayer	2013			2004		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Discount Department Stores	\$ 889,819	1	17.85%	\$		
Limited Service Restaurants	356,366	2	7.15%	116,390	7	3.93%
Electric Power Distribution	248,754	3	4.99%			
Gasoline Stations with Convenience Stores	247,724	4	4.97%	198,623	3	6.71%
All other General Miscellaneous MFG	188,922	5	3.79%	74,562	11	2.52%
Supermarkets and Other Grocery (except Convenience)	178,326	6	3.58%	169,763	2	5.73%
Plumbing, Heating and Air-Conditioning	158,957	7	3.19%			
Wireless Telecommunication Carriers (except Satellite)	151,698	8	3.04%	99,400	9	3.36%
Gasoline Service Stations	150,139	9	3.01%			
Wired Telecommunications Carriers	141,160	10	2.83%	142,602	5	4.81%
Other Building Material Dealers	125,624	11	2.52%			
Support Activities for Oil and Gas Operations	110,989	12	2.23%			
Full Service Restaurants				156,840	4	5.30%
Eating Places				135,064	6	4.56%
Department Stores (except discount Department Stores)				106,615	8	3.60%
Hydroelectric Power Generation				224,254	1	7.57%
Furniture Sores				98,484	10	3.33%
Automotive Parts and Accessories Stores				74,562	11	2.52%
Total	\$ <u>2,948,478</u>		<u>59.16%</u>	\$ <u>1,597,159</u>		<u>53.93%</u>

Source: Texas State Comptroller

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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			
2013	\$ 11,430,000	\$ 4,150,000	\$ 2,028,207	\$ 1,271,814	\$ 525,000	\$ 11,795,000	\$ 253,421	\$ 2,145,309	\$ 33,598,751	2.35%	1,106
2012	12,015,000	4,335,000	1,493,345	1,403,396	1,045,000	12,255,000	264,057	2,367,264	35,178,062	3.63%	1,151
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
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
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
2008	14,335,000	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
2007	14,725,000	460,000	1,364,927		3,305,000	640,000	333,377		20,828,304	3.46%	825
2006	665,000		1,211,763		3,705,000		308,080		5,889,843	1.01%	233
2005	895,000		1,270,973		4,095,000		497,681		6,758,654	1.22%	268
2004	1,125,000		1,131,998		4,475,000		607,286		7,339,284	1.35%	291

CITY OF BIG SPRING, TEXAS

TABLE E-13

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST FIVE FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Less: Amounts Available in Debt Service Funds (2)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>Net Debt Per Capita (4)</u>
2009	\$ 17,130,000	\$ 299,833	\$ 16,830,167	3.49%	\$ 667
2010	20,320,000	256,109	20,063,891	3.83%	795
2011	19,200,000	327,764	18,872,236	3.49%	692
2012	29,650,000	235,261	29,414,739	5.38%	1,078
2013	27,900,000	563,025	27,336,975	4.75%	1,002

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payment.

(3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 97 for property value data.

(4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 104.

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*	\$ 62,010,000	*	37.14%	\$ 23,030,514
Forsan Independent School District*	25,290,000	*	0.55%	139,095
Coahoma Independent School District*	13,350,000		0.43%	57,405
Howard County*	10,635,000	*	16.10%	1,712,235
Howard College*	17,365,000	*	16.12%	2,799,238
Subtotal, Overlapping Debt				<u>\$ 27,738,487</u>
City of Big Spring Direct Debt	\$ 18,880,021		100%	<u>\$ 18,880,021</u>
Total Direct and Overlapping Debt				<u><u>\$ 46,618,508</u></u>

Sources: Debt outstanding data provided by each governmental unit.

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

* Gross debt

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CITY OF BIG SPRING, TEXAS

TABLE E-15

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 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	\$ 8,630,151
Total Net Debt Applicable to Limit	<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>	<u>(306,144)</u>
Legal Debt Margin	<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>	<u>\$ 8,324,007</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	3.77%	3.62%	3.49%	2.19%	1.99%	5.54%	3.59%	4.34%	2.77%	3.55%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 575,343,403
Debt Limit (1.5% Assessed Value) Assessed Value	\$ 8,630,151
Debt Applicable to Limit:	
General Obligation Bonds	\$ 745,239
Less: Amount Set Aside for Repayment	<u>(439,095)</u>
Net Debt Applicable to Limit	<u>\$ 306,144</u>
Legal Debt Margin	<u>\$ 8,324,007</u>

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CITY OF BIG SPRING, TEXAS

TABLE E-16

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population (1)	25,233	25,233	25,233	25,233	25,233	25,233	27,282	27,282	27,282	27,282
Total Personal Income	\$ 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	\$ 1,284,854,000
Per Capita Personal Income (2)	\$ 21,501	\$ 21,925	\$ 23,186	\$ 23,858	\$ 26,692	\$ 28,262	\$ 29,430	\$ 31,339	\$ 31,781	\$ 36,287
Median Age (2)	36	36	36	36	37	37	37	37	36	37
Unemployment (3)	5.9%	5.6%	5.2%	4.4%	4.4%	7.5%	7.3%	6.9%	5.7%	5.3%

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	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Big Spring ISD	626	1	4.49%	610	2	4.37%
Big Spring State Hospital	577	2	4.13%	655	1	4.69%
Veterans Administration Hospital	547	3	3.92%	508	3	3.64%
GEO Group	490	4	3.51%			
Wal-Mart	360	5	2.58%	358	5	2.57%
Robinson Drilling of Texas	353	6	2.53%			
Scenic Mountain Medical Center	322	7	2.31%	340	6	2.44%
Price Construction	322	8	2.31%	125		0.90%
Howard College & SWICD	268	9	1.92%	235	10	1.68%
City of Big Spring	262	10	1.88%	266	9	1.91%
Federal Bureau of Prisons	235	11	1.68%			
Alon USA	178	12	1.28%	190	12	1.36%
Cornell Corrections, Inc.				449	4	3.22%
U. S. Justice Department				292	7	2.09%
Star Tek				200	11	1.43%
Western Container				285	8	2.04%
Total	4,540		32.53%	4,513		32.34%

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Management Services	8	7	7	8	8	8	8	9	9	9
Finance	6	6	6	5	5	5	5	5	5	5
Other	5	5	5	9	9	9	8.5	8.5	8.5	8
Information Technology	1	1	1	2	2	2	2	2	2	2
Convention and Visitors Bureau	1	1	1	1	1	1	2	2	2	2
Police										
Officers	56	56	56	49	54	58	54	54	49	48
Civilians	8	8	8	13	13	10	15	15	12	7
Fire										
Firefighters and Officers	46	46	46	45	45	45	45	45	45	44
Civilians	1	1	1	1	1	1	0.5	0.5	0.5	0.5
EMS										
EMS and Officers	16	16	16	16	16	16	16	16	16	16
Civilians	1	2	2	2	2	2	2	2	2	2
Refuse Collection (Landfill)	8	7	7	6	6	6	6	7	7	7
Other Public Works	8	9	9	17	17	21	21.5	17	18	18
Parks and Recreation	9	9	9	11	11	15	14	19	19	22
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	7	7	7
Airpark	7	7	7	7	7	5	7	7	6	6
Water	41	41	41	40	40	40	41	40	40	40
Wastewater	8	9	9	9	9	9	9	9	9	9
Total	260	261	261	271	276	283	287	287	279	267

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building Permits Issued	1,170	966	1,351	1,460	1,482	1,196	1,267	1,262	1,386	1,616
Police										
Physical Arrests	1,574	1,730	1,904	1,704	2,225	1,320	2,743	2,466	2,158	1,984
Number of Calls for Service	38,411	26,961	19,431	19,200	29,412	26,576	35,661	37,700	33,028	30,281
Alarm Responses	832	1,132	1,057	647	688	742	1,143	1,001	1,522	1,616
Fire										
Emergency Responses	333	281	431	427	411	442	409	424	607	1,952
EMS Service										
Number of Runs	2,293	2,546	3,265	3,164	3,660	3,088	3,275	4,057	4,272	4,815
Refuse Collection										
Collected (Tons per Day)	110	120	120	115	110	120	156	130	130	128
Water										
Active Accounts	8,471	8,311	8,626	8,677	8,727	8,600	8,579	8,687	8,693	8,754
Water Main Breaks	228	200	199	206	168	250	580	210	167	131
Average Daily Consumption (Thousands of Gallons)	5,380	4,919	4,919	4,412	5,091	5,317	5,320	4,991	3,467	4,967
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons)	2,183	2,054	2,205	2,730	2,646	2,629	2,576	2,176	2,176	3,282

Data Sources: Various City Departments

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CITY OF BIG SPRING, TEXAS

TABLE E-20

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units										
Marked	34	34	34	34	35	39	43	38	41	41
Unmarked	17	17	17	17	21	19	19	17	12	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)	177	158	158	189	189	189	189	189	189	189
Unpaved (Miles)	12	12	12	5	0.5	0.5	0.05	0.05	0.05	0.05
Street Lights	1,907	1,812	1,812	1,810	1,808	1,808	1,784	1,779	1,873	1,873
Parks and Recreation										
Acreage	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,211	1,211	1,211
Parks	5	5	5	5	8	8	8	8	8	8
Lakes	2	2	2	5	2	2	2	2	2	2
Baseball/Softball Fields	6	6	6	6	6	14	14	14	14	14
Soccer/Football Fields						6	6	6	6	6
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (Miles)	240	177	177	177	177	177	177	177	177	177
Fire Hydrants	1,510	722	722	722	722	722	722	722	722	722
System Capacity (Thousands of Gallons)	12,500	12,500	12,500	12,500	13,450	13,450	13,450	13,450	13,450	13,450
Wastewater										
Sanitary Sewers (Miles)	170	125	125	125	125	125	125	125	125	125
Treatment Capacity (Thousands of Gallons)	2,183	2,054	2,205	2,205	5,000	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.

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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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Big Spring, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Big Spring, Texas' basic financial statements, and have issued our report thereon dated February 24, 2014. 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

In planning and performing our audit of the financial statements, we considered City of Big Spring, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Big Spring, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Big Spring, Texas's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Big Spring, Texas's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

February 24, 2014