

CITY OF BIG SPRING, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2008

CAFR Prepared by the Finance Department

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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INTRODUCTORY SECTION

April 20, 2009

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, 2008.

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, 2008. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the City

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

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

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

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

Economic Condition and Outlook

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

Volatility in the oil and gas markets, the completion of the Alon Refinery reconstruction after the 2008 explosion and resulting fire, completion of several wind energy generation projects, uncertainty in the nation's economy and lack of winter rains for the cotton crop generate both positive and negative impacts on the City's revenue streams for 2008-09. Capital expenses related to the 2007 bonds will continue in the current fiscal year, increasing overall capital spending. Construction of the sports complex will be complete later this summer and the downtown street reconstruction project is scheduled to be completed in April 2010.

Unemployment rates for the last ten years have decreased by approximately 28%, from an initial rate of 6.1% in 1999 to a rate of 4.4% in 2008. 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-14 in the statistical section.

Property tax revenue (using the modified accrual basis of accounting) has risen by 76% in the last five years, from \$2,879 in 2004 to \$5,069 in 2008. This increase resulted primarily from additional levies for new bonded debt (24.8768¢ per \$100 valuation) and a new narcotics task force (7.321¢ per \$100). Additionally, new construction and increases in appraised values added an additional 16.8% to total assessed values. Sales tax revenue has increased by 50.3% over the same five year period, indicating significant economic growth in the region. The city's hotel occupancy tax revenue has seen a major increase from 2004 to 2008, reflecting slightly more than a 173.7% increase. This growth can be explained primarily by two factors: newly constructed and recently renovated hotels along the Interstate and a need for temporary housing for an influx of workers into the region due to the reconstruction of the refinery and new wind generation construction projects. Other revenue sources and expense categories have risen proportionally to inflation or to compensate for new or increased levels of service that are provided to our citizens.

Long-term Financial Planning

Unreserved fund balance in the General Fund (52.1% of total General Fund expenditures) is higher than the policy guidelines set by the council for budgetary and planning purposes (5% as defined by the city's master plan, which was adopted in 1995). Due to diligence in budgeting and monitoring, this balance has increased significantly over the past ten years. In 1997, General Fund's unreserved, undesignated fund balance represented 1.4% of total expenditures.

Total long-term debt related to governmental activities which is not due for a year or more, comprised of bonds, equipment leases and debt related to an energy conservation project, amounts to \$16,966. In 2007, the city issued new governmental activity debt in the form of capital leases in the amount of \$928. Business-type activities saw long-term debt increase by \$108 in new capital leases.

Relevant Financial Policies

The city anticipates opening a new section of the current City/County landfill within the next few years, with an anticipated cost of approximately \$2 million. Additionally, the city has begun the planning process for the permitting and opening of a new landfill within the next ten to fifteen years. The cost associated with this process, as well as expenses associated with closure and post-closure of the current landfill, requires that the city begin accumulating funds to cover those expenses. To that end, revenues derived from recent fee increases in sanitation rates, gate fees and commercial tipping fees, as well as annual contributions from Howard County, are being placed in a cash/investment escrow account that the current council has designated for that purpose. At the end of 2008, the city has placed \$2,037 into the designated escrow account to cover this future liability.

Internal Controls

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

Major Initiatives

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

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

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, 2007. This was the eleventh consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Gary Fuqua
City Manager

Peggy S. Walker
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Big Spring Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

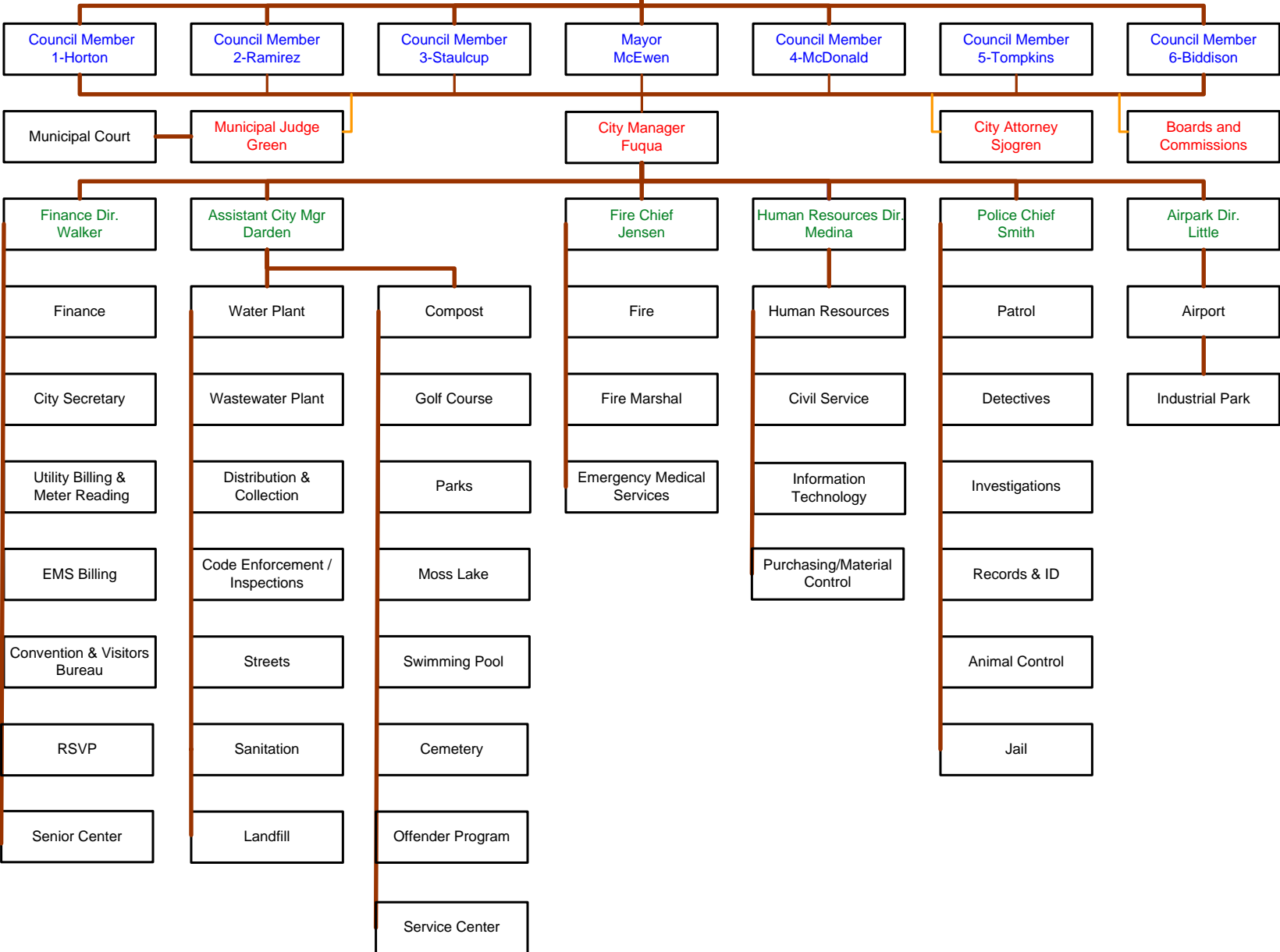
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



Big Spring, Texas

Citizens of Big Spring



**CITY OF BIG SPRING
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2008**

Elected Officials

Name	Office
Russ McEwen	Mayor
Jo Ann Staulcup	Mayor Pro Tem - District 3 Council Member
Stephanie Horton	District 1 Council Member
Manuel Ramirez, Jr.	District 2 Council Member
Gloria McDonald	District 4 Council Member
Troy Tompkins	District 5 Council Member
Gary Biddison	District 6 Council Member

Appointed Officials

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

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FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Big Spring, Texas. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Big Spring Economic Development Corporation (the Corporation), component unit of the City, which statements reflect total assets and program revenues of \$5,558,353 and \$11,824, respectively, and represent 100% of the aggregate discretely presented component unit's total assets and program revenues at September 30, 2008 and for the year then ended. The financial statements of the Corporation was audited by other accountants whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Corporation, is based solely on the report of the other accountants.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of September 30, 2008, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

April 20, 2009

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, 2008. 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, 2008, by \$118,685 (net assets). Of this amount, \$12,347 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$2,713. This increase is the net result of four primary factors: capital assets decreased by \$520 as depreciation expense grew at a more rapid pace than capital replacement, restricted assets for debt service increased by \$144, the amount restricted for landfill closure and postclosure increased by \$244 as the City continues to prepare for this future liability, and unrestricted net assets increased by \$2,845.
- At September 30, 2008, the City's governmental funds reported combined ending fund balances of \$25,496, a decrease of \$984 from the prior year. This decrease is the net result of two primary factors: fund balance reserved for capital projects decreased by \$2,844 as bond proceeds were expended during the year for scheduled capital projects and unreserved balances increased by \$1,660. There is \$7,764 available for spending at the government's discretion (unreserved, undesignated fund balance) in the major governmental funds and an additional \$4,920 in the nonmajor governmental funds.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$7,764, or 52% of total General Fund expenditures.
- Total liabilities for the primary government decreased by \$280 during fiscal year 2007-08, caused by three primary factors. Accounts payable increased by \$1,002 as a result of payables due to various contractors related to the 2007 bond projects, current long-term debt increased by \$502 and noncurrent long-term debt decreased by \$1,286.
- Resources available for appropriation in 2008-09 were \$651 less than anticipated in the final revised budget for the General Fund. A loan of \$500 from the Correctional Center Fund for the construction of a pro shop was budgeted using the "available resources" method of budgeting. The actual proceeds are reflected in the liability section of the balance sheet rather than revenue, causing capital leases to have a negative variance of \$512. This is partially offset by \$527 additional sales tax revenue and \$174 additional investment income.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The City of Big Spring's assets exceeded liabilities by \$118,685 at September 30, 2008. The largest portion of the City's net assets (87%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment) less any related debt used to acquire these assets that is still outstanding. These assets are used to provide services to the citizens and are not available for future appropriation. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table I
City of Big Spring, Texas

NET ASSETS
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Assets:						
Cash and Cash Equivalents	\$ 25,398	\$ 26,407	\$ 4,791	\$ 3,809	\$ 30,189	\$ 30,216
Receivables	807	1,126	1,533	1,596	2,340	2,722
Internal Balances	2,122	1,227	(2,122)	(1,227)		
Due from Other Governments	1,358	987	87	8	1,445	995
Capital Assets	80,701	77,795	36,390	36,879	117,091	114,674
Other Assets	146	167	412	414	558	581
Total Assets	<u>110,532</u>	<u>107,709</u>	<u>41,091</u>	<u>41,479</u>	<u>151,623</u>	<u>149,188</u>
Liabilities:						
Accounts Payable and Other Current Liabilities	2,741	2,238	940	1,015	3,681	3,253
Current Portion of Long-term Liabilities	1,435	946	755	743	2,190	1,689
Long-term Liabilities	20,363	20,959	6,704	7,316	27,067	28,275
Total Liabilities	<u>24,539</u>	<u>24,143</u>	<u>8,399</u>	<u>9,074</u>	<u>32,938</u>	<u>33,217</u>
Net Assets:						
Invested in Capital Assets, Net	74,073	74,389	29,651	29,854	103,724	104,243
Restricted	2,614	2,226			2,614	2,226
Unrestricted	9,306	6,951	3,041	2,551	12,347	9,502
Total Net Assets	<u>\$ 85,993</u>	<u>\$ 83,566</u>	<u>\$ 32,692</u>	<u>\$ 32,405</u>	<u>\$ 118,685</u>	<u>\$ 115,971</u>

An additional portion of the City's net assets (approximately two percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12,347) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was an overall decrease of \$519 in investment in capital assets (\$316 decrease in governmental activities and \$203 decrease in business-type activities) as infrastructure and other capital assets continue to depreciate at a faster rate than replacement and debt service reductions. Unrestricted net assets of governmental activities increased by \$2,355, due primarily to increases in sales tax revenue, interest earnings on bond proceeds, and charges for services.

Governmental Activities. Governmental activities resulted in an increase of \$2,427 in the City's net assets. Key elements of this increase are as follows:

- Charges for services related to public safety decreased by \$27,074 while expenses related to public safety declined by a like amount in the current fiscal year when revenues and expenses related to the operation of the City's four prisons stopped flowing through the Correctional Center Fund. The federal government now contracts directly with a management company for the operation of these facilities rather than contracting with the City, who in the past then contracted with the management company. Overall operations of the prisons has not changed, simply the accounting of those operations.
- If transactions related to the prisons is excluded from this analysis, total revenues increased by \$2,772 over the prior year, primarily as a result of an increase in community service revenue (\$314) when the City took over operation of the Senior Center, increases in property taxes (\$1,816) due to increased appraisal values and an increased tax rate which was adopted to fund a narcotics task force, and increases in sales tax (\$678) and unrestricted investment earnings (\$179).
- Expenses were higher than the prior year in almost every category (including public safety after elimination of the prison related activities explained above), resulting in a total increase of \$2,736 in non-prison related expenses. Increases in capital expenditures related to the bond projects, increases in public safety related to the narcotics task force, increases related to operation of the Senior Center and increases in operating expenses were the primary reasons for the overall increase in expenses.

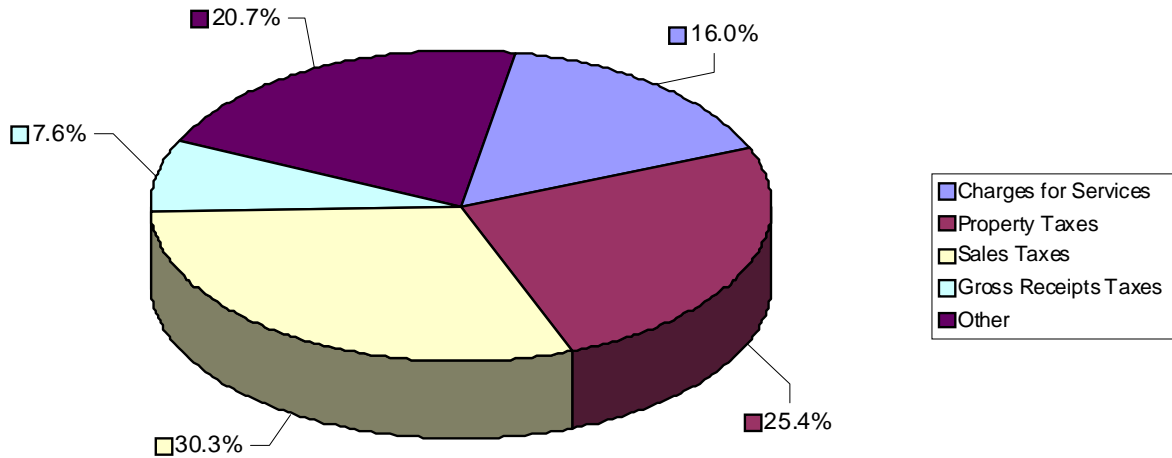
Expenses for governmental activities this year totaled \$17,518, a decrease of \$25,179 over the prior year. However, a decrease of \$27,908 is directly related to the change in accounting for operation of the four City-owned prisons.

Table II
City of Big Spring, Texas

CHANGES IN NET ASSETS
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for Services	\$ 3,187	\$ 30,610	\$ 11,498	\$ 10,339	\$ 14,685	\$ 40,949
Operating Grants and Contributions	442	141			442	141
Capital Grants and Contributions	16	37			16	37
General Revenues						
Property Taxes	5,069	3,252			5,069	3,252
Sales Taxes	6,047	5,370			6,047	5,370
Gross Receipts Taxes	1,523	1,477			1,523	1,477
Grants and Contributions Not						
Restricted to Specific Programs	1,054	942	1,036	217	2,090	1,159
Unrestricted Investment Earnings	845	1,023	107	276	952	1,299
Miscellaneous	1,762	2,286	300	(570)	2,062	1,716
Total Revenues	<u>19,945</u>	<u>45,138</u>	<u>12,941</u>	<u>10,262</u>	<u>32,886</u>	<u>55,400</u>
Expenses:						
Water and Sewer			9,133	8,737	9,133	8,737
Airport/Industrial Park			1,473	1,788	1,473	1,788
Emergency Medical Services			2,048	1,537	2,048	1,537
General Government	1,794	1,553			1,794	1,553
Public Safety	7,500	34,574			7,500	34,574
Highways and Streets	1,851	1,539			1,851	1,539
Sanitation	1,776	1,739			1,776	1,739
Recreation and Parks	1,421	923			1,421	923
Economic Development	1,863	1,626			1,863	1,626
Other	1,313	735			1,313	735
Total Expenses	<u>17,518</u>	<u>42,689</u>	<u>12,654</u>	<u>12,062</u>	<u>30,172</u>	<u>54,751</u>
Increase (Decrease) in Net Assets	2,427	2,449	287	(1,800)	2,714	649
Net Assets at October 1, 2007	83,566	81,509	32,405	34,205	115,971	115,714
Prior Year Adjustment		(392)				(392)
Net Assets at September 30, 2008	<u>\$ 85,993</u>	<u>\$ 83,566</u>	<u>\$ 32,692</u>	<u>\$ 32,405</u>	<u>\$ 118,685</u>	<u>\$ 115,971</u>

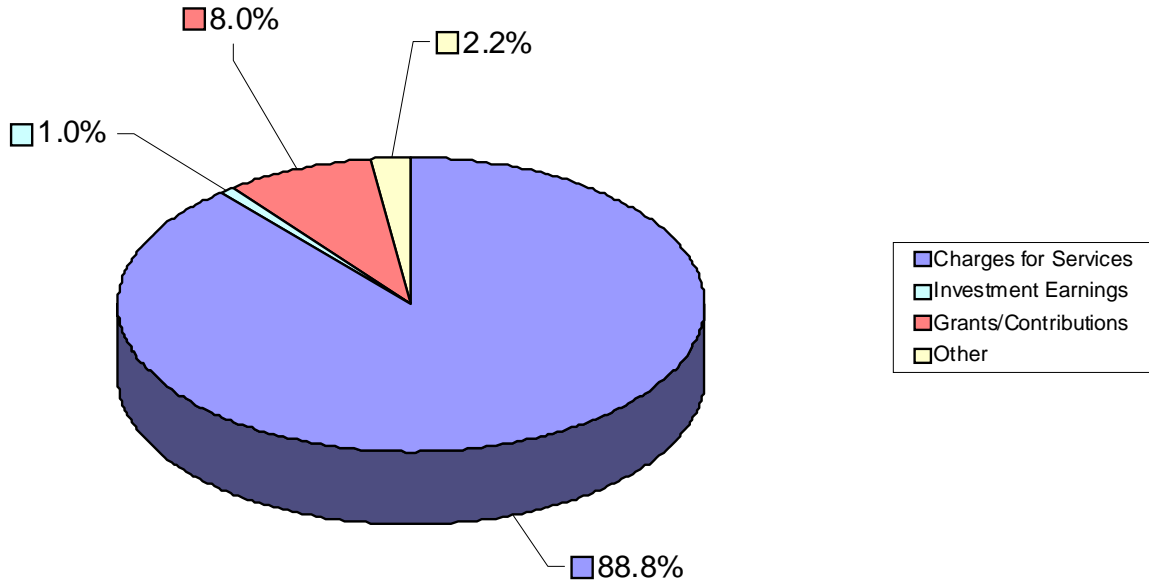
**Revenues by Source
Governmental Activities
Fiscal Year 2007-08**



Business-type Activities. Business-type activities increased the City of Big Spring’s total net assets by \$287 in the current fiscal year. Key elements of this increase are as follows.

- The key revenue source for business-type activities is the charge for service that is passed through to the users of the business. Charges for water and sewer service increased in the current fiscal year by \$1,054. The City installed an automated meter reading system during the prior fiscal year, which has increased revenue as it more accurately captures water usage by customers. Charges for services in the airpark fund increased by \$112 and remained static in the EMS fund.
- The water and sewer fund saw expenses increase by \$397, as capital expenses related to certificates of obligation increased. The Airport/Industrial Park had a reduction in capital grant funds which resulted in a reduction in total expenses of \$314 and the EMS fund saw an increase in expenses of \$410 as the methodology for estimating bad debt expense was changed.
- It appears, based on relatively static current year net assets and prior year decreases in net assets, that the rates that have been established to cover the cost of operations do not fully recover operating and capital replacement costs. The City Council and management will need to review our current rate structure to determine if these charges need to be increased or if operational efficiencies can be achieved in order to reduce expenses.

**Revenues by Source
Business-type Activities
Fiscal Year 2007-08**



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for appropriation at the end of the fiscal year.

As the City completed the year, its governmental funds reported combined ending fund balances of \$25,496, representing a decrease of \$984 from the prior year's balance of \$26,479. Current year expenses related to general obligation bond projects accounted for a decrease of \$2,844 in fund balance reserved for capital projects. Unreserved, undesignated fund balance that is available for spending at the City's discretion amounts to \$12,684 (representing an increase of \$1,725 over the prior year) or 49.7% of total fund balances.

The General Fund is the major operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$7,764, while total fund balance reached \$7,777. However, it should be noted that \$2,037 of the unreserved, undesignated fund balance is in a restricted investment account that the current Council has set aside for future liabilities associated with the closure and post-closure of the City's landfill. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total expenditures. Unreserved, undesignated fund balance represents 52% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$1,329 during fiscal year 2007-08. Key factors in this growth are as follows:

- Increases in appraised property values, the ad valorem tax rate and economic growth caused general property taxes and local sales tax revenue to increase by \$342 and \$508, respectively, over the prior fiscal year.
- Recreation revenue reflects an increase of \$273 due to the reopening of the municipal golf course after its major rebuild while recreation expense related to the rebuild decreased by \$1,278.
- Expenditures related to general government and public safety increased by \$420 and \$389, respectively, due primarily to increases in salaries and benefits.

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

Unrestricted net assets of the Water and Sewer Fund at the end of year amounted to \$745, and those for the Airport/Industrial Park Fund amounted to \$2,457. These balances represented a decrease of \$39 in the Water and Sewer Fund and an increase of \$922 in the Airport/Industrial Park Fund. The decrease in the Water and Sewer Fund is a result of capital asset depreciation occurring at a faster pace than capital replacement. A contribution of \$800 from Big Spring Economic Development Corporation for a capital runway upgrade was the primary factor for the increase in net assets in the Airport/Industrial Park Fund. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$261 decrease in appropriations between the original and final amended budget. The following details the main components of the decrease, which represents a decrease of less than two percent over the original budget:

- Appropriations for public safety increased by \$103, due primarily to increased overtime associated with understaffing.
- Appropriations for streets decreased by \$174, as increased material costs for the seal coat program caused the Council to postpone that project.
- Landfill appropriations increased by \$138 as a result of increased capital equipment purchases.
- The golf course saw a decrease in appropriations of \$327, due almost entirely to the majority of the expense related to a new pro shop was moved to the following fiscal year.

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, 2008, amounts to \$117,090 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, water and sewer lines, and drainage improvements. The total increase in the City's investment in capital assets for the current fiscal year was \$2,416 or 2.1% (a 3.7% increase for governmental activities and a decrease of 1.3% for business-type activities).

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

- Equipment was purchased for General Fund in the amount of \$827, which included police sedans, utility pickups, a street sweeper and an asphalt distributor truck, a sanitation truck, a bulldozer, and playground equipment.
- Construction in progress on the Comanche Trail Golf Course pro shop increased by \$48.
- Major improvements and renovations were made to both the water and wastewater treatment plants, for a total cost of \$933.
- Governmental funds construction in progress increased by \$2,608 which included work on various bond projects: \$615 street reconstruction, \$236 animal shelter annex, and \$1,664 sports complex.
- \$2,707 was transferred from Water and Sewer Fund construction in progress to water system assets as the installation of an automated meter reading system project was completed.
- Depreciation is generally occurring at a faster rate than replacements or renovations in both governmental and business-type activities.

CAPITAL ASSETS AT SEPTEMBER 30, 2008 (Net of Depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 72,836	\$ 72,773	\$ 5,595	\$ 5,595	\$ 78,431	\$ 78,368
Infrastructure	176	201			176	201
Buildings and Systems	233	264	27,184	25,447	27,417	25,711
Improvements Other Than						
Buildings	1,758	557	1,465	1,627	3,223	2,184
Machinery and Equipment	2,600	2,047	580	618	3,180	2,665
Construction in Progress	3,097	1,953	1,565	3,592	4,662	5,545
	\$ 80,700	\$ 77,795	\$ 36,389	\$ 36,879	\$ 117,089	\$ 114,674

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

The City of Big Spring has anticipated the need for new bonded debt for the past several years. In November of 2006, the citizens approved both bond propositions presented to them. In March of 2007, the City sold \$14,285 General Obligation Bonds and an additional \$1,100 Certificates of Obligation. All debt service on the above bonds and certificates will be paid from property tax revenue, with the exception of \$640 of Certificates of Obligation which will be paid from increases in user fees in the utility system.

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$18,325. The total outstanding debt is backed by the full faith and credit of the government, while a tax levy has been established for \$14,810 of the total and the remaining \$3,515 is business-type activity debt, supported by water and sewer system revenues.

The City of Big Spring's total bonded debt decreased by \$805 during the current fiscal year. Debt which is serviced by tax revenues decreased by \$375 and debt serviced by enterprise funds decreased by \$430.

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

Table IV
City of Big Spring, Texas

OUTSTANDING BONDED DEBT AT SEPTEMBER 30, 2008
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2007	2006
General Obligation Bonds						
Serviced by Tax Revenues	\$ 14,810	\$ 15,185			\$ 14,810	\$ 15,185
General Obligation Bonds						
Serviced by Enterprise Fund Revenues			3,515	3,945	3,515	3,945
	<u>\$ 14,810</u>	<u>\$ 15,185</u>	<u>\$ 3,515</u>	<u>\$ 3,945</u>	<u>\$ 18,325</u>	<u>\$ 19,130</u>

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when adopting the 2009 budget and setting tax rates. One of those factors is the economy. The City's population growth as measured by the 2000 Census indicated no significant gain in population. Unemployment during 2008 remained unchanged from the 2007 rate of 4.4% and per capita income rose by 11.9%, increasing from \$23,858 to \$26,692. Per capita income in the City of Big Spring is considerably lower than the national and state averages.

On February 18, 2008, the local refinery suffered a major explosion and resulting fire. Owners of the refinery, ALON USA, decided immediately to begin the process of rebuilding. This reconstruction brought over a thousand migratory workers to the area for a period of approximately eight months. Additionally, several hundred out-of-state workers were in the Big Spring area during 2008 undertaking construction of wind turbines for renewable energy production. Many of these workers will continue to live and work in the area during 2009, generating additional sales tax, motel tax and creating positive impacts on the overall economic wellbeing of Big Spring.

These indicators were taken into account when adopting the General Fund budget for 2009. The City will use its revenues to finance programs at consistent levels. Increases in personnel costs and debt service requirements will increase budgeted expenditures. The City added one major new program to the 2008 budget, which will continue to significantly impact the 2009 budget. A drug task force was established and funded by an increase in the property tax rate. It is anticipated that cash and assets seized during drug enforcement endeavors will reduce the tax rate in future years. The ad valorem tax rate that was set in 2009 for the task force was 7.9335¢ per \$100 valuation.

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

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CITY OF BIG SPRING

EXHIBIT A-1

**STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 7,725,442	\$ 4,148,566	\$ 11,874,008	\$ 4,780,062
Receivables (Net of Allowances for Uncollectibles)	807,257	1,532,649	2,339,906	122,933
Internal Balances	2,121,948	(2,121,948)		
Due from Other Governments	1,358,315	86,808	1,445,123	
Notes Receivable				363,846
Inventories	109,946	338,006	447,952	
Deferred Charges	13,145	956	14,101	7,700
Unamortized Bond Issue Costs	22,689	73,673	96,362	
Restricted Assets:				
Cash and Cash Equivalents	17,672,497	642,478	18,314,975	
Capital Assets (Net of Accumulated Depreciation):				
Land	72,835,990	5,595,149	78,431,139	112,430
Buildings and System	233,567	27,184,042	27,417,609	167,320
Improvements Other Than Buildings	1,757,895	1,465,115	3,223,010	
Machinery and Equipment	2,600,118	580,376	3,180,494	4,062
Infrastructure	175,853		175,853	
Construction in Progress	3,096,840	1,564,863	4,661,703	
Total Assets	\$ 110,531,502	\$ 41,090,733	\$ 151,622,235	\$ 5,558,353
 LIABILITIES:				
Accounts Payable	\$ 2,094,916	\$ 491,534	\$ 2,586,450	\$ 12,335
Claims and Judgments Payable	238,454		238,454	
Accrued Interest Payable	78,916	18,521	97,437	
Retainage Payable	77,510	60,114	137,624	
Accrued Wages	151,072	55,560	206,632	
Unearned Revenue	89,036		89,036	
Customer Deposits	11,425	228,407	239,832	
Unclaimed Property		85,845	85,845	
Current Portion of Long-Term Debt	1,434,542	755,494	2,190,036	
Noncurrent Liabilities				
Noncurrent Portion of Long-Term Debt	16,965,929	6,224,579	23,190,508	
Closure/Postclosure Landfill Obligation	1,736,958		1,736,958	
Accrued Compensated Absences	1,659,893	478,886	2,138,779	
Total Liabilities	\$ 24,538,651	\$ 8,398,940	\$ 32,937,591	\$ 12,335
 NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 74,072,942	\$ 29,650,749	\$ 103,723,691	\$ 283,812
Unrestricted	9,305,796	3,041,044	12,346,840	5,262,206
Temporarily Restricted For:				
Debt Service	225,862		225,862	
Closure/Postclosure Landfill Obligation	2,036,740		2,036,740	
Permanently Restricted - Cemetery Perpetual Care	351,511		351,511	
Total Net Assets	\$ 85,992,851	\$ 32,691,793	\$ 118,684,644	\$ 5,546,018

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING

EXHIBIT A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 1,793,992	\$ 318,536	\$	\$	\$ (1,475,456)	\$ (1,475,456)	\$
Public Safety	7,500,329		106,413		(7,393,916)	(7,393,916)	
Highways and Streets	1,851,028				(1,851,028)	(1,851,028)	
Sanitation	1,776,428	2,408,181			631,753	631,753	
Community Service	367,619	95,691	276,264		4,336	4,336	
Recreation and Parks	1,420,690	364,201	59,474	16,207	(980,808)	(980,808)	
Cemetery	149,141				(149,141)	(149,141)	
Economic Development	1,862,701				(1,862,701)	(1,862,701)	
Interest on Long-Term Debt	796,014				(796,014)	(796,014)	
Total Governmental Activities	\$ 17,517,942	\$ 3,186,609	\$ 442,151	\$ 16,207	\$ (13,872,975)	\$ 0	\$ (13,872,975)
Business-Type Activities:							
Water and Sewer	\$ 9,133,088	\$ 9,313,289	\$	\$	\$	\$ 180,201	\$ 180,201
Airport/Industrial Park	1,473,504	834,312				(639,192)	(639,192)
Emergency Medical Services	2,047,764	1,350,445				(697,319)	(697,319)
Total Business-Type Activities	\$ 12,654,356	\$ 11,498,046	\$ 0	\$ 0	\$ 0	\$ (1,156,310)	\$ (1,156,310)
Total Primary Government	\$ 30,172,298	\$ 14,684,655	\$ 442,151	\$ 16,207	\$ (13,872,975)	\$ (1,156,310)	\$ (15,029,285)
COMPONENT UNIT:							
Economic Development Corporation	\$ 1,254,786	\$ 11,824	\$ 0	\$ 0			\$ (1,242,962)
General Revenues:							
Property Taxes					\$ 5,068,566	\$ 5,068,566	\$
Sales Taxes					6,047,491	6,047,491	1,493,090
Gross Receipts Taxes					1,522,960	1,522,960	
Motel Occupancy Taxes					694,339	694,339	
Grants and Contributions Not Restricted to Specific Programs					1,053,729	1,036,216	2,089,945
Unrestricted Investment Earnings					844,532	106,972	951,504
Other					1,364,251	3,711	1,367,962
Transfers					(296,038)	296,038	
Total General Revenue and Transfers					\$ 16,299,830	\$ 1,442,937	\$ 17,742,767
Change in Net Assets					2,426,855	286,627	2,713,482
Net Assets - Beginning					83,565,996	\$ 32,405,166	115,971,162
Net Assets - Ending					\$ 85,992,851	\$ 32,691,793	\$ 118,684,644

The accompanying notes are an integral part of this statement.

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CITY OF BIG SPRING

EXHIBIT A-3

**BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	General Fund	Capital Projects 2007 G.O. Streets	Capital Projects 2007 G.O. Sports Complex	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS					
ASSETS:					
Cash and Cash Equivalents	\$ 1,095,887	\$	\$	\$ 4,724,767	\$ 5,820,654
Receivables (Net of Allowances for Uncollectibles)	645,409			161,848	807,257
Due from Other Funds	4,123,620			307,119	4,430,739
Intergovernmental Receivables	1,024,453			333,862	1,358,315
Prepaid Items	12,770			375	13,145
Advances to Other Funds				898,131	898,131
Restricted Assets:					
Cash and Cash Equivalents	2,036,740	9,771,820	5,401,184	462,753	17,672,497
Total Assets	\$ 8,938,879	\$ 9,771,820	\$ 5,401,184	\$ 6,888,855	\$ 31,000,738
 LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable	\$ 403,647	\$ 521,258	\$ 444,198	\$ 484,251	\$ 1,853,354
Retainage Payable			68,003	9,507	77,510
Accrued Wages	135,972			10,273	146,245
Due to Other Funds	503,506	865,000	1,255,000	559,822	3,183,328
Deferred Revenue	108,155			105,685	213,840
Customer Deposits				11,425	11,425
Advances from Other Funds	10,638			8,771	19,409
Total Liabilities	\$ 1,161,918	\$ 1,386,258	\$ 1,767,201	\$ 1,189,734	\$ 5,505,111
 FUND BALANCES:					
Reserved Fund Balances:					
Reserved for Debt Service	\$	\$	\$	\$ 225,862	\$ 225,862
Reserved for Prepaid Items	12,770				12,770
Reserved for Cemetery Care (Nonexpendable)				351,511	351,511
Reserved for Capital Projects		8,385,562	3,633,983	202,224	12,221,769
Unreserved	7,764,191				7,764,191
Unreserved, Reported in Nonmajor:					
Special Revenue Funds				3,137,862	3,137,862
Capital Project Funds				1,781,662	1,781,662
Total Fund Balances	\$ 7,776,961	\$ 8,385,562	\$ 3,633,983	\$ 5,699,121	\$ 25,495,627
Total Liabilities and Fund Balances	\$ 8,938,879	\$ 9,771,820	\$ 5,401,184	\$ 6,888,855	\$ 31,000,738

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

Total Fund Balances - Governmental Funds Balance Sheet	\$ 25,495,627
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	80,675,760
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	124,804
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,484,922
Payables for bond principal which are not due in the current period are not reported in the funds.	(14,810,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,711,580)
Payables for notes payable which are not due in the current period are not reported in the funds.	(1,861,886)
Payables for bond interest which are not due in the current period are not reported in the funds.	(78,916)
Bond issue costs are recorded as an asset in the SNA and amortized over the term of the bond issued in the statement of activities.	22,689
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,611,611)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(1,736,958)</u>
Net Assets of Governmental Activities - Statement of Net Assets	\$ <u>85,992,851</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>General Fund</u>	<u>Capital Projects 2007 G.O. Streets</u>	<u>Capital Projects 2007 G.O. Sports Complex</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenue:					
Taxes:					
General Property Taxes	\$ 3,282,333	\$	\$	\$ 1,774,225	\$ 5,056,558
General Sales Taxes	4,535,618			1,511,873	6,047,491
Gross Receipts Business Taxes	1,522,960				1,522,960
Motel Occupancy Taxes				694,339	694,339
License and Permits	311,572				311,572
Intergovernmental	1,043,558			468,530	1,512,088
Charges for Services	2,740,022			120,607	2,860,629
Fines	310,571			6,964	317,535
Recreation	364,201				364,201
Investment Earnings	161,297	307,856	170,158	205,221	844,532
Rents and Royalties	343,463			155,367	498,830
Miscellaneous	211,349			5,434	216,783
Contributions and Donations	34,412			33,449	67,861
Total Revenues	<u>\$ 14,861,356</u>	<u>\$ 307,856</u>	<u>\$ 170,158</u>	<u>\$ 4,976,009</u>	<u>\$ 20,315,379</u>
Expenditures:					
Current:					
General Government	\$ 1,917,182	\$	\$	\$ 26,319	\$ 1,943,501
Public Safety	7,254,338			710,033	7,964,371
Highways and Streets	1,874,295	659,311		59,474	2,593,080
Sanitation	1,986,031				1,986,031
Community Service				409,001	409,001
Recreation and Parks	1,063,601		1,731,866	20,259	2,815,726
Economic Development				1,931,752	1,931,752
Cemetery				166,209	166,209
Debt Service:					
Principal	671,526			391,241	1,062,767
Interest and Fiscal Charges	134,753			922,837	1,057,590
Fiscal Agent's Fees				1,250	1,250
Total Expenditures	<u>\$ 14,901,726</u>	<u>\$ 659,311</u>	<u>\$ 1,731,866</u>	<u>\$ 4,638,375</u>	<u>\$ 21,931,278</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (40,370)</u>	<u>\$ (351,455)</u>	<u>\$ (1,561,708)</u>	<u>\$ 337,634</u>	<u>\$ (1,615,899)</u>
Other Financing Sources (Uses):					
Transfers In	\$ 843,752	\$	\$	\$ 64,061	\$ 907,813
Transfers Out	(301,271)	(704,999)		(197,581)	(1,203,851)
Capital Leases	826,705			101,517	928,222
Total Other Financing Sources (Uses)	<u>\$ 1,369,186</u>	<u>\$ (704,999)</u>	<u>\$ 0</u>	<u>\$ (32,003)</u>	<u>\$ 632,184</u>
Net Change in Fund Balances	1,328,816	(1,056,454)	(1,561,708)	305,631	(983,715)
Fund Balances - Beginning	<u>6,448,145</u>	<u>9,442,016</u>	<u>5,195,691</u>	<u>5,393,490</u>	<u>26,479,342</u>
Fund Balances - Ending	<u>\$ 7,776,961</u>	<u>\$ 8,385,562</u>	<u>\$ 3,633,983</u>	<u>\$ 5,699,121</u>	<u>\$ 25,495,627</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING

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, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ (983,715)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital assets are not reported as expenses in the SOA.	3,986,263
The depreciation of capital assets used in governmental activities is not reported in the funds.	(992,083)
The loss on disposition of capital assets is not reported in the funds.	(86,552)
Proceeds of capital leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(928,222)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	12,008
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(45,665)
Bond issue costs are recorded as expenditures in governmental funds but amortized over the term of the bonds issued in the SOA.	(1,238)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	375,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	581,569
Repayment of notes payable principal is an expenditure in the funds but is not an expense in the SOA.	106,198
Decrease in accrued interest from beginning of period to end of period.	262,826
The net revenue of internal service funds is reported with governmental activities.	119,925
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>20,541</u>
Change in Net Assets of Governmental Activities - Statement of Activities	\$ <u><u>2,426,855</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING

EXHIBIT A-7

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2008

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services		
ASSETS:					
Current Assets					
Cash and Cash Equivalents	\$ 1,517,201	\$ 2,611,816	\$ 19,549	\$ 4,148,566	\$ 1,904,788
Receivables (Net of Allowances for Uncollectibles)	946,356	41,127	545,166	1,532,649	
Intergovernmental Receivables		86,808		86,808	
Due from Other Funds	50			50	102,690
Inventories	316,708		21,298	338,006	109,946
Prepaid Items	956			956	
Unamortized Bond Issue Costs	73,673			73,673	
Total Current Assets	<u>\$ 2,854,944</u>	<u>\$ 2,739,751</u>	<u>\$ 586,013</u>	<u>\$ 6,180,708</u>	<u>\$ 2,117,424</u>
Noncurrent Assets					
Restricted Cash and Cash Equivalents	\$ 642,478	\$	\$	\$ 642,478	\$
Capital Assets (Net of Accumulated Depreciation)					
Land	5,036	5,590,113		5,595,149	10,000
Buildings and System	15,108,112	12,075,930		27,184,042	
Improvements Other Than Buildings	44,467	1,420,648		1,465,115	
Machinery and Equipment	225,778	152,985	201,613	580,376	14,503
Construction in Progress	1,353,712	211,151		1,564,863	
Total Noncurrent Assets	<u>\$ 17,379,583</u>	<u>\$ 19,450,827</u>	<u>\$ 201,613</u>	<u>\$ 37,032,023</u>	<u>\$ 24,503</u>
Total Assets	<u>\$ 20,234,527</u>	<u>\$ 22,190,578</u>	<u>\$ 787,626</u>	<u>\$ 43,212,731</u>	<u>\$ 2,141,927</u>
LIABILITIES:					
Current Liabilities					
Accounts Payable	\$ 441,016	\$ 30,425	\$ 20,093	\$ 491,534	\$ 241,562
Claims and Judgments Payable					238,454
Accrued Wages	33,086	4,721	17,753	55,560	4,827
Retainage Payable	60,114			60,114	
Due to Other Funds	1,026,144	162,104	530,028	1,718,276	106,875
Customer Deposits	202,142	26,265		228,407	
Unclaimed Property	85,845			85,845	
Accrued Interest Payable	18,521			18,521	
Notes Payable - Current	184,541	3,806		188,347	1,010
Revenue Bonds Payable	460,000			460,000	
Capital Leases Payable	49,911	11,839	45,397	107,147	
Total Current Liabilities	<u>\$ 2,561,320</u>	<u>\$ 239,160</u>	<u>\$ 613,271</u>	<u>\$ 3,413,751</u>	<u>\$ 592,728</u>
Noncurrent Liabilities					
Revenue Bonds Payable	\$ 3,055,000	\$	\$	\$ 3,055,000	\$
Notes Payable	2,920,749	60,245		2,980,994	15,995
Capital Leases Payable	62,582	34,793	91,210	188,585	
Accrued Compensated Absences	240,675	59,397	178,814	478,886	48,282
Advances from Other Funds	403,722			403,722	
Total Noncurrent Liabilities	<u>\$ 6,682,728</u>	<u>\$ 154,435</u>	<u>\$ 270,024</u>	<u>\$ 7,107,187</u>	<u>\$ 64,277</u>
Total Liabilities	<u>\$ 9,244,048</u>	<u>\$ 393,595</u>	<u>\$ 883,295</u>	<u>\$ 10,520,938</u>	<u>\$ 657,005</u>
NET ASSETS:					
Investment in Capital Assets, Net of Related Debt	\$ 10,245,599	\$ 19,340,144	\$ 65,006	\$ 29,650,749	\$ 7,498
Unrestricted	<u>744,880</u>	<u>2,456,839</u>	<u>(160,675)</u>	<u>3,041,044</u>	<u>1,477,424</u>
Total Net Assets	<u>\$ 10,990,479</u>	<u>\$ 21,796,983</u>	<u>\$ (95,669)</u>	<u>\$ 32,691,793</u>	<u>\$ 1,484,922</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Enterprise Funds				
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:					
Water Sales	\$ 6,390,849	\$	\$	\$ 6,390,849	\$
Sewer Charges	2,667,143			2,667,143	
Emergency Medical Services			1,346,445	1,346,445	
Commercial Rentals and Fees		833,812		833,812	
Billings to Departments and Employees					3,474,838
Other Services	<u>255,297</u>			<u>255,297</u>	
Total Operating Revenues	<u>\$ 9,313,289</u>	<u>\$ 833,812</u>	<u>\$ 1,346,445</u>	<u>\$ 11,493,546</u>	<u>\$ 3,474,838</u>
OPERATING EXPENSES:					
Personnel Services	\$ 2,315,999	\$ 334,947	\$ 1,121,936	\$ 3,772,882	\$ 355,995
Supplies and Materials	3,407,836	48,055	134,730	3,590,621	1,280,684
Contractual Services	849,778	145,853	83,901	1,079,532	1,398,998
Maintenance	733,752	114,879	40,422	889,053	27,827
Depreciation	1,363,978	808,514	57,749	2,230,241	2,256
Other	126,734	17,158	595,723	739,615	332,916
Total Operating Expenses	<u>\$ 8,798,077</u>	<u>\$ 1,469,406</u>	<u>\$ 2,034,461</u>	<u>\$ 12,301,944</u>	<u>\$ 3,398,676</u>
Operating Income (Loss)	<u>\$ 515,212</u>	<u>\$ (635,594)</u>	<u>\$ (688,016)</u>	<u>\$ (808,398)</u>	<u>\$ 76,162</u>
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Revenue	\$	\$ 906,216	\$ 130,000	\$ 1,036,216	\$
Interest Revenue	57,490	49,482		106,972	44,516
Other		1,224	2,487	3,711	
Gain on Sale of Capital Assets		500	4,000	4,500	
Interest Expense and Paying Agent Fees	<u>(335,011)</u>	<u>(4,098)</u>	<u>(13,303)</u>	<u>(352,412)</u>	<u>(753)</u>
Total Non-Operating Revenues (Expenses)	<u>\$ (277,521)</u>	<u>\$ 953,324</u>	<u>\$ 123,184</u>	<u>\$ 798,987</u>	<u>\$ 43,763</u>
Income (Loss) Before Transfers	237,691	317,730	(564,832)	(9,411)	119,925
Transfers In (Out)	<u>\$ 224,822</u>	<u>\$ (100,103)</u>	<u>\$ 171,319</u>	<u>\$ 296,038</u>	<u>\$</u>
Change in Net Assets	\$ 462,513	\$ 217,627	\$ (393,513)	\$ 286,627	\$ 119,925
Total Net Assets - Beginning	<u>10,527,966</u>	<u>21,579,356</u>	<u>297,844</u>	<u>32,405,166</u>	<u>1,364,997</u>
Total Net Assets - Ending	<u>\$ 10,990,479</u>	<u>\$ 21,796,983</u>	<u>\$ (95,669)</u>	<u>\$ 32,691,793</u>	<u>\$ 1,484,922</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING

EXHIBIT A-9

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Enterprise Funds			Totals	Internal Service Funds
	Water and Sewer Fund	Airport/Industrial Park	Emergency Medical Services		
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 9,283,869	\$ 854,740	\$ 1,442,898	\$ 11,581,507	\$
Cash Receipts from Interfund Services Provided					\$ 3,476,824
Cash Payments to Employees for Services	(2,294,232)	(326,257)	(1,098,100)	(3,718,589)	(353,205)
Cash Payments to Other Suppliers for Goods and Services	(4,411,205)	(413,694)	(573,009)	(5,397,908)	(3,009,291)
Net Cash Provided by (Used in) Operating Activities	\$ 2,578,432	\$ 114,789	\$ (228,211)	\$ 2,465,010	\$ 114,328
Cash Flows from Non-Capital Financing Activities:					
Cash Received from Intergovernmental Grants	\$	\$ 827,497	\$ 130,000	\$ 957,497	\$
Advances to Other Funds	(89,455)			(89,455)	
Transfers from (to) Other Funds	224,822	(100,103)	171,319	296,038	
Net Cash Provided by Non-Capital Financing Activities	\$ 135,367	\$ 727,394	\$ 301,319	\$ 1,164,080	\$ 0
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Issuance of Long-Term Debt	\$ 19,265	\$ 35,293	\$ 53,642	\$ 108,200	\$
Principal and Interest Paid	(1,039,650)	(19,065)	(66,878)	(1,125,593)	(1,723)
Acquisition or Construction of Capital Assets	(1,559,076)	(124,104)	(57,642)	(1,740,822)	
Proceeds from Sale of Capital Assets		500	4,000	4,500	
Net Cash Used in Capital and Related Financing Activities	\$ (2,579,461)	\$ (107,376)	\$ (66,878)	\$ (2,753,715)	\$ (1,723)
Cash Flows from Investing Activities:					
Interest and Dividends on Investments	\$ 57,490	\$ 49,482	\$ 0	\$ 106,972	\$ 44,516
Net Cash Provided by Investing Activities	\$ 57,490	\$ 49,482	\$ 0	\$ 106,972	\$ 44,516
Increase in Cash and Cash Equivalents	\$ 191,828	\$ 784,289	\$ 6,230	\$ 982,347	\$ 157,121
Cash and Cash Equivalents - Beginning of Year	1,967,851	1,827,527	13,319	3,808,697	1,747,667
Cash and Cash Equivalents - End of Year	\$ 2,159,679	\$ 2,611,816	\$ 19,549	\$ 4,791,044	\$ 1,904,788
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ 515,212	\$ (635,594)	\$ (688,016)	\$ (808,398)	\$ 76,162
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	1,363,978	808,514	57,749	2,230,241	2,256
Other		1,224	2,487		
Change in Assets and Liabilities:					
Decrease (Increase) in Receivables	(35,843)	5,488	93,966	63,611	
Decrease (Increase) in Interfund Receivable		11,340		11,340	(2,040)
Decrease (Increase) in Inventories	(9,143)		264	(8,879)	10,997
Decrease (Increase) in Prepaid Expenses	9,994		262	10,256	
Increase (Decrease) in Accounts Payable	(50,165)	(24,836)	1,213	(73,788)	20,018
Increase (Decrease) in Interfund Payables	756,209	(62,913)	280,028	973,324	4,145
Increase in Customer Deposits	6,423	4,611		11,034	
Decrease in Deferred Revenue		(1,735)		(1,735)	
Increase in Accrued Expenses	21,767	8,690	23,836	54,293	2,790
Total Adjustments	\$ 2,063,220	\$ 750,383	\$ 459,805	\$ 3,269,697	\$ 38,166
Net Cash Provided by (Used in) Operating Activities	\$ 2,578,432	\$ 114,789	\$ (228,211)	\$ 2,461,299	\$ 114,328

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

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

1. Reporting City

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

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

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

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

The City reports the following major governmental funds:

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

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

Capital Projects Fund – 2007 G.O. Sports Complex: This fund accounts for financial resources and expenditures applied to the construction of a sports complex.

The City reports the following major enterprise funds:

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

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

In addition, the City reports the following fund types:

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 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.

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

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

c. Inventories and Prepaid Items

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

d. Capital Assets

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

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

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

e. Receivable Balances

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

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Water and Sewer</u>	<u>Airport/ Industrial Park</u>	<u>Emergency Medical Services</u>	<u>Total</u>
Receivables:						
Sanitation	\$ 378,751	\$	\$	\$	\$	\$ 378,751
Taxes	368,772	64,796				433,568
Municipal Court	1,326,421	30,395				1,356,816
Accounts	172,270	111,095	1,065,437	57,473	1,463,256	2,869,531
Gross Receivables	\$ 2,246,214	\$ 206,286	\$ 1,065,437	\$ 57,473	\$ 1,463,256	\$ 5,038,666
Less: Allowance for Uncollectibles	<u>(1,600,805)</u>	<u>(44,438)</u>	<u>(119,081)</u>	<u>(16,346)</u>	<u>(918,090)</u>	<u>(2,698,760)</u>
Net Total Receivables	<u>\$ 645,409</u>	<u>\$ 161,848</u>	<u>\$ 946,356</u>	<u>\$ 41,127</u>	<u>\$ 545,166</u>	<u>\$ 2,339,906</u>

Intergovernmental receivables are classified separately in the accompanying financial statements.

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

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. Use of Estimates

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

B. Compliance and Accountability

Deficit Fund Balance or Fund Net Assets of Individual Funds

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Special Revenue		
Cemetery	\$ 161,347	This fund incurred additional capital costs in the prior year that will be recaptured.
Golf Course Improvement	\$ 87,981	This fund incurred additional capital costs in the prior year that will be recaptured.
Employees College Education	\$ 12,799	This fund incurred additional capital costs in the prior year 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, 2008, the carrying amount of the City's deposits was \$4,900,986 with \$1,685,198 in escrow for financing, \$27,000 in TML for loss deposit, and \$8,525 for cash on hand. The City's cash deposits at year end were \$3,180,263 with a bank balance of \$3,380,560. The City's cash deposits at September 30, 2008, 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 ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

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

The City's investments at September 30, 2008 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Fair Value</u>	<u>Percentage</u>
Tex-Pool Investment Pool	30 Days Average	AAAm	\$ 8,916,530	100%
TexStar	17 Days Average	AAAm	16,371,467	100%

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Investment Accounting Policy

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

Public Funds Investment Pools

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

D. Capital Assets

Capital asset activity for the year ended September 30, 2008, were as follows:

	Beginning Balances	Increases	Transfers In	Decreases	Ending Balances
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 72,772,685	\$ 73,305	\$	\$ 10,000	\$ 72,835,990
Construction in Progress	1,953,068	1,143,772			3,096,840
Total Capital Assets Not Being Depreciated	<u>\$ 74,725,753</u>	<u>\$ 1,217,077</u>	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 75,932,830</u>
Capital Assets Being Depreciated					
Infrastructure	\$ 5,711,462	\$	\$	\$	\$ 5,711,462
Buildings and Systems	26,903,178			26,466	26,876,712
Improvements Other Than Buildings	1,591,750	1,608,042			3,199,792
Machinery and Equipment	8,583,674	1,161,145	110,727	326,428	9,529,118
Total Capital Assets Being Depreciated	<u>\$ 42,790,064</u>	<u>\$ 2,769,187</u>	<u>\$ 110,727</u>	<u>\$ 352,894</u>	<u>\$ 45,317,084</u>
Less Accumulated Depreciation for:					
Infrastructure	\$ 5,510,227	\$ 25,382	\$	\$	\$ 5,535,609
Buildings and Systems	26,639,348	30,263		26,466	26,643,145
Improvements Other Than Buildings	1,034,851	407,046			1,441,897
Machinery and Equipment	6,536,499	531,649	110,727	249,875	6,929,000
Total Accumulated Depreciation	<u>\$ 39,720,925</u>	<u>\$ 994,340</u>	<u>\$ 110,727</u>	<u>\$ 276,341</u>	<u>\$ 40,549,651</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 3,069,139</u>	<u>\$ 1,774,847</u>	<u>\$ 0</u>	<u>\$ 76,553</u>	<u>\$ 4,767,433</u>
Governmental Activities Capital Assets, Net	<u>\$ 77,794,892</u>	<u>\$ 2,991,924</u>	<u>\$ 0</u>	<u>\$ 86,553</u>	<u>\$ 80,700,263</u>
	Beginning Balances	Increases	Transfers In	Transfers/ Decreases	Ending Balances
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 5,595,149	\$	\$	\$	\$ 5,595,149
Construction in Progress	3,592,344	(2,027,481)			1,564,863
Total Capital Assets Not Being Depreciated	<u>\$ 9,187,493</u>	<u>\$ (2,027,481)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,160,012</u>
Capital Assets Being Depreciated					
Buildings and Systems	\$ 64,087,845	\$ 3,639,745	\$	\$	\$ 67,727,590
Improvements Other Than Buildings	24,348,395	17,890			24,366,285
Machinery and Equipment	2,709,661	110,668	26,444	168,311	2,678,462
Total Capital Assets Being Depreciated	<u>\$ 91,145,901</u>	<u>\$ 3,768,303</u>	<u>\$ 26,444</u>	<u>\$ 168,311</u>	<u>\$ 94,772,337</u>
Less Accumulated Depreciation for:					
Buildings and Systems	\$ 38,641,231	\$ 1,902,317	\$	\$	\$ 40,543,548
Improvements Other Than Buildings	22,721,461	179,709			22,901,170
Machinery and Equipment	2,091,738	148,215	26,444	168,311	2,098,086
Total Accumulated Depreciation	<u>\$ 63,454,430</u>	<u>\$ 2,230,241</u>	<u>\$ 26,444</u>	<u>\$ 168,311</u>	<u>\$ 65,542,804</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 27,691,471</u>	<u>\$ 1,538,062</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,229,533</u>
Business-Type Activities Capital Assets, Net	<u>\$ 36,878,964</u>	<u>\$ (489,419)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,389,545</u>
Depreciation Expense		<u>\$ 2,230,241</u>			

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to governmental activities as follows:

General Government	\$ 51,695
Public Safety	168,251
Highways and Streets	137,498
Sanitation	178,309
Community Service	2,780
Recreation and Parks	415,209
Cemetery	8,100
Economic Development	<u>30,242</u>
	\$ 992,084
Depreciation Charged to Internal Service Funds	<u>2,256</u>
Total Depreciation Charged to Governmental Activities	<u><u>\$ 994,340</u></u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2008, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 3,096,836	Short-Term Loans
General Fund	Proprietary Funds	1,017,000	Short-Term Loans
Correctional Center	General Fund	475,000	Short-Term Loans
Cemetery	Permanent Fund	49,912	Short-Term Loans
Capital Projects	Other Governmental Funds	57,596	Short-Term Loans
Capital Projects	Proprietary Funds	199,610	Short-Term Loans
Internal Service Funds	Other Governmental Funds	2,662	Short-Term Loans
Water and Sewer Fund	Internal Service Funds	50	Short-Term Loans
General Fund	Internal Service Funds	<u>9,784</u>	Short-Term Loans
		<u><u>\$ 4,908,450</u></u>	

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

<u>Advances To Fund</u>	<u>Advances From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Projects	\$ 10,638	Loans
Motel Tax Fund	Capital Projects	8,771	Loans
Water and Sewer Fund	Capital Projects	<u>403,722</u>	Loans
		<u><u>\$ 423,131</u></u>	

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2008, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 140,177	Supplement Other Funds Sources
Motel Tax Fund	General Fund	87,885	Administrative Fees
Proprietary Funds	General Fund	658,961	Administrative Fees
Permanent Fund	Cemetery Fund	12,790	Supplement Other Funds Sources
General Fund	Proprietary Funds	250,000	Supplement Other Funds Sources
Capital Projects	Proprietary Funds	704,999	Supplement Other Funds Sources
		<u>\$ 1,854,812</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, 2008, 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	\$ 14,725,000	\$	\$ 370,000	\$ 14,355,000	\$ 720,000
Certificate of Obligation Bonds	460,000		5,000	455,000	15,000
Capital Leases	1,364,927	928,222	581,569	1,711,580	587,883
Economic Conservation	1,986,059		107,168	1,878,891	111,659
Compensated Absences	1,677,906	100,396	118,409	1,659,893	
Closure/Postclosure Landfill	1,691,293	45,665		1,736,958	
Total Governmental Activities	<u>\$ 21,905,185</u>	<u>\$ 1,074,283</u>	<u>\$ 1,182,146</u>	<u>\$ 21,797,322</u>	<u>\$ 1,434,542</u>
Business-Type Activities:					
General Obligation Bonds	\$ 3,305,000	\$	\$ 420,000	\$ 2,885,000	\$ 435,000
Certificate of Obligation Bonds	640,000		10,000	630,000	25,000
Capital Leases	333,377	108,199	145,844	295,732	107,147
Compensated Absences	429,843	68,569	19,526	478,886	
Economic Conservation	3,350,114		180,773	3,169,341	188,347
Total Business-Type Activities	<u>\$ 8,058,334</u>	<u>\$ 176,768</u>	<u>\$ 776,143</u>	<u>\$ 7,458,959</u>	<u>\$ 755,494</u>

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. Debt Service Requirements

Debt service requirements on general obligation bonds and certificates of obligation bonds at September 30, 2008, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2009	\$ 735,000	\$ 633,469	\$ 1,368,469
2010	535,000	608,069	1,143,069
2011	560,000	586,169	1,146,169
2012	580,000	563,369	1,143,369
2013	605,000	539,669	1,144,669
2014-2018	3,405,000	2,308,545	5,713,545
2019-2023	4,220,000	1,507,213	5,727,213
2024-2027	4,170,000	401,716	4,571,716
Totals	\$ 14,810,000	\$ 7,148,219	\$ 21,958,219

	Date of Issue	Original Issue	Interest Rates	Maturity Date	Outstanding
2002 Refunding Series	6/1/2002	\$ 1,600,000	3.0% - 4.5%	2/15/2009	\$ 220,000
2007 G.O. Bonds	2/1/2007	14,285,000	4.0% - 5.0%	2/15/2027	14,135,000
2007 C.O. Bonds	2/1/2007	460,000	4.0% - 4.375%	2/15/2027	455,000
		<u>\$ 16,345,000</u>			<u>\$ 14,810,000</u>

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2009	\$ 460,000	\$ 137,756	\$ 597,756
2010	475,000	119,056	594,056
2011	495,000	99,421	594,421
2012	515,000	78,619	593,619
2013	535,000	56,359	591,359
2014-2018	675,000	103,598	778,598
2019-2023	185,000	58,281	243,281
2024-2027	175,000	15,614	190,614
Totals	\$ 3,515,000	\$ 668,704	\$ 4,183,704

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>
2002 Refunding Series	6/1/2002	\$ 5,190,000	3.0% - 4.5%	2/15/2014	\$ 2,885,000
2007 C.O. Bonds	2/1/2007	640,000	4.0% - 4.375%	2/15/2027	630,000
		<u>\$ 5,830,000</u>			<u>\$ 3,515,000</u>

Economic Conservation debt requirements at September 30, 2008, are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 111,659	\$ 78,726	\$ 190,385
2010	116,337	74,047	190,384
2011	121,212	69,173	190,385
2012	126,290	64,094	190,384
2013	131,582	58,802	190,384
2014-2018	745,377	206,545	951,922
2019-2021	<u>526,434</u>	<u>44,716</u>	<u>571,150</u>
Totals	<u>\$ 1,878,891</u>	<u>\$ 596,103</u>	<u>\$ 2,474,994</u>

Year Ending September 30,	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 188,347	\$ 132,795	\$ 321,142
2010	196,239	124,904	321,143
2011	204,461	116,681	321,142
2012	213,029	108,114	321,143
2013	221,954	99,188	321,142
2014-2018	1,257,312	348,401	1,605,713
2019-2021	<u>887,999</u>	<u>75,433</u>	<u>963,432</u>
Totals	<u>\$ 3,169,341</u>	<u>\$ 1,005,516</u>	<u>\$ 4,174,857</u>

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. During July 17, 2002, all of the refunded bonds were called and paid in full. Therefore, none of the refunded bonds are outstanding.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. Capital Leases

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and Equipment	\$ 5,194,998	\$ 1,578,885
Less: Accumulated Depreciation	<u>(2,987,925)</u>	<u>(1,224,898)</u>
Totals	<u>\$ 2,207,073</u>	<u>\$ 353,987</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2008, as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2009	\$ 587,883	\$ 46,118	\$ 634,001
2010	464,700	28,630	493,330
2011	362,546	14,913	377,459
2012	230,532	5,118	235,650
2013	<u>65,919</u>	<u>392</u>	<u>66,311</u>
Total Minimum Rentals	<u>\$ 1,711,580</u>	<u>\$ 95,171</u>	<u>\$ 1,806,751</u>

The effective interest rate on capital leases is 2.720% to 3.797%.

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2009	\$ 107,147	\$ 8,156	\$ 115,303
2010	77,199	5,082	82,281
2011	69,136	2,624	71,760
2012	34,566	646	35,212
2013	<u>7,684</u>	<u>46</u>	<u>7,730</u>
Total Minimum Rentals	<u>\$ 295,732</u>	<u>\$ 16,554</u>	<u>\$ 312,286</u>

The effective interest rate on capital leases is 2.720% to 3.797%.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

5. Continuing Disclosure

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

G Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2008, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

H. Pension Plan

1. Plan Description

The City's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides retirement, disability and death benefits to Plan members and beneficiaries through its affiliation with Texas Municipal Retirement System ("TMRS"), an agent multiple-employer public employee retirement system. TMRS operates under the authority of Texas Government Code, Title 8, Subtitle G. The Texas Legislature has the authority to establish or amend benefit provisions and the governing body of the City adopts the plan provisions within the options and constraints established by the legislature. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, TX 78714-9153 or calling (800) 924-8677. Additional nonauthoritative information is available at the TMRS web site, <http://www.tmr.org>.

2. Funding Policy

Plan members are required to contribute seven percent of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 11.93% of annual covered payroll. The City's contributions to the TMRS for the years ending September 30, 2008, 2007, and 2006, were \$872,238, \$706,760, and \$687,977, respectively, and were equal to the required contributions for each year.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. Annual Pension Cost

The City's annual pension cost of \$872,238 for the Plan was equal to the City's required and actual contributions. Under the state law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the Plan's 30-year amortization period. When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 30-year period. Currently, the unfunded actuarial liability is being amortized over the 30-year period which began January 1997. The projected unit credit actuarial cost method is used for determining the City's contribution rate. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007, valuation is effective for rates beginning January 2009).

Since the TMRS does not value the assets of individual cities, the actuarial assumptions used to set the required contribution rate of the City are based on TMRS as a whole. For the December 31, 2007, valuation date, a seven percent investment rate of return was assumed. No assumptions were made for projected salary increases, inflation or cost of living adjustments.

4. Trend Information for the Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2006	\$ 687,977	100%	\$ 0
September 30, 2007	706,760	100%	0
September 30, 2008	872,238	100%	0

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

5. Firemen's Relief and Retirement Fund

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

The City's total payroll for firemen (all covered under the plan) for the year ended September 30, 2008, was \$2,811,932. Both the City and the firemen made the required contribution of \$337,418 and \$337,418 representing 12.0% and 12.0% of covered payroll, respectively.

I. Self-Insurance

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

	Liability Balance at 10-01	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at 9-30	Total Internal Service Funds
Year Ending 09-30-07					
Health Insurance Claims	\$ 30,130	\$ 965,659	\$ 935,867	\$ 59,922	
Workers' Compensation Claims	241,078	105,958	126,789	220,247	\$ 280,169
Year Ending 09-30-08					
Health Insurance Claims	\$ 59,922	\$ 1,335,474	\$ 1,258,255	\$ 137,141	
Workers' Compensation Claims	220,247	(4,033)	114,901	101,313	\$ 238,454

Health Insurance

Effective October 1, 2001, the City changed from a fully-insured to a self-insured health insurance plan. The City's health insurance plan is administered by a third-party administrator, Employee Benefits Administrators (EBA). EBA reviews and processes all health insurance claims. The City has acquired stop-loss coverage, which limits the City's possible liability exposure to \$50,000 per claim. The City informally budgets for current claims based on actuarial and historical data. The City incurred \$1,513,649 in health insurance expense and administrative and other charges for the year ended September 30, 2008. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$137,141 at September 30, 2008.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 \$192,423 in workers' compensation expense and administrative and other charges for the year ended September 30, 2008. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$101,313 at September 30, 2008.

J. Commitments and Contingencies

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the 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.

K. Correctional Center Contracted Management

In 2007, operation of the City's four prison facilities changed. Prior to April 1, 2007, the City operated these prisons under an intergovernmental agreement (IGA) with the Federal Bureau of Prisons (FBOP). The City received funds to house federal prisoners from the FBOP and then contracted with Cornell Corrections, Inc. to manage the facilities. The majority of the funding was transferred to Cornell, with the City retaining 70¢ per inmate per day. Effective April 1, 2007, the FBOP terminated the IGA and contracted directly with Cornell to manage the facilities, which are under long-term leases to Cornell. Funding will now be paid by the FBOP to Cornell and will not pass through the City's Correctional Center Fund.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

L. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its Big Spring Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,736,958 reported as landfill closure and postclosure care liability at September 30, 2008, represents the cumulative amount reported to date based on the use of 59.14% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$1,199,978 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The City expects to close the landfill in the year 2034. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The City has not placed funds in a trust to cover these costs. However, at September 30, 2008 the City has designated an investment in the amount of \$1,833,216 for this purpose.

REQUIRED SUPPLEMENTARY INFORMATION

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

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Schedule of Funding Information

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
12/31/2005	14,131,463	17,679,341	3,547,878	79.93%	6,451,651	54.99%
12/31/2006	15,568,212	19,629,226	4,061,014	79.31%	6,155,912	65.97%
12/31/2007	16,822,225	24,459,774	7,637,549	68.78%	6,507,349	117.37%

CITY OF BIG SPRING

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes	\$ 3,169,580	\$ 3,219,000	\$ 3,282,333	\$ 63,333
General Sales Taxes	4,023,000	4,475,675	4,535,618	59,943
Gross Receipts Business Taxes	1,385,000	1,360,000	1,522,960	162,960
License and Permits	190,475	265,025	311,572	46,547
Intergovernmental	739,992	1,046,148	1,043,558	(2,590)
Charges for Services	2,500,250	2,604,800	2,740,022	135,222
Fines	225,400	298,900	310,571	11,671
Recreation	156,575	352,200	364,201	12,001
Investment Earnings	247,000	160,000	161,297	1,297
Rents and Royalties	307,380	321,660	343,463	21,803
Miscellaneous	336,928	214,928	211,349	(3,579)
Contributions and Donations	15,000	30,000	34,412	4,412
Total Revenues	<u>\$ 13,296,580</u>	<u>\$ 14,348,336</u>	<u>\$ 14,861,356</u>	<u>\$ 513,020</u>
Expenditures:				
Current:				
General Government				
Non-Departmental	\$ 213,283	\$ 220,756	\$ 468,644	\$ (247,888)
City Council	123,705	204,783	205,586	(803)
Finance	413,278	387,029	418,794	(31,765)
City Manager	222,859	223,225	230,334	(7,109)
Information Technology	160,463	152,106	137,440	14,666
Legal	139,425	138,121	146,161	(8,040)
Human Resources	270,642	292,683	310,224	(17,541)
Public Safety				
Police	3,758,178	3,860,732	3,901,263	(40,531)
Fire	2,714,811	2,710,574	2,863,681	(153,107)
Municipal Court	227,683	220,266	231,893	(11,627)
Fire Marshal	93,934	96,730	106,722	(9,992)
Animal Control	148,635	152,613	150,779	1,834
Highways and Streets				
Code Enforcement	323,202	308,113	317,609	(9,496)
Offender Program	37,030	23,314	20,576	2,738
Streets	1,813,869	1,639,826	1,536,111	103,715
Sanitation				
Sanitation	969,410	942,624	934,982	7,642
Landfill	699,606	837,126	859,373	(22,247)
Compost Facility	136,555	118,110	191,676	(73,566)
Recreation and Parks				
Parks	368,987	355,604	346,336	9,268
Swimming Pool	67,333	72,587	68,899	3,688
Golf Course	863,162	536,565	472,649	63,916
Lake	87,835	82,743	76,127	6,616
City Hall	108,019	113,816	99,588	14,228
Debt Service:				
Principal	671,526	671,526	671,526	0
Interest and Fiscal Charges	204,315	215,304	134,753	80,551
Total Expenditures	<u>\$ 14,837,745</u>	<u>\$ 14,576,876</u>	<u>\$ 14,901,726</u>	<u>\$ (324,850)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,541,165)</u>	<u>\$ (228,540)</u>	<u>\$ (40,370)</u>	<u>\$ 188,170</u>
Other Financing Sources (Uses):				
Transfers In	\$ 1,500,670	\$ 1,061,790	\$ 843,752	\$ (218,038)
Transfers Out	(294,000)	(192,000)	(301,271)	(109,271)
Capital Leases	877,250	1,339,020	826,705	(512,315)
Total Other Financing Sources	<u>\$ 2,083,920</u>	<u>\$ 2,208,810</u>	<u>\$ 1,369,186</u>	<u>\$ (839,624)</u>
Net Change in Fund Balances	542,755	1,980,270	1,328,816	(651,454)
Fund Balances - Beginning	6,448,145	6,448,145	6,448,145	
Fund Balances - Ending	<u>\$ 6,990,900</u>	<u>\$ 8,428,415</u>	<u>\$ 7,776,961</u>	<u>\$ (651,454)</u>

CITY OF BIG SPRING

EXHIBIT B-2

CAPITAL PROJECTS - 2007 G.O. STREETS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenue:				
Investment Earnings	\$ 400,000	\$ 310,000	\$ 307,856	\$ (2,144)
Total Revenues	<u>\$ 400,000</u>	<u>\$ 310,000</u>	<u>\$ 307,856</u>	<u>\$ (2,144)</u>
Expenditures:				
Highways and Streets				
Street Construction	\$ 4,000,000	\$ 2,100,000	\$ 659,311	\$ 1,440,689
Paved Streets		<u>1,500,000</u>		<u>1,500,000</u>
Total Expenditures	<u>\$ 4,000,000</u>	<u>\$ 3,600,000</u>	<u>\$ 659,311</u>	<u>\$ 1,440,689</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (3,600,000)</u>	<u>\$ (3,290,000)</u>	<u>\$ (351,455)</u>	<u>\$ 1,438,545</u>
Other Financing Sources (Uses):				
Transfers Out	\$	\$	\$ (704,999)	\$ 704,999
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (704,999)</u>	<u>\$ 704,999</u>
Net Change in Fund Balances	(3,600,000)	(3,290,000)	(1,056,454)	2,233,546
Fund Balances - Beginning	<u>9,442,016</u>	<u>9,442,016</u>	<u>9,442,016</u>	
Fund Balances - Ending	<u>\$ 5,842,016</u>	<u>\$ 6,152,016</u>	<u>\$ 8,385,562</u>	<u>\$ 2,233,546</u>

CITY OF BIG SPRING

EXHIBIT B-3

CAPITAL PROJECTS - 2007 G.O. SPORTS COMPLEX
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenue:				
Investment Earnings	\$ <u>250,000</u>	\$ <u>160,000</u>	\$ <u>170,158</u>	\$ <u>10,158</u>
Total Revenues	\$ <u>250,000</u>	\$ <u>160,000</u>	\$ <u>170,158</u>	\$ <u>10,158</u>
Expenditures:				
Recreation and Parks				
Sports Complex	\$ <u>1,900,000</u>	\$ <u>800,000</u>	\$ <u>1,731,866</u>	\$ <u>(931,866)</u>
Total Expenditures	\$ <u>1,900,000</u>	\$ <u>800,000</u>	\$ <u>1,731,866</u>	\$ <u>(931,866)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>(1,650,000)</u>	\$ <u>(640,000)</u>	\$ <u>(1,561,708)</u>	\$ <u>(921,708)</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Change in Fund Balances	(1,650,000)	(640,000)	(1,561,708)	(921,708)
Fund Balances - Beginning	<u>5,195,691</u>	<u>5,195,691</u>	<u>5,195,691</u>	
Fund Balances - Ending	\$ <u><u>3,545,691</u></u>	\$ <u><u>4,555,691</u></u>	\$ <u><u>3,633,983</u></u>	\$ <u><u>(921,708)</u></u>

**CITY OF BIG SPRING, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2008**

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, R.S.V.P., and Golf Course Improvement funds.

**COMBINING STATEMENTS AND BUDGET COMPARISONS
AS SUPPLEMENTARY INFORMATION**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

	Special Revenue Funds	Debt Service Fund 2002 Refunding Series	Debt Service Fund 2008 G.O. Bonds	Debt Service Fund 2008 C.O. Bonds	Capital Projects Fund Capital Replacement	Capital Projects Fund 2008 C.O. Animal Shelter	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS								
Assets:								
Cash and Cash Equivalents	\$ 2,996,158	\$ 108,610	\$ 113,114	\$ 4,138	\$ 1,101,324		\$ 401,423	\$ 4,724,767
Receivables (Net of Allowance for Uncollectibles)	122,229	39,619						161,848
Due from Other Funds	49,912				257,207			307,119
Intergovernmental Receivables	333,862							333,862
Prepaid Items	375							375
Advances to Other Funds	475,000				423,131			898,131
Restricted Assets:								
Cash and Cash Equivalents						462,753		462,753
Total Assets	\$ 3,977,536	\$ 148,229	\$ 113,114	\$ 4,138	\$ 1,781,662	\$ 462,753	\$ 401,423	\$ 6,888,855
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts Payable	\$ 380,229					\$ 104,022		\$ 484,251
Retainage Payable						9,507		9,507
Accrued Wages	10,273							10,273
Due to Other Funds	362,910					147,000	49,912	559,822
Deferred Revenue	66,066	39,619						105,685
Customer Deposits	11,425							11,425
Advances from Other Funds	8,771							8,771
Total Liabilities	\$ 839,674	\$ 39,619	\$ 0	\$ 0	\$ 0	\$ 260,529	\$ 49,912	\$ 1,189,734
Fund Balances:								
Reserved Fund Balances:								
Reserved for Debt Service		\$ 108,610	\$ 113,114	\$ 4,138				\$ 225,862
Reserved for Cemetery Care (Nonexpendable)							351,511	351,511
Reserved for Capital Projects						202,224		202,224
Unreserved, Reported in Nonmajor:								
Special Revenue Funds	3,137,862							3,137,862
Capital Project Funds					1,781,662			1,781,662
Total Fund Balances	\$ 3,137,862	\$ 108,610	\$ 113,114	\$ 4,138	\$ 1,781,662	\$ 202,224	\$ 351,511	\$ 5,699,121
Total Liabilities and Fund Balances	\$ 3,977,536	\$ 148,229	\$ 113,114	\$ 4,138	\$ 1,781,662	\$ 462,753	\$ 401,423	\$ 6,888,855

CITY OF BIG SPRING

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds	Debt Service Fund 2002 Refunding Series	Debt Service Fund 2007 G.O. Bonds	Debt Service Fund 2007 C.O. Bonds	Capital Projects Fund Capital Replacement	Capital Projects Fund 2007 C.O. Animal Shelter	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:								
Taxes								
General Property Taxes	\$ 344,082	\$ 260,263	\$ 1,134,110	\$ 35,770	\$	\$	\$	\$ 1,774,225
General Sales Taxes	1,511,873							1,511,873
Motel Occupancy Taxes	694,339							694,339
Intergovernmental	468,530							468,530
Charges for Services	120,607							120,607
Fines	6,964							6,964
Investment Earnings	112,726	3,063	2,853	134	59,106	14,549	12,790	205,221
Rents and Royalties	149,837				5,530			155,367
Miscellaneous						5,434		5,434
Contributions and Donations	33,449							33,449
Total Revenue	<u>\$ 3,442,407</u>	<u>\$ 263,326</u>	<u>\$ 1,136,963</u>	<u>\$ 35,904</u>	<u>\$ 64,636</u>	<u>\$ 19,983</u>	<u>\$ 12,790</u>	<u>\$ 4,976,009</u>
Expenditures:								
Current								
General Government	\$ 26,319	\$	\$	\$	\$	\$	\$	\$ 26,319
Public Safety	464,608					245,425		710,033
Highways and Streets	59,474							59,474
Community Service	409,001							409,001
Recreation and Parks	20,259							20,259
Economic Development	1,931,752							1,931,752
Cemetery	166,209							166,209
Debt Service								
Principal	16,241	220,000	150,000	5,000				391,241
Interest and Fiscal Charges	7,175	13,200	875,779	26,683				922,837
Fiscal Agent's Fees		500	500	250				1,250
Total Expenditures	<u>\$ 3,101,038</u>	<u>\$ 233,700</u>	<u>\$ 1,026,279</u>	<u>\$ 31,933</u>	<u>\$ 0</u>	<u>\$ 245,425</u>	<u>\$ 0</u>	<u>\$ 4,638,375</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 341,369</u>	<u>\$ 29,626</u>	<u>\$ 110,684</u>	<u>\$ 3,971</u>	<u>\$ 64,636</u>	<u>\$ (225,442)</u>	<u>\$ 12,790</u>	<u>\$ 337,634</u>
Other Financing Sources (Uses):								
Transfers In	\$ 64,061	\$	\$	\$	\$	\$	\$	\$ 64,061
Transfers Out	(184,791)						(12,790)	(197,581)
Capital Leases	101,517							101,517
Total Other Financing Sources (Uses)	<u>\$ (19,213)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (12,790)</u>	<u>\$ (32,003)</u>
Net Change in Fund Balances	\$ 322,156	\$ 29,626	\$ 110,684	\$ 3,971	\$ 64,636	\$ (225,442)	\$ 0	\$ 305,631
Fund Balances - Beginning	2,815,706	78,984	2,430	167	1,717,026	427,666	351,511	5,393,490
Fund Balances - Ending	<u>\$ 3,137,862</u>	<u>\$ 108,610</u>	<u>\$ 113,114</u>	<u>\$ 4,138</u>	<u>\$ 1,781,662</u>	<u>\$ 202,224</u>	<u>\$ 351,511</u>	<u>\$ 5,699,121</u>

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2008**

ASSETS	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development	Employee's College Education	Municipal Court Security	Correctional Center	Golf Course Improvement	R.S.V.P.	Narcotics Task Force	Cemetery	Senior Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Assets:												
Cash and Cash Equivalents	\$ 708,591	\$ 18,674	\$	\$ 2,201	\$ 3,305	\$ 2,092,713	\$ 4,019	\$ 18,904	\$ 125,054	\$ 2,225	\$ 20,472	\$ 2,996,158
Receivables (Net of Allowance for Uncollectibles)	76,464				1,512				9,913	34,340		122,229
Due from Other Funds										49,912		49,912
Intergovernmental Receivables		6,479	272,927					19,515			34,941	333,862
Prepaid Items								375				375
Advances to Other Funds						475,000						475,000
Total Assets	\$ 785,055	\$ 25,153	\$ 272,927	\$ 2,201	\$ 4,817	\$ 2,567,713	\$ 4,019	\$ 38,794	\$ 134,967	\$ 86,477	\$ 55,413	\$ 3,977,536
LIABILITIES AND FUND BALANCES:												
Liabilities:												
Accounts Payable	\$ 41,725	\$ 7,886	\$ 272,927	\$	\$ 575	\$	\$	\$ 24,867	\$ 5,388	\$ 4,697	\$ 22,164	\$ 380,229
Accrued Wages	882							837	5,240	921	2,393	10,273
Due to Other Funds	34,011			15,000		18,836	92,000		17	203,029	17	362,910
Deferred Revenue		17,267						9,622	39,177			66,066
Customer Deposits	11,425											11,425
Advances from Other Funds	8,771											8,771
Total Liabilities	\$ 96,814	\$ 25,153	\$ 272,927	\$ 15,000	\$ 575	\$ 18,836	\$ 92,000	\$ 25,704	\$ 20,267	\$ 247,824	\$ 24,574	\$ 839,674
Fund Balances:												
Unreserved, Reported in Nonmajor:												
Special Revenue Funds	\$ 688,241	\$	\$	\$ (12,799)	\$ 4,242	\$ 2,548,877	\$ (87,981)	\$ 13,090	\$ 114,700	\$ (161,347)	\$ 30,839	\$ 3,137,862
Total Fund Balances	\$ 688,241	\$ 0	\$ 0	\$ (12,799)	\$ 4,242	\$ 2,548,877	\$ (87,981)	\$ 13,090	\$ 114,700	\$ (161,347)	\$ 30,839	\$ 3,137,862
Total Liabilities and Fund Balances	\$ 785,055	\$ 25,153	\$ 272,927	\$ 2,201	\$ 4,817	\$ 2,567,713	\$ 4,019	\$ 38,794	\$ 134,967	\$ 86,477	\$ 55,413	\$ 3,977,536

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development	Employee's College Education	Municipal Court Security	Correctional Center	Golf Course Improvement	R.S.V.P.	Narcotics Task Force	Cemetery	Senior Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Revenue:												
Taxes												
General Property Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$ 344,082	\$	\$	\$ 344,082
General Sales Taxes			1,511,873									1,511,873
Motel Occupancy Taxes	694,339											694,339
Intergovernmental		96,925						60,361	95,341		215,903	468,530
Charges for Services				25,231							95,376	120,607
Fines					6,964							6,964
Investment Earnings	14,455			(339)	178	99,450		428	2,385	(3,709)	(122)	112,726
Rents and Royalties	43,394									104,908	1,535	149,837
Contributions and Donations	2,000										31,449	33,449
Total Revenue	\$ 754,188	\$ 96,925	\$ 1,511,873	\$ 24,892	\$ 7,142	\$ 99,450	\$ 0	\$ 60,789	\$ 441,808	\$ 101,199	\$ 344,141	\$ 3,442,407
Expenditures:												
Current												
General Government	\$	\$	\$	\$ 26,319	\$	\$	\$	\$	\$	\$	\$	\$ 26,319
Public Safety		21,463			18,979	3,368			420,798			464,608
Highways and Streets		59,474										59,474
Community Service								77,699			331,302	409,001
Recreation and Parks		20,259										20,259
Economic Development	419,879		1,511,873									1,931,752
Cemetery										166,209		166,209
Debt Service												
Principal	3,315								12,926			16,241
Interest and Fiscal Charges	5,596								1,579			7,175
Total Expenditures	\$ 428,790	\$ 101,196	\$ 1,511,873	\$ 26,319	\$ 18,979	\$ 3,368	\$ 0	\$ 77,699	\$ 435,303	\$ 166,209	\$ 331,302	\$ 3,101,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 325,398	\$ (4,271)	\$ 0	\$ (1,427)	\$ (11,837)	\$ 96,082	\$ 0	\$ (16,910)	\$ 6,505	\$ (65,010)	\$ 12,839	\$ 341,369
Other Financing Sources (Uses):												
Transfers In	\$	\$ 4,271	\$	\$	\$	\$	\$	\$ 29,000	\$	\$ 12,790	\$ 18,000	\$ 64,061
Transfers Out	(87,885)					(96,906)						(184,791)
Capital Leases									101,517			101,517
Total Other Financing Sources (Uses)	\$ (87,885)	\$ 4,271	\$ 0	\$ 0	\$ 0	\$ (96,906)	\$ 0	\$ 29,000	\$ 101,517	\$ 12,790	\$ 18,000	\$ (19,213)
Net Change in Fund Balances	\$ 237,513	\$ 0	\$ 0	\$ (1,427)	\$ (11,837)	\$ (824)	\$ 0	\$ 12,090	\$ 108,022	\$ (52,220)	\$ 30,839	\$ 322,156
Fund Balances - Beginning	450,728	0	0	(11,372)	16,079	2,549,701	(87,981)	1,000	6,678	(109,127)		2,815,706
Fund Balances - Ending	\$ 688,241	\$ 0	\$ 0	\$ (12,799)	\$ 4,242	\$ 2,548,877	\$ (87,981)	\$ 13,090	\$ 114,700	\$ (161,347)	\$ 30,839	\$ 3,137,862

CITY OF BIG SPRING

EXHIBIT C-5

HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
Motel Occupancy Taxes	\$ 370,000	\$ 600,300	\$ 694,339	\$ 94,039
Investment Earnings	15,000	14,000	14,455	455
Rents and Royalties	32,400	44,500	43,394	(1,106)
Miscellaneous	300	2,000	2,000	0
Total Revenues	<u>\$ 417,700</u>	<u>\$ 660,800</u>	<u>\$ 754,188</u>	<u>\$ 93,388</u>
Expenditures:				
Economic Developemnt	\$ 391,506	\$ 462,089	\$ 419,879	\$ 42,210
Debt Service:	5,888	5,888	8,911	(3,023)
Total Expenditures	<u>\$ 397,394</u>	<u>\$ 467,977</u>	<u>\$ 428,790</u>	<u>\$ 39,187</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 20,306</u>	<u>\$ 192,823</u>	<u>\$ 325,398</u>	<u>\$ 132,575</u>
Other Financing Sources (Uses):				
Transfers Out (Use)	<u>\$ 0</u>	<u>\$ (87,885)</u>	<u>\$ (87,885)</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (87,885)</u>	<u>\$ (87,885)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 20,306	\$ 104,938	\$ 237,513	\$ 132,575
Fund Balances - Beginning	<u>450,728</u>	<u>450,728</u>	<u>450,728</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 471,034</u>	<u>\$ 555,666</u>	<u>\$ 688,241</u>	<u>\$ 132,575</u>

CITY OF BIG SPRING

EXHIBIT C-6

ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
General Sales Taxes	\$ <u>1,300,000</u>	\$ <u>1,446,300</u>	\$ <u>1,511,873</u>	\$ <u>65,573</u>
Total Revenues	\$ <u>1,300,000</u>	\$ <u>1,446,300</u>	\$ <u>1,511,873</u>	\$ <u>65,573</u>
Expenditures:				
Economic Developemnt	\$ <u>1,300,000</u>	\$ <u>1,446,300</u>	\$ <u>1,511,873</u>	\$ <u>(65,573)</u>
Total Expenditures	\$ <u>1,300,000</u>	\$ <u>1,446,300</u>	\$ <u>1,511,873</u>	\$ <u>(65,573)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Change in Fund Balances	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

CITY OF BIG SPRING

EXHIBIT C-7

EMPLOYEE'S COLLEGE EDUCATION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Charges for Services	\$ 15,000	\$ 25,000	\$ 25,231	\$ 231
Investment Earnings	(400)	(400)	(339)	61
Total Revenues	<u>\$ 14,600</u>	<u>\$ 24,600</u>	<u>\$ 24,892</u>	<u>\$ 292</u>
Expenditures:				
Current				
General Government	\$ 13,000	\$ 32,000	\$ 26,319	\$ 5,681
Total Expenditures	<u>\$ 13,000</u>	<u>\$ 32,000</u>	<u>\$ 26,319</u>	<u>\$ 5,681</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,600</u>	<u>\$ (7,400)</u>	<u>\$ (1,427)</u>	<u>\$ 5,973</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,600	\$ (7,400)	\$ (1,427)	\$ 5,973
Fund Balances - Beginning	<u>(11,372)</u>	<u>(11,372)</u>	<u>(11,372)</u>	
Fund Balances - Ending	<u>\$ (9,772)</u>	<u>\$ (18,772)</u>	<u>\$ (12,799)</u>	<u>\$ 5,973</u>

CITY OF BIG SPRING

EXHIBIT C-8

MUNICIPAL COURT SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Fines	\$ 6,500	\$ 7,000	\$ 6,964	\$ (36)
Investment Earnings	425	200	178	(22)
Total Revenues	<u>\$ 6,925</u>	<u>\$ 7,200</u>	<u>\$ 7,142</u>	<u>\$ (58)</u>
Expenditures:				
Current				
Public Safety	\$ 11,500	\$ 14,105	\$ 18,979	\$ (4,874)
Total Expenditures	<u>\$ 11,500</u>	<u>\$ 14,105</u>	<u>\$ 18,979</u>	<u>\$ (4,874)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (4,575)</u>	<u>\$ (6,905)</u>	<u>\$ (11,837)</u>	<u>\$ (4,932)</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	\$ (4,575)	\$ (6,905)	\$ (11,837)	\$ (4,932)
Fund Balances - Beginning	<u>16,079</u>	<u>16,079</u>	<u>16,079</u>	
Fund Balances - Ending	<u>\$ 11,504</u>	<u>\$ 9,174</u>	<u>\$ 4,242</u>	<u>\$ (4,932)</u>

CITY OF BIG SPRING

EXHIBIT C-9

CORRECTIONAL CENTER
SPECIAL REVENUE FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Investment Earnings	\$ 155,000	\$ 100,000	\$ 99,450	\$ (550)
Total Revenues	\$ 155,000	\$ 100,000	\$ 99,450	\$ (550)
Expenditures:				
Current				
Public Safety	\$	\$ 3,368	\$ 3,368	\$
Total Expenditures	\$ 0	\$ 3,368	\$ 3,368	\$ 0
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 155,000	\$ 96,632	\$ 96,082	\$ (550)
Other Financing Sources (Uses):				
Transfers Out (Use)	\$ (630,000)	\$ (575,000)	\$ (96,906)	\$ 478,094
Total Other Financing Sources (Uses)	\$ (630,000)	\$ (575,000)	\$ (96,906)	\$ 478,094
Net Change in Fund Balances	\$ (475,000)	\$ (478,368)	\$ (824)	\$ 477,544
Fund Balances - Beginning	2,549,701	2,549,701	2,549,701	
Fund Balances - Ending	\$ 2,074,701	\$ 2,071,333	\$ 2,548,877	\$ 477,544

CITY OF BIG SPRING

EXHIBIT C-10

NARCOTICS TASK FORCE
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
General Property Taxes	\$ 355,810	\$ 336,000	\$ 344,082	\$ 8,082
Intergovernmental	64,108	64,108	95,341	31,233
Investment Earnings	250	250	2,385	2,135
Total Revenues	<u>\$ 420,168</u>	<u>\$ 400,358</u>	<u>\$ 441,808</u>	<u>\$ 41,450</u>
Expenditures:				
Current				
Public Safety	\$ 410,768	\$ 397,737	\$ 420,798	\$ (23,061)
Debt Service:	9,400	10,287	14,505	(4,218)
Total Expenditures	<u>\$ 420,168</u>	<u>\$ 408,024</u>	<u>\$ 435,303</u>	<u>\$ (27,279)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ (7,666)</u>	<u>\$ 6,505</u>	<u>\$ 14,171</u>
Other Financing Sources (Uses):				
Capital Leases	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 101,517</u>	<u>\$ (101,517)</u>
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 101,517</u>	<u>\$ (101,517)</u>
Net Change in Fund Balances	\$ 0	\$ (7,666)	\$ 108,022	\$ 115,688
Fund Balances - Beginning	<u>6,678</u>	<u>6,678</u>	<u>6,678</u>	<u>(1,012)</u>
Fund Balances - Ending	<u><u>\$ 6,678</u></u>	<u><u>\$ (988)</u></u>	<u><u>\$ 114,700</u></u>	<u><u>\$ 114,676</u></u>

CITY OF BIG SPRING

EXHIBIT C-11

CEMETERY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Investment Earnings	\$ (3,650)	\$ (4,000)	\$ (3,709)	\$ 291
Rents and Royalties	75,000	74,500	104,908	30,408
Total Revenues	<u>\$ 71,350</u>	<u>\$ 70,500</u>	<u>\$ 101,199</u>	<u>\$ 30,699</u>
Expenditures:				
Cemetery	\$ 164,652	\$ 172,716	\$ 166,209	\$ 6,507
Total Expenditures	<u>\$ 164,652</u>	<u>\$ 172,716</u>	<u>\$ 166,209</u>	<u>\$ 6,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (93,302)</u>	<u>\$ (102,216)</u>	<u>\$ (65,010)</u>	<u>\$ 37,206</u>
Other Financing Sources (Uses):				
Transfers In	\$ 20,000	\$ 12,500	\$ 12,790	\$ 290
Total Other Financing Sources (Uses)	<u>\$ 20,000</u>	<u>\$ 12,500</u>	<u>\$ 12,790</u>	<u>\$ 290</u>
Net Change in Fund Balances	\$ (73,302)	\$ (89,716)	\$ (52,220)	\$ 37,496
Fund Balances - Beginning	<u>(109,127)</u>	<u>(109,127)</u>	<u>(109,127)</u>	
Fund Balances - Ending	<u>\$ (182,429)</u>	<u>\$ (198,843)</u>	<u>\$ (161,347)</u>	<u>\$ 37,496</u>

CITY OF BIG SPRING

EXHIBIT C-12

SENIOR CENTER
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Intergovernmental	\$ 207,364	\$ 215,903	\$ 8,539
Charges for Services	95,300	95,376	76
Investment Earnings		(122)	(122)
Rents and Royalties	2,500	1,535	(965)
Contributions and Donations	31,666	31,449	(217)
Total Revenues	<u>\$ 336,830</u>	<u>\$ 344,141</u>	<u>\$ 7,311</u>
Expenditures:			
Community Service	<u>\$ 342,985</u>	<u>\$ 331,302</u>	<u>\$ 11,683</u>
Total Expenditures	<u>\$ 342,985</u>	<u>\$ 331,302</u>	<u>\$ 11,683</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,155)</u>	<u>\$ 12,839</u>	<u>\$ 18,994</u>
Other Financing Sources (Uses):			
Transfers In	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 11,845	\$ 30,839	\$ 18,994
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u></u>
Fund Balances - Ending	<u>\$ 11,845</u>	<u>\$ 30,839</u>	<u>\$ 18,994</u>

No amendments made to original budget.

CITY OF BIG SPRING

EXHIBIT C-13

2002 REFUNDING FUND
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 233,700	\$ 254,350	\$ 260,263	\$ 5,913
Investment Earnings	1,500	3,000	3,063	63
Total Revenues	<u>\$ 235,200</u>	<u>\$ 257,350</u>	<u>\$ 263,326</u>	<u>\$ 5,976</u>
Expenditures:				
Debt Service:				
Principal	\$ 220,000	\$ 220,000	\$ 220,000	\$
Interest and Fiscal Charges	13,200	13,200	13,200	
Fiscal Agent's Fees	500	500	500	
Total Expenditures	<u>\$ 233,700</u>	<u>\$ 233,700</u>	<u>\$ 233,700</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,500</u>	<u>\$ 23,650</u>	<u>\$ 29,626</u>	<u>\$ 5,976</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>
Net Change in Fund Balances	\$ 1,500	\$ 23,650	\$ 29,626	\$ 5,976
Fund Balances - Beginning	<u>78,984</u>	<u>78,984</u>	<u>78,984</u>	
Fund Balances - Ending	<u><u>\$ 80,484</u></u>	<u><u>\$ 102,634</u></u>	<u><u>\$ 108,610</u></u>	<u><u>\$ 5,976</u></u>

CITY OF BIG SPRING

EXHIBIT C-14

2007 G.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 1,055,840	\$ 1,106,130	\$ 1,134,110	\$ 27,980
Investment Earnings	16,000	2,500	2,853	353
Total Revenues	<u>\$ 1,071,840</u>	<u>\$ 1,108,630</u>	<u>\$ 1,136,963</u>	<u>\$ 28,333</u>
Expenditures:				
Debt Service:				
Principal	\$ 150,000	\$ 150,000	\$ 150,000	\$
Interest and Fiscal Charges	961,047	875,779	875,779	
Fiscal Agent's Fees	500	500	500	
Total Expenditures	<u>\$ 1,111,547</u>	<u>\$ 1,026,279</u>	<u>\$ 1,026,279</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (39,707)</u>	<u>\$ 82,351</u>	<u>\$ 110,684</u>	<u>\$ 28,333</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>
Net Change in Fund Balances	\$ (39,707)	\$ 82,351	\$ 110,684	\$ 28,333
Fund Balances - Beginning	<u>2,430</u>	<u>2,430</u>	<u>2,430</u>	<u></u>
Fund Balances - Ending	<u>\$ (37,277)</u>	<u>\$ 84,781</u>	<u>\$ 113,114</u>	<u>\$ 28,333</u>

CITY OF BIG SPRING

EXHIBIT C-15

2007 C.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 33,935	\$ 36,000	\$ 35,770	\$ (230)
Investment Earnings	600	200	134	(66)
Total Revenues	<u>\$ 34,535</u>	<u>\$ 36,200</u>	<u>\$ 35,904</u>	<u>\$ (296)</u>
Expenditures:				
Debt Service:				
Principal	\$ 6,273	\$ 5,000	\$ 5,000	\$
Interest and Fiscal Charges	29,281	26,711	26,683	28
Fiscal Agent's Fees	250	250	250	
Total Expenditures	<u>\$ 35,804</u>	<u>\$ 31,961</u>	<u>\$ 31,933</u>	<u>\$ 28</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,269)</u>	<u>\$ 4,239</u>	<u>\$ 3,971</u>	<u>\$ (268)</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>
Net Change in Fund Balances	\$ (1,269)	\$ 4,239	\$ 3,971	\$ (268)
Fund Balances - Beginning	<u>167</u>	<u>167</u>	<u>167</u>	<u></u>
Fund Balances - Ending	<u>\$ (1,102)</u>	<u>\$ 4,406</u>	<u>\$ 4,138</u>	<u>\$ (268)</u>

CITY OF BIG SPRING

EXHIBIT C-16

CAPITAL REPLACEMENT FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental	\$ 440,757	\$ 301,736	\$	\$ (301,736)
Investment Earnings	78,083	50,000	59,106	9,106
Rents and Royalties	10,000	10,000	5,530	(4,470)
Total Revenues	<u>\$ 528,840</u>	<u>\$ 361,736</u>	<u>\$ 64,636</u>	<u>\$ (297,100)</u>
Expenditures:				
Debt Service:				
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 528,840</u>	<u>\$ 361,736</u>	<u>\$ 64,636</u>	<u>\$ (297,100)</u>
Other Financing Sources (Uses):				
Transfers Out	<u>\$ (620,000)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 0</u>
Total Other Financing Sources (Uses)	<u>\$ (620,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (91,160)	\$ 361,736	\$ 64,636	\$ (297,100)
Fund Balances - Beginning	<u>1,717,026</u>	<u>1,717,026</u>	<u>1,717,026</u>	
Fund Balances - Ending	<u>\$ 1,625,866</u>	<u>\$ 2,078,762</u>	<u>\$ 1,781,662</u>	<u>\$ (297,100)</u>

CITY OF BIG SPRING

EXHIBIT C-17

2007 C.O. ANIMAL SHELTER
CAPITAL PROJECTS FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 15,000	\$ 14,000	\$ 14,549	\$ 549
Miscellaneous			5,434	5,434
Total Revenues	<u>\$ 15,000</u>	<u>\$ 14,000</u>	<u>\$ 19,983</u>	<u>\$ 5,983</u>
Expenditures:				
Public Safety				
Animal Shelter Construction	<u>\$ 382,000</u>	<u>\$ 200,000</u>	<u>\$ 245,425</u>	<u>\$ (45,425)</u>
Total Expenditures	<u>\$ 382,000</u>	<u>\$ 200,000</u>	<u>\$ 245,425</u>	<u>\$ (45,425)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (367,000)</u>	<u>\$ (186,000)</u>	<u>\$ (225,442)</u>	<u>\$ (39,442)</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	<u>\$ (367,000)</u>	<u>\$ (186,000)</u>	<u>\$ (225,442)</u>	<u>\$ (39,442)</u>
Fund Balances - Beginning	<u>427,666</u>	<u>427,666</u>	<u>427,666</u>	
Fund Balances - Ending	<u>\$ 60,666</u>	<u>\$ 241,666</u>	<u>\$ 202,224</u>	<u>\$ (39,442)</u>

CITY OF BIG SPRING

EXHIBIT C-18

CEMETERY PERMANENT CARE FUND
PERMANENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>20,000</u>	\$ <u>12,500</u>	\$ <u>12,790</u>	\$ <u>290</u>
Total Revenues	\$ <u>20,000</u>	\$ <u>12,500</u>	\$ <u>12,790</u>	\$ <u>290</u>
Expenditures:				
Debt Service:	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Total Expenditures	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>20,000</u>	\$ <u>12,500</u>	\$ <u>12,790</u>	\$ <u>290</u>
Other Financing Sources (Uses):				
Transfers Out	\$ <u>(20,000)</u>	\$ <u>(20,000)</u>	\$ <u>(12,790)</u>	\$ <u>7,210</u>
Total Other Financing Sources (Uses)	\$ <u>(20,000)</u>	\$ <u>(20,000)</u>	\$ <u>(12,790)</u>	\$ <u>7,210</u>
Net Change in Fund Balances	\$ <u> 0</u>	\$ <u> (7,500)</u>	\$ <u> 0</u>	\$ <u> 7,500</u>
Fund Balances - Beginning	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>	<u> </u>
Fund Balances - Ending	\$ <u><u>351,511</u></u>	\$ <u><u>344,011</u></u>	\$ <u><u>351,511</u></u>	\$ <u><u>7,500</u></u>

CITY OF BIG SPRING

EXHIBIT C-19

WATER AND SEWER FUND
ENTERPRISE FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Water Sales	\$ 6,097,000	\$ 6,250,000	\$ 6,390,849	\$ 140,849
Sewer Charges	2,600,000	2,600,000	2,667,143	67,143
Other Services	316,460	369,712	255,297	(114,415)
Total Operating Revenues	<u>\$ 9,013,460</u>	<u>\$ 9,219,712</u>	<u>\$ 9,313,289</u>	<u>\$ 93,577</u>
OPERATING EXPENSES:				
Personnel Services	\$ 2,377,000	\$ 2,191,432	\$ 2,315,999	\$ (124,567)
Supplies and Materials	3,229,175	3,446,001	3,407,836	38,165
Contractual Services	939,646	801,681	849,778	(48,097)
Maintenance	1,656,377	953,323	733,752	219,571
Depreciation			1,363,978	(1,363,978)
Other	62,000	47,255	126,734	(79,479)
Total Operating Expenses	<u>\$ 8,264,198</u>	<u>\$ 7,439,692</u>	<u>\$ 8,798,077</u>	<u>\$ (1,358,385)</u>
Operating Income (Loss)	<u>749,262</u>	<u>1,780,020</u>	<u>515,212</u>	<u>(1,264,808)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 58,000	\$ 54,250	\$ 57,490	\$ 3,240
Gain on Sale of Capital Assets				0
Interest Expense and Paying Agent Fees	(735,113)	(1,309,452)	(335,011)	974,441
Total Non-Operating Revenues (Expenses)	<u>\$ (677,113)</u>	<u>\$ (1,255,202)</u>	<u>\$ (277,521)</u>	<u>\$ 977,681</u>
Income (Loss) Before Transfers	\$ 72,149	\$ 524,818	\$ 237,691	\$ (287,127)
Transfers In	639,500	598,775	2,199,055	1,600,280
Transfers Out	<u>(1,211,626)</u>	<u>(1,822,186)</u>	<u>(1,974,233)</u>	<u>(152,047)</u>
Change in Net Assets	\$ (499,977)	\$ (698,593)	\$ 462,513	\$ 1,161,106
Total Net Assets - Beginning	<u>10,527,966</u>	<u>10,527,966</u>	<u>10,527,966</u>	
Total Net Assets - Ending	<u>\$ 10,027,989</u>	<u>\$ 9,829,373</u>	<u>\$ 10,990,479</u>	<u>\$ 1,161,106</u>

CITY OF BIG SPRING

EXHIBIT C-20

AIRPORT/INDUSTRIAL PARK
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Commercial Rentals and Fees	\$ 710,900	\$ 842,000	\$ 833,812	\$ (8,188)
Total Operating Revenues	<u>\$ 710,900</u>	<u>\$ 842,000</u>	<u>\$ 833,812</u>	<u>\$ (8,188)</u>
OPERATING EXPENSES:				
Personnel Services	\$ 326,300	\$ 313,546	\$ 334,947	\$ (21,401)
Supplies and Materials	42,150	48,045	48,055	(10)
Contractual Services	221,100	209,900	145,853	64,047
Maintenance	185,550	407,662	114,879	292,783
Depreciation			808,514	(808,514)
Other	5,000	5,000	17,158	(12,158)
Total Operating Expenses	<u>\$ 780,100</u>	<u>\$ 984,153</u>	<u>\$ 1,469,406</u>	<u>\$ (485,253)</u>
Operating Income (Expense)	<u>(69,200)</u>	<u>(142,153)</u>	<u>(635,594)</u>	<u>(493,441)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 84,000	\$ 1,065,208	\$ 906,216	\$ (158,992)
Interest Revenue	75,000	52,000	49,482	(2,518)
Other	32,420	35,922	1,224	(34,698)
Gain on Sale of Capital Assets			500	500
Interest Expense and Paying Agent Fees	<u>(17,273)</u>	<u>(18,926)</u>	<u>(4,098)</u>	<u>14,828</u>
Total Non-Operating Revenues (Expenses)	<u>\$ 174,147</u>	<u>\$ 1,134,204</u>	<u>\$ 953,324</u>	<u>\$ (180,880)</u>
Income (Loss) Before Transfers	\$ 104,947	\$ 992,051	\$ 317,730	\$ (674,321)
Transfers Out	<u>(103,178)</u>	<u>(103,178)</u>	<u>(100,103)</u>	<u>3,075</u>
Change in Net Assets	\$ 1,769	\$ 888,873	\$ 217,627	\$ (671,246)
Total Net Assets - Beginning	<u>21,579,356</u>	<u>21,579,356</u>	<u>21,579,356</u>	
Total Net Assets - Ending	<u>\$ 21,581,125</u>	<u>\$ 22,468,229</u>	<u>\$ 21,796,983</u>	<u>\$ (671,246)</u>

CITY OF BIG SPRING

EXHIBIT C-21

EMERGENCY MEDICAL SERVICES FUND
 ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:				
Emergency Medical Services	\$ 1,206,200	\$ 1,246,200	\$ 1,346,445	\$ 100,245
Total Operating Revenues	<u>\$ 1,206,200</u>	<u>\$ 1,246,200</u>	<u>\$ 1,346,445</u>	<u>\$ 100,245</u>
OPERATING EXPENSES:				
Personnel Services	\$ 1,060,176	\$ 1,041,708	\$ 1,121,936	\$ (80,228)
Supplies and Materials	116,100	134,578	134,730	(152)
Contractual Services	66,010	83,463	83,901	(438)
Maintenance	91,910	101,459	40,422	61,037
Depreciation			57,749	(57,749)
Other	190,000	200,000	595,723	(395,723)
Total Operating Expenses	<u>\$ 1,524,196</u>	<u>\$ 1,561,208</u>	<u>\$ 2,034,461</u>	<u>\$ (473,253)</u>
Operating Income (Loss)	<u>(317,996)</u>	<u>(315,008)</u>	<u>(688,016)</u>	<u>(373,008)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 130,000	\$ 130,000	\$ 130,000	\$
Other	73,000	60,129	2,487	(57,642)
Gain on Sale of Capital Assets			4,000	4,000
Interest Expense and Paying Agent Fees	(61,454)	(66,224)	(13,303)	52,921
Total Non-Operating Revenues (Expenses)	<u>\$ 141,546</u>	<u>\$ 123,905</u>	<u>\$ 123,184</u>	<u>\$ (721)</u>
Income (Loss) Before Transfers	\$ (176,450)	\$ (191,103)	\$ (564,832)	\$ (373,729)
Transfers In	250,000	130,000	250,000	120,000
Transfers Out	<u>(104,641)</u>	<u>(78,681)</u>	<u>(78,681)</u>	<u></u>
Change in Net Assets	\$ (31,091)	\$ (139,784)	\$ (393,513)	\$ (253,729)
Total Net Assets - Beginning	<u>297,844</u>	<u>297,844</u>	<u>297,844</u>	<u></u>
Total Net Assets - Ending	<u>\$ 266,753</u>	<u>\$ 158,060</u>	<u>\$ (95,669)</u>	<u>\$ (253,729)</u>

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2008**

	Garage	Health Insurance	Occupational Accident Insurance	Payroll Fund	Total Internal Service Funds (See Exhibit A-7)
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 195,332	\$ 1,150,902	\$ 475,331	\$ 83,223	\$ 1,904,788
Due from Other Funds		100,000		2,690	102,690
Inventories	109,946				109,946
Total Current Assets	\$ 305,278	\$ 1,250,902	\$ 475,331	\$ 85,913	\$ 2,117,424
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 10,000	\$	\$	\$	\$ 10,000
Machinery and Equipment	14,503				14,503
Total Noncurrent Assets	\$ 24,503	\$ 0	\$ 0	\$ 0	\$ 24,503
Total Assets	\$ 329,781	\$ 1,250,902	\$ 475,331	\$ 85,913	\$ 2,141,927
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 100,672	\$ 15	\$ 61,696	\$ 79,179	\$ 241,562
Claims and Judgments Payable		137,141	101,313		238,454
Accrued Wages	4,827				4,827
Due to Other Funds	141		100,000	6,734	106,875
Notes Payable - Current	1,010				1,010
Total Current Liabilities	\$ 106,650	\$ 137,156	\$ 263,009	\$ 85,913	\$ 592,728
Noncurrent Liabilities					
Notes Payable	\$ 15,995	\$	\$	\$	\$ 15,995
Accrued Compensated Absences	48,282				48,282
Total Noncurrent Liabilities	\$ 64,277	\$ 0	\$ 0	\$ 0	\$ 64,277
Total Liabilities	\$ 170,927	\$ 137,156	\$ 263,009	\$ 85,913	\$ 657,005
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	\$ 7,498	\$	\$	\$	\$ 7,498
Unrestricted Net Assets	151,356	1,113,746	212,322		1,477,424
Total Net Assets	\$ 158,854	\$ 1,113,746	\$ 212,322	\$ 0	\$ 1,484,922

CITY OF BIG SPRING

EXHIBIT C-23

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Garage</u>	<u>Health Insurance</u>	<u>Occupational Accident Insurance</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,622,385	\$ 1,512,453	\$ 340,000	\$ 3,474,838
Total Operating Revenues	<u>\$ 1,622,385</u>	<u>\$ 1,512,453</u>	<u>\$ 340,000</u>	<u>\$ 3,474,838</u>
OPERATING EXPENSES:				
Personnel Services	\$ 355,995	\$	\$	\$ 355,995
Supplies and Materials	1,280,684			1,280,684
Contractual Services	25,842	1,258,255	114,901	1,398,998
Maintenance	27,827			27,827
Depreciation	2,256			2,256
Other		255,394	77,522	332,916
Total Operating Expenses	<u>\$ 1,692,604</u>	<u>\$ 1,513,649</u>	<u>\$ 192,423</u>	<u>\$ 3,398,676</u>
Operating Income	<u>(70,219)</u>	<u>(1,196)</u>	<u>147,577</u>	<u>76,162</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 7,173	\$ 26,745	\$ 10,598	\$ 44,516
Interest Expense and Paying Agent Fees	(753)			(753)
Total Non-Operating Revenues (Expenses)	<u>\$ 6,420</u>	<u>\$ 26,745</u>	<u>\$ 10,598</u>	<u>\$ 43,763</u>
Income Before Transfers	\$ (63,799)	\$ 25,549	\$ 158,175	\$ 119,925
Transfers In	<u> </u>	<u> </u>	<u> </u>	<u> 0</u>
Change in Net Assets	\$ (63,799)	\$ 25,549	\$ 158,175	\$ 119,925
Total Net Assets - Beginning	<u>222,653</u>	<u>1,088,197</u>	<u>54,147</u>	<u>1,364,997</u>
Total Net Assets - Ending	<u>\$ 158,854</u>	<u>\$ 1,113,746</u>	<u>\$ 212,322</u>	<u>\$ 1,484,922</u>

CITY OF BIG SPRING

EXHIBIT C-24

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Garage</u>	<u>Health Insurance</u>	<u>Occupational Accident Insurance</u>	<u>Payroll Fund</u>	<u>Total Internal Service Funds (See Exhibit A-9)</u>
Cash Flows from Operating Activities					
Cash Received from Interfund Services Provided	\$ 1,622,385	\$ 1,512,453	\$ 340,000	\$ 1,986	\$ 3,476,824
Cash Payments to Employees	(353,205)				(353,205)
Cash Payments to Suppliers for Goods and Services	(1,303,254)	(1,436,414)	(266,117)	(3,506)	(3,009,291)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (34,074)</u>	<u>\$ 76,039</u>	<u>\$ 73,883</u>	<u>\$ (1,520)</u>	<u>\$ 114,328</u>
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid	\$ (1,723)				\$ (1,723)
Net Cash Used in Capital and Related Financing Activities	<u>\$ (1,723)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,723)</u>
Cash Flows from Investing Activities					
Interest and Dividends on Investments	\$ 7,173	\$ 26,745	\$ 10,598		\$ 44,516
Net Cash Provided by Investing Activities	<u>\$ 7,173</u>	<u>\$ 26,745</u>	<u>\$ 10,598</u>	<u>\$ 0</u>	<u>\$ 44,516</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,624)	102,784	84,481	(1,520)	157,121
Cash and Cash Equivalents at Beginning of Year	223,956	1,048,118	390,850	84,743	1,747,667
Cash and Cash Equivalents at End of Year	<u>\$ 195,332</u>	<u>\$ 1,150,902</u>	<u>\$ 475,331</u>	<u>\$ 83,223</u>	<u>\$ 1,904,788</u>
Reconciliation of Operating Income to Net Cash					
Provided by Operating Activities					
Operating Income	\$ (70,219)	\$ (1,196)	\$ 147,577	\$ 0	\$ 76,162
Adjustments to Reconcile Operating Income to					
Net Cash Provided by Operating Activities					
Depreciation	2,256				2,256
Change in Assets and Liabilities					
Increase in Interfund Receivable				(2,040)	(2,040)
Decrease in Inventories	10,997				10,997
Increase (Decrease) in Accounts Payable	19,983	77,235	(73,694)	(3,506)	20,018
Increase in Interfund Payables	119			4,026	4,145
Increase in Accrued Expenses	2,790				2,790
Total Adjustments	<u>\$ 36,145</u>	<u>\$ 77,235</u>	<u>\$ (73,694)</u>	<u>\$ (1,520)</u>	<u>\$ 38,166</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (34,074)</u>	<u>\$ 76,039</u>	<u>\$ 73,883</u>	<u>\$ (1,520)</u>	<u>\$ 114,328</u>

CITY OF BIG SPRING

EXHIBIT C-25

GARAGE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,512,000	\$ 1,589,295	\$ 1,622,385	\$ 33,090
Total Operating Revenues	<u>\$ 1,512,000</u>	<u>\$ 1,589,295</u>	<u>\$ 1,622,385</u>	<u>\$ 33,090</u>
OPERATING EXPENSES:				
Personnel Services	\$ 350,591	\$ 336,147	\$ 355,995	\$ (19,848)
Supplies and Materials	1,095,050	1,295,322	1,280,684	14,638
Contractual Services	31,567	27,967	25,842	2,125
Maintenance	28,875	29,150	27,827	1,323
Depreciation			2,256	(2,256)
Total Operating Expenses	<u>\$ 1,506,083</u>	<u>\$ 1,688,586</u>	<u>\$ 1,692,604</u>	<u>\$ (4,018)</u>
Operating Income	<u>5,917</u>	<u>(99,291)</u>	<u>(70,219)</u>	<u>29,072</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 8,000	\$ 6,500	\$ 7,173	\$ 673
Interest Expense and Paying Agent Fees	(1,723)	(1,723)	(753)	970
Total Non-Operating Revenues (Expenses)	<u>\$ 6,277</u>	<u>\$ 4,777</u>	<u>\$ 6,420</u>	<u>\$ 1,643</u>
Income Before Transfers	\$ 12,194	\$ (94,514)	\$ (63,799)	\$ 30,715
Transfers In				0
Change in Net Assets	\$ 12,194	\$ (94,514)	\$ (63,799)	\$ 30,715
Total Net Assets - Beginning	<u>222,653</u>	<u>222,653</u>	<u>222,653</u>	
Total Net Assets - Ending	<u>\$ 234,847</u>	<u>\$ 128,139</u>	<u>\$ 158,854</u>	<u>\$ 30,715</u>

CITY OF BIG SPRING

EXHIBIT C-26

HEALTH INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,490,000	\$ 1,524,000	\$ 1,512,453	\$ (11,547)
Total Operating Revenues	<u>\$ 1,490,000</u>	<u>\$ 1,524,000</u>	<u>\$ 1,512,453</u>	<u>\$ (11,547)</u>
OPERATING EXPENSES:				
Contractual Services	\$ 1,000,000	\$ 1,107,500	\$ 1,258,255	\$ (150,755)
Other	349,300	400,000	255,394	144,606
Total Operating Expenses	<u>\$ 1,349,300</u>	<u>\$ 1,507,500</u>	<u>\$ 1,513,649</u>	<u>\$ (6,149)</u>
Operating Income	<u>140,700</u>	<u>16,500</u>	<u>(1,196)</u>	<u>(17,696)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 50,000	\$ 21,000	\$ 26,745	\$ 5,745
Total Non-Operating Revenues (Expenses)	<u>\$ 50,000</u>	<u>\$ 21,000</u>	<u>\$ 26,745</u>	<u>\$ 5,745</u>
Income Before Transfers	\$ 190,700	\$ 37,500	\$ 25,549	\$ (11,951)
Transfers In	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Change in Net Assets	\$ 190,700	\$ 37,500	\$ 25,549	\$ (11,951)
Total Net Assets - Beginning	<u>1,088,197</u>	<u>1,088,197</u>	<u>1,088,197</u>	<u> </u>
Total Net Assets - Ending	<u>\$ 1,278,897</u>	<u>\$ 1,125,697</u>	<u>\$ 1,113,746</u>	<u>\$ (11,951)</u>

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CITY OF BIG SPRING

EXHIBIT C-27

**OCCUPATIONAL ACCIDENT INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 340,000	\$ 340,000	\$ 340,000	\$ 0
Total Operating Revenues	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 0</u>
OPERATING EXPENSES:				
Contractual Services	\$ 225,000	\$ 192,600	\$ 114,901	\$ 77,699
Other	70,650	80,000	77,522	2,478
Total Operating Expenses	<u>\$ 295,650</u>	<u>\$ 272,600</u>	<u>\$ 192,423</u>	<u>\$ 80,177</u>
Operating Income	<u>44,350</u>	<u>67,400</u>	<u>147,577</u>	<u>(80,177)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 6,000	\$ 6,000	\$ 10,598	\$ 4,598
Total Non-Operating Revenues (Expenses)	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 10,598</u>	<u>\$ 4,598</u>
Income Before Transfers	\$ 50,350	\$ 73,400	\$ 158,175	\$ (75,579)
Transfers In	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Change in Net Assets	\$ 50,350	\$ 73,400	\$ 158,175	\$ (75,579)
Total Net Assets - Beginning	<u>54,147</u>	<u>54,147</u>	<u>54,147</u>	<u> </u>
Total Net Assets - Ending	<u>\$ 104,497</u>	<u>\$ 127,547</u>	<u>\$ 212,322</u>	<u>\$ (75,579)</u>

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OTHER SUPPLEMENTARY INFORMATION

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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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of and for the year ended September 30, 2008, which collectively comprise City of Big Spring, Texas', basic financial statements and have issued our report thereon dated April 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

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

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

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

April 20, 2009

**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 County's financial performance and well-being have changed over time.	87-91
Revenue Capacity	
This segment contains information to help the reader assess the County's most significant local revenue source, the property tax.	92-96
Debt Capacity	
This segment contains information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	97-99
Economic and Demographic Information	
This segment contains demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	100-101
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	102-104

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

CITY OF BIG SPRING

TABLE E-1

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

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities				
Invested in Capital Assets,				
Net of Related Debt	\$ 76,116,555	\$ 73,687,204	\$ 74,389,471	\$ 74,072,942
Unrestricted	6,747,028	7,460,015	6,951,014	9,305,796
Temporarily Restricted	37,840	10,462	1,874,000	2,262,602
Permenently Restricted	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>
Total Governmental Activities Net Assets	<u>\$ 83,252,934</u>	<u>\$ 81,509,192</u>	<u>\$ 83,565,996</u>	<u>\$ 85,992,851</u>
Business-Type Activities				
Invested in Capital Assets,				
Net of Related Debt	\$ 31,425,926	\$ 31,219,850	\$ 29,854,473	\$ 29,650,749
Unrestricted	3,260,817	2,973,664	2,550,693	3,041,044
Temporarily Restricted	<u>342,645</u>	<u>11,066</u>		
Total Business-Type Activities Net Assets	<u>\$ 35,029,388</u>	<u>\$ 34,204,580</u>	<u>\$ 32,405,166</u>	<u>\$ 32,691,793</u>
Primary Government				
Invested in Capital Assets,				
Net of Related Debt	\$ 107,542,481	\$ 104,907,054	\$ 104,243,944	\$ 103,723,691
Unrestricted	10,007,845	10,433,679	9,501,707	12,346,840
Temporarily Restricted	380,485	21,528	1,874,000	2,262,602
Permenently Restricted	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>
Total Primary Government Net Assets	<u>\$ 118,282,322</u>	<u>\$ 115,713,772</u>	<u>\$ 115,971,162</u>	<u>\$ 118,684,644</u>

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CITY OF BIG SPRING

TABLE E-2

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

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental Activities				
General Government	\$ 1,741,763	\$ 2,292,138	\$ 1,553,768	\$ 1,793,992
Public Safety	63,357,979	64,737,117	34,574,020	7,500,329
Highways and Streets	2,005,424	2,382,964	1,539,111	1,851,028
Sanitation	1,440,393	1,886,843	1,739,329	1,776,428
Community Service	75,926	82,963	85,350	367,619
Recreation and Parks	986,783	1,119,815	923,075	1,420,690
Cemetery	133,495	141,936	143,459	149,141
Economic Development	1,316,261	1,568,429	1,626,113	1,862,701
Interest on Long-Term Debt	82,235	75,692	505,201	796,014
Total Governmental Activities Expenses	<u>\$ 71,140,259</u>	<u>\$ 74,287,897</u>	<u>\$ 42,689,426</u>	<u>\$ 17,517,942</u>
Business-Type Activities				
Water and Sewer	\$ 8,467,850	\$ 8,837,666	\$ 8,736,468	\$ 9,133,088
Airport/Industrial Park	1,891,731	1,950,574	1,787,590	1,473,504
Emergency Medical Services	1,584,557	1,625,902	1,537,351	2,047,764
Total Business-Type Activities Expenses	<u>\$ 11,944,138</u>	<u>\$ 12,414,142</u>	<u>\$ 12,061,409</u>	<u>\$ 12,654,356</u>
Total Primary Government Expenses	<u>\$ 83,084,397</u>	<u>\$ 86,702,039</u>	<u>\$ 54,750,835</u>	<u>\$ 30,172,298</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Public Safety	\$ 55,843,075	\$ 56,146,480	\$ 27,965,372	\$
Sanitation	2,177,773	2,241,759	2,284,695	2,408,181
Community Service				95,691
Recreation and Parks	321,379	306,525	91,453	364,201
General Government	190,868	202,275	218,268	318,536
Cemetery	63,020	50,849	50,173	
Operating Grants and Contributions	232,439	390,121	140,642	442,151
Capital Grants and Contributions			37,364	16,207
Total Governmental Activities Program Revenues	<u>\$ 58,828,554</u>	<u>\$ 59,338,009</u>	<u>\$ 30,787,967</u>	<u>\$ 3,644,967</u>
Business-Type Activities				
Charges for Services				
Water and Sewer	\$ 8,031,772	\$ 9,076,991	\$ 8,259,517	\$ 9,313,289
Airport/Industrial Park	604,809	687,081	722,052	834,312
Emergency Medical Services	1,182,332	1,207,937	1,357,381	1,350,445
Total Business-Type Activities Program Revenues	<u>\$ 9,818,913</u>	<u>\$ 10,972,009</u>	<u>\$ 10,338,950</u>	<u>\$ 11,498,046</u>
Total Primary Government Program Revenues	<u>\$ 68,647,467</u>	<u>\$ 70,310,018</u>	<u>\$ 41,126,917</u>	<u>\$ 15,143,013</u>
Net (Expense) Revenue				
Governmental Activities	\$ (12,311,705)	\$ (14,949,888)	\$ (11,901,459)	\$ (13,872,975)
Business-Type Activities	<u>(2,125,225)</u>	<u>(1,442,133)</u>	<u>(1,722,459)</u>	<u>(1,156,310)</u>
Total Primary Government Net Expense	<u>\$ (14,436,930)</u>	<u>\$ (16,392,021)</u>	<u>\$ (13,623,918)</u>	<u>\$ (15,029,285)</u>

CITY OF BIG SPRING

TABLE E-3

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

	Fiscal Year			
	2005	2006	2007	2008
Net (Expense) Revenue				
Governmental Activities	\$ (12,311,705)	\$ (14,949,888)	\$ (11,901,459)	\$ (13,872,975)
Business-Type Activities	<u>(2,125,225)</u>	<u>(1,442,133)</u>	<u>(1,722,459)</u>	<u>(1,156,310)</u>
Total Primary Government Net Expense	<u>\$ (14,436,930)</u>	<u>\$ (16,392,021)</u>	<u>\$ (13,623,918)</u>	<u>\$ (15,029,285)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property Taxes	\$ 3,001,978	\$ 3,075,336	\$ 3,252,311	\$ 5,068,566
Sales Taxes	4,258,228	4,969,337	5,369,792	6,047,491
Gross Receipts Taxes	1,386,769	1,864,360	1,477,481	1,522,960
Motel Occupancy Taxes	301,660	369,762	478,512	694,339
Unrestricted Grants and Contributions	2,172,243	1,769,263	942,137	1,053,729
Investment Earnings	247,938	390,416	1,023,253	844,532
Other	1,257,385	1,017,673	1,236,171	1,364,251
Transfers	<u>(585,747)</u>	<u>(250,000)</u>	<u>570,670</u>	<u>(296,038)</u>
Total Governmental Activities	<u>\$ 12,040,454</u>	<u>\$ 13,206,147</u>	<u>\$ 14,350,327</u>	<u>\$ 16,299,830</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
Other	2,167	15,865	450	3,711
Transfers	<u>585,747</u>	<u>250,000</u>	<u>(570,670)</u>	<u>296,038</u>
Total Business-Type Activities	<u>\$ 796,135</u>	<u>\$ 617,326</u>	<u>\$ (76,955)</u>	<u>\$ 1,442,937</u>
Total Primary Government	<u>\$ 12,836,589</u>	<u>\$ 13,823,473</u>	<u>\$ 14,273,372</u>	<u>\$ 17,742,767</u>
Change in Net Assets				
Governmental Activities	\$ (271,251)	\$ (1,743,741)	\$ 14,350,327	\$ 2,426,855
Business-Type Activities	<u>(1,329,090)</u>	<u>(824,807)</u>	<u>(76,955)</u>	<u>286,627</u>
Total Primary Government	<u>\$ (1,600,341)</u>	<u>\$ (2,568,548)</u>	<u>\$ 14,273,372</u>	<u>\$ 2,713,482</u>

CITY OF BIG SPRING

TABLE E-4

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 32,540	\$ 32,247	\$ 24,307	\$ 21,675	\$ 12,770
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>
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>
All Other Governmental Funds					
Reserved	\$ 351,511	\$ 351,661	\$ 351,511	\$ 351,511	\$ 351,511
Reserved for Debit Service Funds	1,962	5,593	10,462	81,581	225,862
Reserved for Capital Projects				15,065,374	12,221,769
Unreserved, Reported in:					
Special Revenue Funds	<u>2,957,387</u>	<u>2,772,513</u>	<u>2,649,383</u>	<u>2,815,706</u>	<u>3,137,862</u>
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>
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>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Taxes	\$ 8,501,804	\$ 8,998,104	\$ 10,301,113	\$ 10,579,730	\$ 13,321,348
Licenses, Fees, and Permits	317,098	192,618	204,021	220,018	311,572
Fines and Penalties	248,228	441,079	258,458	295,996	317,535
Charges for Services	2,091,438	2,407,456	2,476,170	2,567,774	2,860,629
Intergovernmental	53,722,280	58,236,015	58,298,013	29,078,145	1,512,088
Investment Earnings	137,333	247,938	390,416	1,023,253	844,532
Other Revenues	1,103,872	981,014	888,283	804,341	1,147,675
Total Revenues	\$ 66,122,053	\$ 71,504,224	\$ 72,816,474	\$ 44,569,257	\$ 20,315,379
Expenditures					
General Government	\$ 1,340,274	\$ 1,563,355	\$ 1,901,122	\$ 1,509,104	\$ 1,943,501
Public Safety	58,295,462	62,728,675	63,303,421	34,835,688	7,964,371
Highways and Streets	1,755,539	1,664,960	1,878,575	1,834,063	2,593,080
Sanitation	1,547,455	1,816,743	1,802,870	1,675,718	1,986,031
Community Service	73,937	75,926	82,963	85,350	409,001
Recreation and Parks	725,169	1,049,187	1,152,060	2,425,815	2,815,726
Economic Development	1,282,737	1,316,261	1,568,429	1,617,966	1,931,752
Cemetery	129,875	167,995	141,936	139,369	166,209
Debt Service					
Interest and Fees	97,441	85,776	74,755	189,148	1,058,840
Principal	688,061	820,956	723,009	843,754	1,062,767
Total Expenditures	\$ 65,935,950	\$ 71,289,834	\$ 72,629,140	\$ 45,155,975	\$ 21,931,278
Excess of Revenues Over (Under) Expenditures	\$ 186,103	\$ 214,390	\$ 187,334	\$ (586,718)	\$ (1,615,899)
Other Financing Sources (Uses)					
Capital Leases	\$ 398,526	\$ 734,809	\$ 2,466,226	\$ 707,574	\$ 928,222
Issuance of Debt				14,745,000	
Transfers In	361,676	647,766	439,839	1,226,448	907,813
Transfers Out	(611,676)	(1,233,513)	(689,839)	(655,778)	(1,203,851)
Total Other Financing Sources (Uses)	\$ 148,526	\$ 149,062	\$ 2,216,226	\$ 16,023,244	\$ 632,184
Net Change in Fund Balances	\$ 334,629	\$ 363,452	\$ 2,403,560	\$ 15,436,526	\$ (983,715)
Debt Service as a Percentage of Noncapital Expenditures	1.2%	1.3%	1.1%	2.5%	13.4%

CITY OF BIG SPRING

TABLE E-6

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Business Gross Receipts Tax</u>	<u>Motel Occupany Tax</u>	<u>Total</u>
2004	\$ 2,879,364	\$ 4,024,731	\$ 1,344,025	\$ 253,684	\$ 8,501,804
2005	3,051,477	4,258,228	1,386,769	301,660	8,998,134
2006	3,097,654	4,969,337	1,864,360	369,762	10,301,113
2007	3,252,311	5,369,792	1,477,481	478,512	10,578,096
2008	5,068,566	6,047,491	1,522,960	694,339	13,333,356
Percent Change 2004 - 2008	76.0%	50.3%	13.3%	173.7%	

CITY OF BIG SPRING

TABLE E-7

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

Fiscal Year	Real Property		Personal Property		All Property		Total Direct Tax Rate	Value as a Percentage of Actual Taxable Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1999	\$ 288,063,111	\$ 288,063,111	\$ 123,995,970	\$ 123,995,970	\$ 412,059,081	\$ 412,059,081	\$ 0.6200	100.00%
2000	270,971,147	270,971,147	131,751,528	131,751,528	402,722,675	402,722,675	0.6563	100.00%
2001	296,099,061	296,099,061	106,778,706	106,778,706	402,877,767	402,877,767	0.6563	100.00%
2002	305,338,253	305,338,253	105,116,794	105,116,794	410,455,047	410,455,047	0.6563	100.00%
2003	314,715,405	314,715,405	96,575,202	96,575,202	411,290,607	411,290,607	0.6863	100.00%
2004	315,221,277	315,221,277	97,269,748	97,269,748	412,491,025	412,491,025	0.7163	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%

Source: Central Appraisal District

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

CITY OF BIG SPRING

TABLE E-8

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2008			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Container	\$ 23,248,720	1	4.83%	\$ 48,000,300	1	11.90%
Scenic Mountain Hospital	10,753,246	2	2.23%	10,916,300	3	2.70%
TXU Electric Delivery Co.	9,197,080	3	1.90%	8,474,330	4	2.10%
Southwestern Bell Telephone	6,845,293	4	1.42%	9,338,710	5	2.30%
Wal-Mart Real Estate	6,554,000	5	1.36%			
Wal-Mart Stores Texas LP	5,859,065	6	1.22%	14,172,335	2	3.50%
General Electric Capital	4,150,350	7	0.86%			
Fifth Third Leasing Co.	3,928,370	9	0.82%			
Scenic Mountain Medical	3,910,980	8	0.82%			
Suddenlink Communications	3,635,450	10	0.75%			
HEB Grocery Store Inc.				3,854,098	6	0.90%
Rip Griffin Truck Stop				2,811,538	7	0.65%
Energas				2,604,140	8	0.62%
Fiberflex, Inc.				2,547,160	9	0.61%
Hobbs & Curry Family				2,149,126	10	0.50%
Total	\$ 78,082,554		16.21%	\$ 104,868,037		25.78%

Source: Texas State Comptroller

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CITY OF BIG SPRING

TABLE E-9

**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>
1999	\$ 2,462,608	\$ 2,379,106	\$ 96.61%	\$ 59,864	\$ 2,438,970	\$ 99.04%
2000	2,513,551	2,414,365	96.05%	56,464	2,470,829	98.30%
2001	2,497,899	2,377,916	95.20%	73,619	2,451,535	98.14%
2002	2,644,134	2,511,365	94.98%	65,594	2,576,959	97.46%
2003	2,693,926	2,549,800	94.65%	73,904	2,623,704	97.39%
2004	2,699,300	2,530,568	93.75%	99,342	2,629,910	97.43%
2005	2,830,926	2,687,521	94.93%	92,805	2,780,326	98.21%
2006	3,005,417	2,815,327	93.68%	128,267	2,943,594	97.94%
2007	3,186,071	2,876,799	90.29%	135,280	3,012,079	94.54%
2008	4,932,103	4,772,535	96.76%	132,889	4,905,424	99.46%

Source: Howard County

CITY OF BIG SPRING

TABLE E-10

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

Taxpayer	2008			1998		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Electric Power Distribution	\$ 378,402	1	6.07%	\$ 69,494	7	1.88%
Limited Service Restaurants	269,726	2	4.32%	221,759	2	6.01%
Supermarket and Other Grocery	212,406	4	3.40%	195,509	3	5.30%
All Other Miscellaneous Manufacturers	201,500	5	3.23%	79,040	5	2.14%
Gasoline Stations with Convenience Stores	184,313	6	2.95%	240,377	1	6.52%
Wireless Telecommunications Carriers	173,763	7	2.79%	91,531	4	2.48%
Full Service Restaurants	172,734	8	2.77%			
Eating Places	163,507	9	2.62%			
Wired Telecommunications Carriers	138,007	10	2.21%			
Gasoline Service Stations	130,246	11	2.09%			
Department Stores	114,573	12	1.84%			
Cafeterias, Grill Buffets and Buffets				42,708	9	1.16%
All Other General Merchandise Stores				40,256	11	1.09%
All Other Misc Store Retailers (except Tobacco Stores)				78,961	6	2.14%
Communications Services, Not Elsewhere Classified				33,511	12	0.91%
Gift, Novelty, and Souvenir Stores				41,074	10	0.11%
Radio/telephone Communications				66,428	8	1.80%
Lumber and other Building Materials Dealers						
Total	\$ 2,376,708		38.10%	\$ 1,200,648		31.54%

Source: Texas State Comptroller

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CITY OF BIG SPRING

TABLE E-11

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

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage Of Personal Income	Per Capita
	General Obligation Bonds	Certificate Of Obligation	Capital Leases	Energy Conservation Loan	General Obligation Bonds	Certificate Of Obligation	Capital Leases	Energy Conservation Loan			
2004	\$ 1,125,000	\$	\$ 1,131,998	\$	\$ 4,475,000	\$	\$ 607,286	\$	\$ 7,339,284	1.35%	\$ 291
2005	895,000		1,270,973		4,095,000		497,681		6,758,654	1.22%	268
2006	665,000		1,211,763	2,051,333	3,705,000		308,080	3,561,202	11,502,378	1.01%	233
2007	14,725,000	460,000	1,364,927	1,986,059	3,305,000	640,000	333,377	3,350,114	26,164,477	3.46%	825
2008	14,355,000	455,000	1,711,579	1,861,886	2,885,000	630,000	295,732	3,169,341	25,363,538	3.02%	805

CITY OF BIG SPRING

TABLE E-12

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*	\$ 8,680,000	46.30%	\$4,018,840
Forsan Independent School District*	5,384,027	1.92%	103,373
Coahoma Independent School District*	13,257,094	1.25%	165,714
Howard County*	12,435,000	25.73%	3,199,526
Howard College*	20,995,000	25.73%	5,402,014
Subtotal, Overlapping Debt			<u>12,889,467</u>
City of Big Spring Direct Debt	\$14,581,916	100%	<u>14,581,916</u>
Total Direct and Overlapping Debt			<u><u>\$27,471,383</u></u>

Sources: Debt outstanding data provided by each governmental unit.

* Gross debt

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 6,180,886	\$ 6,040,840	\$ 6,043,167	\$ 6,156,826	\$ 6,169,359	\$ 6,187,365	\$ 6,202,284	\$ 6,293,613	\$ 6,668,075	\$ 7,225,313
Total Net Debt Applicable to Limit	(144,071)	(153,520)	(149,877)	(225,000)	(237,110)	(233,038)	(224,408)	(219,538)	(146,016)	(117,366)
Legal Debt Margin	6,036,815	5,887,320	5,893,290	5,931,826	5,932,249	5,954,327	5,977,876	6,074,075	6,522,059	7,107,947
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	2.33%	2.54%	2.48%	3.65%	3.84%	3.77%	3.62%	3.49%	2.19%	1.63%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ <u>481,687,512</u>
Debt Limit (1.5% Assessed Value)	<u>7,225,313</u>
Assessed Value	
Debt Applicable to Limit:	
General Obligation Bonds	\$ 220,000
Less: Amount Set Aside for Repayment	<u>(102,634)</u>
Net Debt Applicable to Limit	<u>117,366</u>
Legal Debt Margin	\$ <u>7,107,947</u>

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CITY OF BIG SPRING

TABLE E-14

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Population (1)	23,977	25,233	25,233	25,233	25,233	25,233	25,233	25,233	25,233	25,233
Total Personal Income	\$ 539,482,500	\$ 567,742,500	\$ 540,089,132	\$ 512,810,259	\$ 512,810,259	\$ 542,534,733	\$ 553,233,525	\$ 585,052,338	\$ 602,008,914	\$ 673,579,236
Per Capita Personal Income (2)	\$ 22,500	\$ 22,500	\$ 21,404	\$ 20,323	\$ 20,323	\$ 21,501	\$ 21,925	\$ 23,186	\$ 23,858	\$ 26,692
Median Age (2)	34	36	36	35	36	36	36	36	36	37
Unemployment (3)	6.1%	5.1%	5.1%	6.4%	6.6%	5.9%	5.6%	5.2%	4.4%	4.4%

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

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CITY OF BIG SPRING

TABLE E-15

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

Employer	2008			1998		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Big Spring State Hospital	605	1	4.14%	655	1	N/A
Big Spring ISD	597	2	4.08%	610	2	N/A
Cornell Corrections, Inc.	485	3	3.32%	449	4	N/A
Veterans Administration Hospital	480	4	3.28%	508	3	N/A
Price Construction	450	5	3.08%	125	16	N/A
Scenic Mountain Medical Center	350	6	2.40%	340	6	N/A
Wal-Mart	350	7	2.40%	358	5	N/A
City of Big Spring	268	8	1.83%	266	9	N/A
Howard College and SWCID	255	9	1.75%	235	10	N/A
U.S. Justice Department	250	10	1.71%	292	7	N/A
Alon USA	204	11	1.40%	190	12	N/A
Howard County	170	12	1.17%	170	13	N/A
Total	<u>4,464</u>		<u>30.56%</u>	<u>4,198</u>		

Source: Economic Development Corporation

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CITY OF BIG SPRING

TABLE E-16

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

Function/Program	Full-Time-Equivalent Employees as of Year End									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Management Services	17	16	9	9	8	8	7	7	8	8
Finance	7	7	6	6	6	6	6	6	6	5
Other	5	7	4	6	6	5	5	5	8	9
Information Technology			1	1	1	1	1	1	2	2
Convention and Visitors Bureau						1	1	1	1	1
Police										
Officers	47	46	46	48	48	56	56	56	50	51
Civilians	20	20	20	19	16	8	8	8	8	7
Fire										
Firefighters and Officers	50	49	49	49	46	46	46	46	46	44
Civilians		1				1	1	1	1	1
EMS										
EMS and Officers	14	14	14	13	16	16	16	16	16	16
Civilians	1	1	2	2	2	1	2	2	2	2
Refuse Collection (Landfill)	8	8	7	6	6	8	7	7	6	5
Other Public Works	12	8	7	7	7	8	9	9	9	13
Parks and Recreation	23	10	10	9	8	9	9	9	10	13
Service Center	10	10	9	9	8	8	8	8	8	8
Streets	13	16	16	13	14	14	14	14	14	14
Sanitation	8	8	8	8	8	8	8	8	7	8
Airpark	9	8	7	7	7	7	7	7	7	7
Water	40	40	40	41	41	41	41	41	36	42
Wastewater	9	9	9	9	9	8	9	9	8	7
Total	<u>293</u>	<u>278</u>	<u>264</u>	<u>262</u>	<u>257</u>	<u>260</u>	<u>261</u>	<u>261</u>	<u>253</u>	<u>263</u>

Source: City Budget Office

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CITY OF BIG SPRING

TABLE E-17

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Building Permits Issued	27	1,728	273	372	269	1,170	966	1,351	1,460	1,482
Police										
Physical Arrests	1,972	1,552	1,619	1,668	1,613	1,574	1,730	1,904	1,704	2,225
Number of Calls for Service	36,072	32,662	33,344	32,130	33,344	38,411	26,961	19,431	19,200	29,412
Alarm Responses	1,074	802	726	878	726	832	1,132	1,057	647	688
Fire										
Emergency Responses		344	300	288	327	333	281	431	427	411
EMS Service										
Number of Runs	355	2,563	2,038	2,243	2,175	2,293	2,546	3,265	3,164	3,660
Refuse Collection										
Collected (Tons per Day)	90	100	100	100	110	110	120	120	115	110
Water										
Active Accounts	8,746	8,655	8,644	8,473	8,649	8,471	8,311	8,626	8,677	8,727
Water Main Breaks	301	307	321	187	225	228	200	199	206	168
Average Daily Consumption (Thousands of Gallons)	5,800	5,800	5,380	3,853	5,380	5,380	4,919	4,919	4,412	5,091
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons)	2,561	2,874	2,599	2,493	2,450	2,183	2,054	2,205	2,730	2,646

Data Sources: Various City Departments

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

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units										
Marked	34	34	34	34	34	34	34	34	34	35
Unmarked	17	17	17	17	17	17	17	17	17	21
Fire Stations	5	5	5	5	5	5	5	5	5	5
Refuse Collection										
Collection Trucks	6	6	6	6	6	6	6	6	6	6
Other Public Works										
Streets										
Paved (Miles)	171	171	171	171	174	177	158	158	189	189
Unpaved (Miles)	18	18	18	18	15	12	12	12	5	0.5
Street Lights	1,879	1,903	1,903	1,903	1,903	1,907	1,812	1,812	1,810	1,808
Parks and Recreation										
Acreage	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069
Parks	5	5	5	5	5	5	5	5	5	8
Lakes	2	2	2	2	2	2	2	2	5	2
Baseball/Softball Fields	6	6	6	6	6	6	6	6	6	6
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (Miles)	150	150	153	240	240	240	177	177	177	177
Fire Hydrants	1,120	1,120	1,145	1,145	1,510	1,510	722	722	722	722
System Capacity (Thousands of Gallons)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	13,450
Wastewater										
Sanitary Sewers (Miles)	140	140	140	140	170	170	125	125	125	125
Treatment Capacity (Thousands of Gallons)	2,561	2,561	2,559	2,493	2,450	2,183	2,054	2,205	2,205	5,000

Sources: Various City Departments