

CITY OF BIG SPRING, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2011

CAFR Prepared by the Finance Department

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS (CONTINUED)

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

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS (CONTINUED)

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

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS (CONTINUED)

	<u>Statement Identification</u>	<u>Page No.</u>
Budgetary Comparison Schedules for Capital Project Funds:		
Capital Replacement Fund	Exhibit C-16	73
2007 G.O. Streets	Exhibit C-17	74
2010 C.O. Water Park	Exhibit C-18	75
Law Enforcement	Exhibit C-19	76
Budgetary Comparison Schedule for Permanent Fund:		
Cemetery Permanent Care Fund	Exhibit C-20	77
Budgetary Comparison Schedules for Enterprise Funds:		
Water and Sewer Fund	Exhibit C-21	78
Airport/Industrial Park	Exhibit C-22	79
Emergency Medical Services Fund	Exhibit C-23	80
Internal Service Funds:		
Combining Statement of Net Assets	Exhibit C-24	81
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	Exhibit C-25	82
Combining Statement of Cash Flows	Exhibit C-26	83
Budgetary Comparison Schedules for Internal Service Funds:		
Garage Fund	Exhibit C-27	84
Health Insurance Fund	Exhibit C-28	85
Occupational Accident Insurance Fund	Exhibit C-29	86
STATISTICAL SECTION (Unaudited)		
Statistical Section Contents		87
Net Assets by Component	Table E-1	88
Expenses, Program Revenues, and Net (Expense) Revenue	Table E-2	89
General Revenues and Total Change in Net Assets	Table E-3	90
Fund Balances of Governmental Funds	Table E-4	91
Changes in Fund Balances of Governmental Funds	Table E-5	92
Tax Revenues by Sources, Governmental Funds	Table E-6	93
Direct and Overlapping Sales Tax Rates	Table E-7	94
Assessed Value and Estimated Actual Value of Taxable Property	Table E-8	95
Principal Property Taxpayers	Table E-9	96

CITY OF BIG SPRING, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS (CONCLUDED)

	<u>Statement Identification</u>	<u>Page No.</u>
Property Tax Levies and Collections	Table E-10	97
Sales Tax Revenue Payers by Industry	Table E-11	98
Ratios of Outstanding Debt by Type	Table E-12	99
Ratios of General Bonded Debt Outstanding	Table E-13	100
Direct and Overlapping Governmental Activities Debt	Table E-14	101
Legal Debt Margin Information	Table E-15	102
Demographic and Economic Statistics	Table E-16	103
Principal Employers	Table E-17	104
Full-Time-Equivalent City Government Employees by Function/Program	Table E-18	105
Operating Indicators by Function/Program	Table E-19	106
Capital Assets Statistics by Function/Program	Table E-20	107
OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		108

INTRODUCTORY SECTION



March 27, 2012

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, 2011.

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

Bolinger, Segars, Gilbert & Moss, L.L.P., Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Big Spring’s financial statements for the year ended September 30, 2011. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the City

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

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

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

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

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

Economic Condition and Outlook

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

Unemployment rates for the last ten years have varied from a low of 4.4% in 2008 to a high of 7.5% in 2009. The City's unemployment rate for 2011 was 6.9%, well below the state and national unemployment rates. Trends in unemployment rates are one indicator of economic strength and the City's rates for the past ten years are presented in Table E-16 in the statistical section.

Property tax revenue (using the modified accrual basis of accounting) has risen by 70.6% in the last five years, from \$3,252 in 2007 to \$5,548 in 2011. This increase resulted primarily from additional levies for new bonded debt (28.0015¢ per \$100 valuation) and the narcotics task force (8.25¢ per \$100). Additionally, new construction and increases in appraised values added an

additional 22.8% to total assessed values. Sales tax revenue has increased by 20.7% over the same five year period, indicating significant economic growth in the region. The city's hotel occupancy tax revenue has seen a major increase from 2007 to 2011, reflecting slightly more than a 53% increase. This growth can be explained primarily by the following factors: newly constructed and recently renovated hotels along the interstate and a strong oilfield industry in West Texas. Other revenue sources and expense categories have risen proportionally to inflation or to compensate for new or increased levels of service that are provided to our citizens.

Long-term Financial Planning

Unassigned fund balance in the General Fund (38% of total General Fund expenditures) is higher than the policy guidelines set by the council for budgetary and planning purposes (5% as defined by the city's master plan, which was adopted in 1995). Due to diligence in budgeting and monitoring, this balance has increased significantly over the past ten years.

Total long-term debt related to governmental activities which is not due for a year or more, comprised of bonds, equipment leases and debt related to an energy conservation project, amounts to \$18,464.

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 2011, the city has placed \$2,759 into the designated escrow account to cover this future liability.

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

Internal Controls

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

Major Initiatives

The Colorado River Municipal Water District (CRMWD), located in Big Spring, provides raw water from three lakes and four well fields to three member cities (including Big Spring) and to several non-member cities. CRMWD, in conjunction with its member cities, has started construction of a reclamation project that will treat and reuse effluent water flowing from the City of Big Spring's wastewater treatment plant. The costs associated with this multi-million dollar project will be passed through to all purchasers of CRMWD's raw water supplies. This project is being hailed as very cutting-edge and forward-thinking as it will help preserve one of the scarcest and most essential natural resources in West Texas: water. Additionally, CRMWD issued \$135 million in new debt in July 2011 to drill additional wells in their Ward County well field and construct a 42 mile pipeline to provide that additional water to its member cities and other customers.

The most well-known landmark in Big Spring is the historic fifteen-story Settles Hotel which has been vacant since 1984. In 2006, it was purchased by a former resident who has become independently wealthy and it is currently undergoing complete renovations. Upon completion, it will have retail space available on the first two or three floors, condominium-style living quarters on the top two floors, and fully restored hotel accommodations on the remaining floors. The anticipated opening of the Settles Hotel is summer 2012. 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 and has established an historic preservation committee that will be able to designate districts or landmarks of historic and cultural importance. We have also designated this area as a reinvestment zone and have the ability to offer additional tax incentives to entice retailers and businesses to locate in the downtown area.

The City of Big Spring swimming pool was closed in 2008 due to leaks, ADA compliance issues and the new requirements mandated by the new Virginia Graeme Baker Act. The cost to renovate the existing pool would have been between \$2.0 and \$2.5 million. On March 8, 2010, the City Council approved issuance of certificates of obligation in the amount of \$4.2 million to build a new family aquatic center at the site of the old swimming pool. The new aquatic center has a zero depth entry, interactive water play area, two slides, a lazy river, pavilions, sand play areas and concessions and was opened in the summer of 2011.

In 2011, \$500,000 was dedicated for renovations to the Municipal Auditorium for ADA compliance. The auditorium is scheduled to re-open on March 31, 2012 for a performance of the Big Spring Symphony.

In fiscal year 2011-12, the City will spend approximately a million dollars replacing some aging water lines and about \$1.5 million on its wastewater treatment facility. Additionally, in March of 2012, a referendum will be placed before the voters to use 4A sales and use tax proceeds for debt service on an \$11 million 4B project for major upgrades and renovations to water supply and water conservation projects.

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, 2010. This was the fourteenth 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

**CITY OF BIG SPRING, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2011**

Elected Officials

<u>Name</u>	<u>Office</u>
Tommy Duncan	Mayor
Craig Olson	Mayor Pro Tem - District 5 Council Member
Marcus Fernandez	District 1 Council Member
Manuel Ramirez, Jr.	District 2 Council Member
Gloria McDonald	District 4 Council Member
Glen Carrigan	District 3 Council Member
Terry Hansen	District 6 Council Member

Appointed Officials

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

FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of and for the year ended September 30, 2011, 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 \$5,582,618 and \$14,091, respectively, and represent 100% of the aggregate discretely presented component unit's total assets and program revenues at September 30, 2011 and for the year then ended. The financial statements of the Corporation were audited by other accountants whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Corporation, is based solely on the report of the other accountants.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of September 30, 2011, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2012, 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, schedule of funding progress for the retirement plan for the employees of the City, and the budgetary information identified as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

March 27, 2012

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, 2011. 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, 2011, by \$119,289 (net assets). Of this amount, \$4,791 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$1,078, attributable to a decrease in capital assets as depreciation expense grew at a more rapid pace than capital replacement.
- The City's governmental funds reported combined ending fund balances of \$14,754, of which \$5,553 is available for spending at the City's discretion.
- The ending unassigned fund balance for the General Fund was \$5,553, or 34.8% of total General Fund revenues and 35.1% of total expenditures.
- Total liabilities for the primary government decreased by \$2,133 during fiscal year 2010-11, as a result of a \$2,265 decrease in the noncurrent portion of long term debt.
- Resources available for appropriation in 2011-12 were \$403 more than anticipated in the final revised budget for the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The City of Big Spring's assets exceeded liabilities by \$119,289 at September 30, 2011. The largest portion of the City's net assets (90.8%) 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	
	2011	2010	2011	2010	2011	2010
Assets:						
Cash and Cash Equivalents	\$ 11,845	\$ 15,150	\$ 2,568	\$ 2,402	\$ 14,413	\$ 17,552
Receivables	1,103	1,134	2,137	1,792	3,240	2,926
Internal Balances	3,987	3,530	(3,987)	(3,530)	0	0
Due from Other Governments	1,305	1,095	36	23	1,341	1,118
Capital Assets	95,042	93,351	37,645	40,039	132,687	133,390
Other Assets	256	216	410	355	666	571
Total Assets	\$ 113,538	\$ 114,476	\$ 38,809	\$ 41,081	\$ 152,347	\$ 155,557
Liabilities:						
Accounts Payable and Other Current Liabilities	\$ 2,392	\$ 2,540	\$ 1,205	\$ 1,030	\$ 3,597	\$ 3,570
Current Portion of Long-term Liabilities	1,455	1,520	895	904	2,350	2,424
Long-term Liabilities	22,407	23,741	4,704	5,455	27,111	29,196
Total Liabilities	\$ 26,254	\$ 27,801	\$ 6,804	\$ 7,389	\$ 33,058	\$ 35,190
Net Assets:						
Invested in Capital Assets, Net	\$ 75,685	\$ 75,820	\$ 32,641	\$ 34,188	\$ 108,326	\$ 110,008
Restricted	6,172	1,017			6,172	1,017
Unrestricted	5,427	9,838	(636)	(496)	4,791	9,342
Total Net Assets	\$ 87,284	\$ 86,675	\$ 32,005	\$ 33,692	\$ 119,289	\$ 120,367

The City has restricted net assets totaling 5.2% of total net assets, which represent resources subject to restrictions on how they may be used. Such resources include bond funds restricted to be spent to specified capital projects and special revenue funds restricted for specific purposes. The remaining balance of unrestricted net assets of \$4,791 may be used to meet the City's ongoing obligations.

At the end of the current fiscal year, the City of Big Spring is able to report positive balances in all three categories of net assets for governmental activities and for one of two categories in business-type activities. The negative unrestricted net assets in business-type activities is due primarily to the worsening draught conditions and increased water restrictions imposed on the City's utility customers.

There was an overall decrease of \$1,682 investment in capital assets, with capital assets in governmental activities remaining fairly static and capital assets in business-type activities decreasing by \$1,547 as depreciation was recorded at a faster pace than asset replacement.

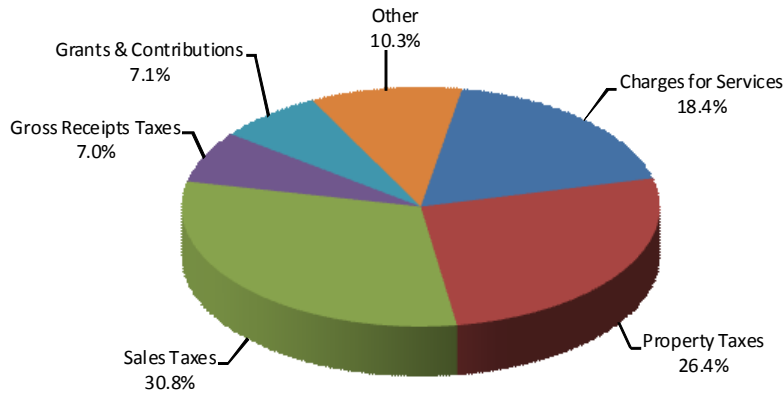
Table II
City of Big Spring, Texas
CHANGES IN NET ASSETS
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,868	\$ 3,417	\$ 12,997	\$ 12,298	\$ 16,865	\$ 15,715
Operating Grants and Contributions	242	228	181	164	423	392
Capital Grants and Contributions	100	135			100	135
General Revenues						
Property Taxes	5,543	5,558			5,543	5,558
Sales Taxes	6,480	5,734			6,480	5,734
Gross Receipts Taxes	1,469	1,428			1,469	1,428
Motel Occupancy Tax	732	499			732	499
Grants and Contributions Not						
Restricted to Specific Programs	1,144	1,127			1,144	1,127
Unrestricted Investment Earnings	52	72	1	2	53	74
Miscellaneous	1,382	1,266	21	25	1,403	1,291
Total Revenues	\$ 21,012	\$ 19,464	\$ 13,200	\$ 12,489	\$ 34,212	\$ 31,953
Expenses:						
Water and Sewer	\$	\$	\$ 10,286	\$ 10,852	\$ 10,286	\$ 10,852
Airport/Industrial Park			1,714	1,517	1,714	1,517
Emergency Medical Services			2,293	2,184	2,293	2,184
General Government	2,208	2,037			2,208	2,037
Public Safety	8,858	8,959			8,858	8,959
Highways and Streets	2,166	2,005			2,166	2,005
Sanitation	1,972	1,843			1,972	1,843
Recreation and Parks	2,250	1,617			2,250	1,617
Economic Development	1,998	1,817			1,998	1,817
Other	1,545	1,479			1,545	1,479
Total Expenses	\$ 20,997	\$ 19,757	\$ 14,293	\$ 14,553	\$ 35,290	\$ 34,310
Increase in Net Assets Before Transfers	\$ 15	\$ (293)	\$ (1,093)	\$ (2,064)	\$ (1,078)	\$ (2,357)
Transfers	594	687	(594)	(687)	0	0
Increase in Net Assets	\$ 609	\$ 394	\$ (1,687)	\$ (2,751)	\$ (1,078)	\$ (2,357)
Net Assets-Beginning	86,675	86,281	33,692	36,443	120,367	122,724
Net Assets-Ending	\$ 87,284	\$ 86,675	\$ 32,005	\$ 33,692	\$ 119,289	\$ 120,367

Governmental Activities. Governmental activities resulted in an increase of \$609 in the City's net assets. Key elements of this increase are as follows:

- Total revenues increased by \$1,548, as charges for services increased by \$451, sales tax revenue increased by \$746 and hotel/motel tax revenue increased by \$233.
- Total expenses were higher than the prior year by \$1,240 primarily due to increases in operational expenses related to fuel and equipment maintenance.
- Transfers from business-type activities decreased by \$93, from \$687 to \$594.

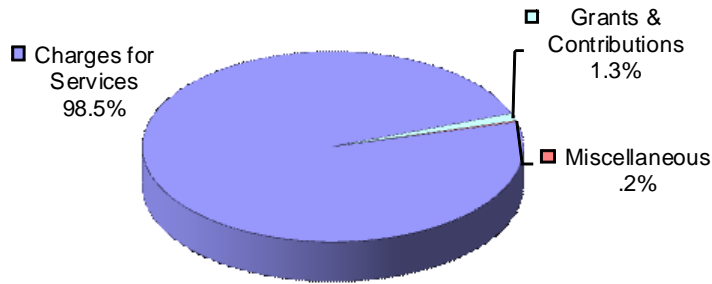
**Revenues by Source
Governmental Activities
Fiscal Year 2010-11**



Business-type Activities. Business-type activities decreased the City of Big Spring's total net assets by \$1,687 in the current fiscal year. Key elements of this decrease are as follows.

- The water and sewer fund saw expenses decrease by \$566 as management strived to reach operational efficiencies and to reduce operating costs. The Airport/Industrial Park expenses increased \$197, of which \$128 was an increase in depreciation expense over the prior year, and the EMS fund saw an increase in expenses of \$113, the majority of which was due to overtime and related benefit expenses.
- 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 \$697 as new tiered rates for meter size were implemented in conjunction with an increase in the water usage rate. Charges for services in the airpark fund increased by \$17 and decreased in the EMS fund by \$15 from the prior period.
- It appears, based on a reduction in net assets for three consecutive years, that the rates that have been established to cover the cost of operations for business-type activities do not fully recover operating and capital replacement costs. The City Council and management will need to review our current rate structure to determine if these charges need to be increased or if operational efficiencies can be achieved in order to reduce expenses.

**Revenues by Source
Business-type Activities
Fiscal Year 2010-11**



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. With the implementation of GASB No. 54 in fiscal year 2011, the City changed its presentation of fund balances in governmental funds. The GASB has defined five types of fund balances, which are more fully described in the footnotes to the financial statements. The City uses all five categories of fund balance.

The unassigned fund balance is comparable to the unreserved fund balance reported in fiscal year 2009-10, and both serve as a useful measure of the City's resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds reported combined ending fund balances of \$14,754, representing a decrease of \$2,278 from the prior year's balance of \$17,032. Fund balance restricted for capital projects decreased by \$3,221 as capital expenses related to the water park occurred during the year. Unassigned fund balance at the end of the current year is \$5,553, as compared to the prior year's unreserved fund balance of \$9,031. The decrease is primarily the result of reclassifying \$2,759 for future landfill closure obligations from unreserved to committed fund balance. This commitment of fund balance is based on a debt covenant with Texas Commission on Environmental Quality (TCEQ) as annually established through our financial assurance test. Unassigned fund balance that is available for spending at the City's discretion amounts to 37.6% of total fund balances.

The General Fund is the major operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$5,553, while total fund balance reached \$8,343. Unassigned fund balance represents slightly more than 35% of total General Fund expenditures.

Total fund balance in the City's General Fund increased by \$1,020 during fiscal year 2010-11. Key factors in this increase are as follows:

- Sanitation expenditures decreased by \$650 due to capital expenses for a new sanitation truck and landfill compactor that occurred in the prior year that were not repeated in the current fiscal year.
- Recreation expenses decreased by \$606 due to the construction of a new pro shop at the Comanche Trail golf course that occurred in fiscal year 2009-10.
- A 9¢ decrease in the maintenance and operations portion of the ad valorem tax rate that supports General Fund caused property tax revenue to decrease by \$425, while a stronger economy and a boom in the oil industry caused sales tax revenue to increase by \$559.

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

	<u>2011</u>	<u>2010</u>
Water and Sewer Fund	\$ (954)	\$ (1,137)
Airport/Industrial Park	1,154	1,216
Emergency Medical Services	<u>(835)</u>	<u>(575)</u>
	<u>\$ (636)</u>	<u>\$ (496)</u>

Unrestricted net assets increased by \$183 in the Water and Sewer Fund, decreased by \$62 in the Airport/Industrial Park and decreased by \$260 in the Emergency Medical Services Fund. The increase in the Water and Sewer Fund is due to a \$697 increase in operating revenue due to an increase in water rates that was effective October 1, 2010 and to a \$509 reduction in expenses. Additionally, capital asset depreciation in the Water and Sewer Fund is occurring at a faster pace than capital replacement. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$155 increase in appropriations between the original and final amended budget. The following details the main components of the increase, which represents an increase of slightly more than 1 percent over the original budget:

- Appropriations for general government increased by \$47, due primarily to the cost associated with a community retail development study.
- Appropriations for highways and streets increased by \$123 for electricity for street lights and the purchase of three portable buildings.
- Appropriations for the purchase of fuel for all departments increased by \$149 as the cost of gasoline and diesel continued to rise.

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, 2011, amounts to \$132,687 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, water and sewer lines, and drainage improvements. The total decrease in the City's investment in capital assets for the current fiscal year was \$703.

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

- Additions to General Fund capital assets for two portable buildings and software were recorded in the amount of \$136.
- Renovations were made to major components at the wastewater treatment plant, for a total cost of \$139.
- The water park was completed with an additional \$3,280 spent on the facility.
- Depreciation is generally occurring at a faster rate than replacements or renovations in both governmental and business-type activities.

Table III
City of Big Spring, Texas

CAPITAL ASSETS AT SEPTEMBER 30, 2011
(Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 72,836	\$ 72,836	\$ 5,595	\$ 5,595	\$ 78,431	\$ 78,431
Infrastructure	100	125	0	0	100	125
Buildings and Systems	4,685	1,183	24,114	26,204	28,799	27,387
Improvements Other Than						
Buildings	6,254	7,004	6,948	1,330	13,202	8,334
Machinery and Equipment	2,428	3,123	761	945	3,189	4,068
Construction in Progress	8,739	9,080	227	5,965	8,966	15,045
	<u>\$ 95,042</u>	<u>\$ 93,351</u>	<u>\$ 37,645</u>	<u>\$ 40,039</u>	<u>\$ 132,687</u>	<u>\$ 133,390</u>

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

Long-Term Debt

In November of 2006, the citizens approved both bond propositions presented to them. In March of 2007, the City sold \$14,285 General Obligation Bonds and an additional \$1,100 Certificates of Obligation. All debt service on the above bonds and certificates are being paid from property tax revenue, with the exception of \$640 of Certificates of Obligation which is funded from increases in user fees in the utility

system. In 2010, the City of Big Spring sold \$4,200 in Certificates of Obligation for the construction of a new family aquatic center. The debt service on this certificate of obligation is being paid from property tax revenue. In March 2011, the City refunded the 2002 Refunding Bonds in the amount of \$1,555. This refunding reduced debt service requirements over the life of the bonds by \$34.

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$19,200. The total outstanding debt is backed by the full faith and credit of the government, while a tax levy has been established for \$17,090 of the total and the remaining \$2,110 is business-type activity debt, supported by water and sewer system revenues.

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

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

Table IV
City of Big Spring, Texas

OUTSTANDING BONDED DEBT AT SEPTEMBER 30, 2011
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds Serviced by Tax Revenues	\$ 17,090	\$ 17,740	\$	\$	\$ 17,090	\$ 17,740
General Obligation Bonds Serviced by Enterprise Fund Revenues			2,110	2,580	2,110	2,580
	\$ 17,090	\$ 17,740	\$ 2,110	\$ 2,580	\$ 19,200	\$ 20,320

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when adopting the annual budget and setting tax rates. One of those factors is the economy. The City's population growth as measured by the 2010 Census indicated no significant gain in population. Unemployment during 2011 decreased slightly, from 7.3% in 2010 to 6.9%, which compares favorably to the state's unemployment rate of 8.4% and the national rate of 8.8% for September 2011. Per capita income (stated in actual dollars) rose by 6.5%, increasing from \$29,430 to \$31,339.

Sustained growth in the West Texas oil industry, an influx of temporary, migratory construction workers who are in the region for several large construction projects, and an overall improvement in the economy have all combined to strengthen the City's taxable retail sales. Sales tax rose from \$4,301 in 2010 to \$4,860 in 2011, representing an increase of almost 13% in one year. This revenue source represents the City's largest single source of revenue, and is expected to remain high over the next three to five years.

Worsening drought conditions resulted in an increase in water rates while outdoor watering restrictions were placed on our citizens. The cost of purchasing and treating the raw water increased as the Colorado River Municipal Water District issued \$135,000 in bonded debt to construct a water line from their Ward County well field. The Water and Sewer Fund infrastructure continues to age and the City Council has identified approximately \$11,000 in critical treatment facility upgrades. The City Council and the Board of Directors for the Big Spring Economic Development Corporation have unanimously agreed to take a 4B project to the voters in May 2012 to allow sales and use tax proceeds from the 4A development corporation to be used for these upgrades.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF BIG SPRING, TEXAS

EXHIBIT A-1

STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 9,086,196	\$ 2,567,908	\$ 11,654,104	\$ 2,661,723
Receivables (Net of Allowances for Uncollectibles)	1,102,961	2,136,817	3,239,778	309,396
Internal Balances	3,987,188	(3,987,188)		
Due from Other Governments	1,305,234	36,389	1,341,623	
Notes Receivable				2,334,430
Inventories	131,064	330,693	461,757	
Deferred Charges	32,410	13,194	45,604	3,545
Unamortized Bond Issue Costs	92,019	66,272	158,291	
Other Assets				101,024
Restricted Assets:				
Cash and Cash Equivalents	2,759,003		2,759,003	
Capital Assets (Net of Accumulated Depreciation):				
Land	72,835,990	5,595,149	78,431,139	25,000
Buildings and System	4,684,963	24,113,631	28,798,594	146,564
Improvements Other Than Buildings	6,254,291	6,947,991	13,202,282	
Machinery and Equipment	2,428,298	761,187	3,189,485	936
Infrastructure	99,392		99,392	
Construction in Progress	8,739,105	226,908	8,966,013	
Total Assets	\$ 113,538,114	\$ 38,808,951	\$ 152,347,065	\$ 5,582,618
LIABILITIES:				
Accounts Payable	\$ 1,237,344	\$ 767,744	\$ 2,005,088	\$ 34,865
Claims and Judgments Payable	362,678		362,678	
Accrued Interest Payable	89,124	6,809	95,933	
Retainage Payable	223,834		223,834	
Accrued Wages	327,972	112,952	440,924	
Unearned Revenue	138,403		138,403	
Customer Deposits	12,805	230,975	243,780	
Unclaimed Property		87,448	87,448	
Current Portion of Long-Term Debt	1,415,820	874,318	2,290,138	
Current Portion of Compensated Absences	39,100	20,200	59,300	
Noncurrent Liabilities				
Noncurrent Portion of Long-Term Debt	18,463,759	4,130,092	22,593,851	
Closure/Postclosure Landfill Obligation	2,177,843		2,177,843	
Accrued Compensated Absences	1,765,403	573,654	2,339,057	
Total Liabilities	\$ 26,254,085	\$ 6,804,192	\$ 33,058,277	\$ 34,865
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 75,684,546	\$ 32,640,456	\$ 108,325,002	\$ 172,500
Restricted For:				
Grants				2,334,430
Capital Projects	3,660,522		3,660,522	
Closure/Postclosure Landfill Obligation	581,160		581,160	
Non-expendable - Cemetery Permanent Care	351,511		351,511	
Non-expendable - Prepaid Items	32,410		32,410	
Economic Development				3,040,823
Advertising and Promotions	954,086		954,086	
Court Security	1,879		1,879	
Employee Education	50,703		50,703	
Task Force Operations	12,701		12,701	
Cemetery Operations	85,902		85,902	
WWTP Repairs	439,944		439,944	
Volunteer Program	220		220	
Senior Center Operations	1,994		1,994	
Unrestricted	5,426,451	(635,697)	4,790,754	
Total Net Assets	\$ 87,284,029	\$ 32,004,759	\$ 119,288,788	\$ 5,547,753

The accompanying notes are an integral part of this statement.

-23-
CITY OF BIG SPRING, TEXAS

EXHIBIT A-2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	\$ 2,208,403	\$ 238,024	\$	\$	\$ (1,970,379)	\$	\$ (1,970,379)	\$
Public Safety	8,858,090		14,536	99,993	(8,743,561)		(8,743,561)	
Highways and Streets	2,166,500				(2,166,500)		(2,166,500)	
Sanitation	1,971,841	2,860,676	28,600		917,435		917,435	
Community Service	541,643	37,848	198,435		(305,360)		(305,360)	
Recreation and Parks	2,249,772	731,107			(1,518,665)		(1,518,665)	
Cemetery	138,837				(138,837)		(138,837)	
Economic Development	1,997,635				(1,997,635)		(1,997,635)	
Interest on Long-Term Debt	864,355				(864,355)		(864,355)	
Total Governmental Activities	\$ 20,997,076	\$ 3,867,655	\$ 241,571	\$ 99,993	\$ (16,787,857)	\$ 0	\$ (16,787,857)	\$ 0
Business-Type Activities:								
Water and Sewer	\$ 10,285,767	\$ 10,399,803	\$	\$	\$	\$ 114,036	\$ 114,036	\$
Airport/Industrial Park	1,713,690	864,539	51,052			(798,099)	(798,099)	
Emergency Medical Services	2,293,215	1,732,690	130,000			(430,525)	(430,525)	
Total Business-Type Activities	\$ 14,292,672	\$ 12,997,032	\$ 181,052	\$ 0	\$ 0	\$ (1,114,588)	\$ (1,114,588)	\$ 0
Total Primary Government	\$ 35,289,748	\$ 16,864,687	\$ 422,623	\$ 99,993	\$ (16,787,857)	\$ (1,114,588)	\$ (17,902,445)	\$ 0
COMPONENT UNIT:								
Economic Development Corporation	\$ 2,631,017	\$ 14,091	\$ 0	\$ 0				\$ (2,616,926)
General Revenues:								
Property Taxes					\$ 5,542,990	\$	\$ 5,542,990	\$
Sales Taxes					6,479,539		6,479,539	1,619,885
Gross Receipts Taxes					1,468,738		1,468,738	
Motel Occupancy Taxes					732,252		732,252	
Grants and Contributions Not Restricted to Specific Programs					1,144,321		1,144,321	
Unrestricted Investment Earnings					51,606	1,252	52,858	111,251
Other					1,383,766	20,272	1,404,038	(103,520)
Transfers					593,937	(593,937)		
Total General Revenue and Transfers					\$ 17,397,149	\$ (572,413)	\$ 16,824,736	\$ 1,627,616
Change in Net Assets					609,292	(1,687,001)	(1,077,709)	(989,310)
Net Assets - Beginning					86,674,737	33,691,760	120,366,497	6,537,063
Net Assets - Ending					\$ 87,284,029	\$ 32,004,759	\$ 119,288,788	\$ 5,547,753

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General Fund	Special Revenue Correctional Center	Capital Projects Water Park	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS					
ASSETS:					
Cash and Cash Equivalents	\$ 1,069,536	\$ 2,149,664	\$ 814,759	\$ 3,248,492	\$ 7,282,451
Receivables (Net of Allowances for Uncollectibles)	856,968			244,441	1,101,409
Due from Other Funds	3,862,007			1,886,975	5,748,982
Intergovernmental Receivables	937,211			368,023	1,305,234
Prepaid Items	30,344			1,813	32,157
Advances to Other Funds				333,356	333,356
Restricted Assets:					
Cash and Cash Equivalents	<u>2,759,003</u>				<u>2,759,003</u>
Total Assets	<u>\$ 9,515,069</u>	<u>\$ 2,149,664</u>	<u>\$ 814,759</u>	<u>\$ 6,083,100</u>	<u>\$ 18,562,592</u>
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable	\$ 634,319		\$ 21,974	\$ 363,929	\$ 1,020,222
Retainage Payable	23,349		156,699	43,786	223,834
Accrued Wages	298,650			40,453	339,103
Due to Other Funds	25,382	1,709,720	114,000	40,280	1,889,382
Deferred Revenue	181,906			132,753	314,659
Customer Deposits				12,805	12,805
Advances from Other Funds	8,641				8,641
Total Liabilities	<u>\$ 1,172,247</u>	<u>\$ 1,709,720</u>	<u>\$ 292,673</u>	<u>\$ 634,006</u>	<u>\$ 3,808,646</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
Prepays	\$ 30,344			\$ 1,813	\$ 32,157
Cemetery Permanent Care				351,511	351,511
Restricted Fund Balances:					
Restricted for Family Aquatic Center			522,086		522,086
Restricted for Advertising and Promotions				954,086	954,086
Restricted for Court Security				1,879	1,879
Restricted for Debt Service				327,763	327,763
Restricted for Capital Projects				3,660,522	3,660,522
Committed Fund Balances:					
Committed for Landfill Obligation	2,759,003				2,759,003
Committed for Employee Education				50,703	50,703
Committed for Task Force Operations				12,701	12,701
Committed for Cemetery Operations				85,902	85,902
Committed for WWTP Repairs		439,944			439,944
Committed for Volunteer Program				220	220
Committed for Senior Center Operations				1,994	1,994
Unassigned Fund Balance	<u>5,553,475</u>				<u>5,553,475</u>
Total Fund Balances	<u>\$ 8,342,822</u>	<u>\$ 439,944</u>	<u>\$ 522,086</u>	<u>\$ 5,449,094</u>	<u>\$ 14,753,946</u>
Total Liabilities and Fund Balances	<u>\$ 9,515,069</u>	<u>\$ 2,149,664</u>	<u>\$ 814,759</u>	<u>\$ 6,083,100</u>	<u>\$ 18,562,592</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Total Fund Balances - Governmental Funds Balance Sheet	\$ 14,753,946
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	94,984,607
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	176,256
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,112,932
Payables for bond principal which are not due in the current period are not reported in the funds.	(17,090,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,218,613)
Payables for notes payable which are not due in the current period are not reported in the funds.	(1,515,839)
Payables for bond interest which are not due in the current period are not reported in the funds.	(89,124)
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.	92,019
Payables for compensated absences which are not reported in the funds.	(1,744,312)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(2,177,843)</u>
Net Assets of Governmental Activities - Statement of Net Assets	\$ <u>87,284,029</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Fund	Special Revenue Correctional Center	Capital Projects Water Park	Other Governmental Funds	Total Governmental Funds
Revenue:					
Taxes:					
General Property Taxes	\$ 3,573,130	\$	\$	\$ 1,974,996	\$ 5,548,126
General Sales Taxes	4,859,654			1,619,885	6,479,539
Gross Receipts Business Taxes	1,468,738				1,468,738
Motel Occupancy Taxes				732,252	732,252
License and Permits	229,314				229,314
Intergovernmental	1,045,845			340,841	1,386,686
Charges for Services	3,084,509			95,183	3,179,692
Fines	455,345			8,709	464,054
Recreation	731,107				731,107
Investment Earnings	8,135	2,700	3,984	34,479	49,298
Rents and Royalties	330,779			161,165	491,944
Miscellaneous	69,744			5,006	74,750
Contributions and Donations	95,295			99,993	195,288
Total Revenues	\$ 15,951,595	\$ 2,700	\$ 3,984	\$ 5,072,509	\$ 21,030,788
Expenditures:					
Current:					
General Government	\$ 1,964,091	\$	\$	\$ 4,568	\$ 1,968,659
Public Safety	8,118,798	1,100		598,807	8,718,705
Highways and Streets	2,004,521			48,181	2,052,702
Sanitation	1,559,844			45,000	1,604,844
Community Service				529,711	529,711
Recreation and Parks	1,279,444		3,280,175		4,559,619
Economic Development	200			2,046,873	2,047,073
Cemetery				116,176	116,176
Debt Service:					
Principal	752,350			680,008	1,432,358
Interest and Fiscal Charges	121,577			785,973	907,550
Fiscal Agent's Fees				950	950
Total Expenditures	\$ 15,800,825	\$ 1,100	\$ 3,280,175	\$ 4,856,247	\$ 23,938,347
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 150,770	\$ 1,600	\$ (3,276,191)	\$ 216,262	\$ (2,907,559)
Other Financing Sources (Uses):					
Transfers In	\$ 1,456,660	\$	\$	\$ 337,976	\$ 1,794,636
Transfers Out	(587,525)	(402,625)		(174,537)	(1,164,687)
Total Other Financing Sources (Uses)	\$ 869,135	\$ (402,625)	\$ 0	\$ 163,439	\$ 629,949
Net Change in Fund Balances	1,019,905	(401,025)	(3,276,191)	379,701	(2,277,610)
Fund Balances - Beginning	7,322,917	840,969	3,798,277	5,069,393	17,031,556
Fund Balances - Ending	\$ 8,342,822	\$ 439,944	\$ 522,086	\$ 5,449,094	\$ 14,753,946

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ (2,277,610)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital assets are not reported as expenses in the SOA.	3,687,953
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,964,107)
The loss on disposition of capital assets is not reported in the funds.	(15,529)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(5,136)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(91,240)
Bond issue costs are recorded as expenditures in governmental funds but amortized over the term of the bonds issued in the SOA.	(5,204)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	650,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	662,244
Repayment of notes payable principal is an expenditure in the funds but is not an expense in the SOA.	120,114
Increase in accrued interest from beginning of period to end of period.	51,748
The net revenue of internal service funds is reported with governmental activities.	(233,855)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>29,914</u>
Change in Net Assets of Governmental Activities - Statement of Activities	\$ <u><u>609,292</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-7

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	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	\$ 1,264,116	\$ 1,255,439	\$ 48,353	\$ 2,567,908	\$ 1,803,745
Receivables (Net of Allowances for Uncollectibles)	1,525,770	62,958	548,089	2,136,817	1,553
Intergovernmental Receivables		36,389		36,389	
Due from Other Funds	11,363			11,363	3,029
Inventories	306,613		24,080	330,693	131,064
Prepaid Items	9,554	1,137	2,503	13,194	253
Unamortized Bond Issue Costs	66,272			66,272	
Total Current Assets	<u>\$ 3,183,688</u>	<u>\$ 1,355,923</u>	<u>\$ 623,025</u>	<u>\$ 5,162,636</u>	<u>\$ 1,939,644</u>
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 5,036	\$ 5,590,113	\$	\$ 5,595,149	\$ 10,000
Buildings and System	13,892,419	10,221,212		24,113,631	
Improvements Other Than Buildings	17,187	6,930,804		6,947,991	
Machinery and Equipment	395,964	121,311	243,912	761,187	47,432
Construction in Progress	182,026	44,882		226,908	
Total Noncurrent Assets	<u>\$ 14,492,632</u>	<u>\$ 22,908,322</u>	<u>\$ 243,912</u>	<u>\$ 37,644,866</u>	<u>\$ 57,432</u>
Total Assets	<u>\$ 17,676,320</u>	<u>\$ 24,264,245</u>	<u>\$ 866,937</u>	<u>\$ 42,807,502</u>	<u>\$ 1,997,076</u>
LIABILITIES:					
Current Liabilities					
Accounts Payable	\$ 644,007	\$ 95,667	\$ 28,070	\$ 767,744	\$ 217,122
Claims and Judgments Payable					362,678
Accrued Wages	64,845	9,306	38,801	112,952	7,545
Due to Other Funds	2,628,828	27	1,044,980	3,673,835	200,157
Customer Deposits	194,833	36,142		230,975	
Unclaimed Property	87,448			87,448	
Accrued Interest Payable	6,809			6,809	
Notes Payable - Current	208,723	4,305		213,028	1,143
Revenue Bonds Payable	535,000			535,000	
Capital Leases Payable	85,522	19,487	21,281	126,290	12,747
Total Current Liabilities	<u>\$ 4,456,015</u>	<u>\$ 164,934</u>	<u>\$ 1,133,132</u>	<u>\$ 5,754,081</u>	<u>\$ 801,392</u>
Noncurrent Liabilities					
Revenue Bonds Payable	\$ 1,575,000	\$	\$	\$ 1,575,000	\$
Notes Payable	2,319,424	47,841		2,367,265	12,701
Capital Leases Payable	119,238	23,719	44,870	187,827	28,536
Accrued Compensated Absences	258,682	60,676	274,496	593,854	41,515
Advances from Other Funds	252,590		72,126	324,716	
Total Noncurrent Liabilities	<u>\$ 4,524,934</u>	<u>\$ 132,236</u>	<u>\$ 391,492</u>	<u>\$ 5,048,662</u>	<u>\$ 82,752</u>
Total Liabilities	<u>\$ 8,980,949</u>	<u>\$ 297,170</u>	<u>\$ 1,524,624</u>	<u>\$ 10,802,743</u>	<u>\$ 884,144</u>
NET ASSETS:					
Investment in Capital Assets, Net of Related Debt Unrestricted	\$ 9,649,725 <u>(954,354)</u>	\$ 22,812,970 <u>1,154,105</u>	\$ 177,761 <u>(835,448)</u>	\$ 32,640,456 <u>(635,697)</u>	\$ 2,305 <u>1,110,627</u>
Total Net Assets	<u>\$ 8,695,371</u>	<u>\$ 23,967,075</u>	<u>\$ (657,687)</u>	<u>\$ 32,004,759</u>	<u>\$ 1,112,932</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Enterprise Funds			Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Airport/Industrial Park	Emergency Medical Services		
OPERATING REVENUES:					
Water Sales	\$ 7,273,622	\$	\$	\$ 7,273,622	\$
Sewer Charges	2,816,473			2,816,473	
Emergency Medical Services			1,732,690	1,732,690	
Commercial Rentals and Fees		864,539		864,539	
Billings to Departments and Employees					3,778,239
Other Services	309,708			309,708	
Total Operating Revenues	<u>\$ 10,399,803</u>	<u>\$ 864,539</u>	<u>\$ 1,732,690</u>	<u>\$ 12,997,032</u>	<u>\$ 3,778,239</u>
OPERATING EXPENSES:					
Personnel Services	\$ 2,478,869	\$ 357,470	\$ 1,346,703	\$ 4,183,042	\$ 373,273
Supplies and Materials	4,282,635	47,106	155,545	4,485,286	1,422,482
Contractual Services	748,120	134,876	65,184	948,180	1,665,096
Maintenance	883,708	204,488	29,950	1,118,146	18,594
Depreciation	1,572,359	953,065	65,920	2,591,344	16,804
Other	87,648	12,490	619,790	719,928	479,742
Total Operating Expenses	<u>\$ 10,053,339</u>	<u>\$ 1,709,495</u>	<u>\$ 2,283,092</u>	<u>\$ 14,045,926</u>	<u>\$ 3,975,991</u>
Operating Income (Loss)	<u>\$ 346,464</u>	<u>\$ (844,956)</u>	<u>\$ (550,402)</u>	<u>\$ (1,048,894)</u>	<u>\$ (197,752)</u>
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental Revenue	\$	\$ 51,052	\$ 130,000	\$ 181,052	\$
Interest Revenue		1,252		1,252	2,308
Other	11,208	83	8,981	20,272	
Interest Expense and Paying Agent Fees	(232,428)	(4,195)	(10,123)	(246,746)	(2,399)
Total Non-Operating Revenues (Expenses)	<u>\$ (221,220)</u>	<u>\$ 48,192</u>	<u>\$ 128,858</u>	<u>\$ (44,170)</u>	<u>\$ (91)</u>
Income (Loss) Before Transfers	125,244	(796,764)	(421,544)	(1,093,064)	(197,843)
Transfers In (Out)	<u>\$ (608,073)</u>	<u>\$ (132,891)</u>	<u>\$ 147,027</u>	<u>\$ (593,937)</u>	<u>\$ (36,012)</u>
Change in Net Assets	\$ (482,829)	\$ (929,655)	\$ (274,517)	\$ (1,687,001)	\$ (233,855)
Total Net Assets - Beginning	<u>9,178,200</u>	<u>24,896,730</u>	<u>(383,170)</u>	<u>33,691,760</u>	<u>1,346,787</u>
Total Net Assets - Ending	<u>\$ 8,695,371</u>	<u>\$ 23,967,075</u>	<u>\$ (657,687)</u>	<u>\$ 32,004,759</u>	<u>\$ 1,112,932</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-9

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	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	\$ 9,971,288	\$ 853,926	\$ 1,821,875	\$ 12,647,089	\$
Cash Receipts from Interfund Services Provided					3,343,235
Cash Payments to Employees for Services	(2,478,649)	(346,428)	(1,266,347)	(4,091,424)	(384,131)
Cash Payments to Other Suppliers for Goods and Services	(5,497,136)	(337,188)	(689,773)	(6,524,097)	(2,931,359)
Net Cash Provided by (Used in) Operating Activities	\$ 1,995,503	\$ 170,310	\$ (134,245)	\$ 2,031,568	\$ 27,745
Cash Flows from Non-Capital Financing Activities:					
Cash Received from Intergovernmental Grants	\$	\$ 51,052	\$ 130,000	\$ 181,052	\$
Advances to Other Funds	(128,639)		(34,980)	(163,619)	
Transfers from (to) Other Funds	(608,073)	(132,891)	147,027	(593,937)	(36,012)
Net Cash Provided by (Used In) Non-Capital Financing Activities	\$ (736,712)	\$ (81,839)	\$ 242,047	\$ (576,504)	\$ (36,012)
Cash Flows from Capital and Related Financing Activities:					
Principal and Interest Paid	\$ (1,000,622)	\$ (30,697)	\$ (61,833)	\$ (1,093,152)	\$ (15,786)
Acquisition or Construction of Capital Assets	(138,668)	(59,032)	0	(197,700)	0
Net Cash Used in Capital and Related Financing Activities	\$ (1,139,290)	\$ (89,729)	\$ (61,833)	\$ (1,290,852)	\$ (15,786)
Cash Flows from Investing Activities:					
Interest and Dividends on Investments	\$ 0	\$ 1,252	\$ 0	\$ 1,252	\$ 2,308
Net Cash Provided by Investing Activities	\$ 0	\$ 1,252	\$ 0	\$ 1,252	\$ 2,308
Increase (Decrease) in Cash and Cash Equivalents	\$ 119,501	\$ (6)	\$ 45,969	\$ 165,464	\$ (21,745)
Cash and Cash Equivalents - Beginning of Year	1,144,615	1,255,446	2,384	2,402,445	1,825,490
Cash and Cash Equivalents - End of Year	\$ 1,264,116	\$ 1,255,440	\$ 48,353	\$ 2,567,909	\$ 1,803,745
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ 346,464	\$ (844,956)	\$ (550,402)	\$ (1,048,894)	\$ (197,752)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	\$ 1,572,359	\$ 953,065	\$ 65,920	\$ 2,591,344	\$ 16,804
Other	11,208	83	8,981	20,272	
Change in Assets and Liabilities:					
Decrease (Increase) in Receivables	\$ (428,965)	\$ (9,506)	\$ 80,166	\$ (358,305)	\$ (1,553)
Decrease (Increase) in Interfund Receivable	(11,357)	1	38	(11,318)	(3,029)
Decrease (Increase) in Inventories	(37,720)		6,522	(31,198)	(21,161)
Decrease in Prepaid Expenses	(19,775)	(1,137)	(2,503)	(23,415)	(253)
Increase in Accounts Payable	102,324	62,882	4,975	170,181	46,196
Increase in Interfund Payables	460,146	27	171,702	631,875	199,351
Increase (Decrease) in Customer Deposits	599	(1,191)		(592)	
Increase (Decrease) in Deferred Revenue				0	
Increase (Decrease) in Accrued Expenses	220	11,042	80,356	91,618	(10,858)
Total Adjustments	\$ 1,649,039	\$ 1,015,266	\$ 416,157	\$ 3,080,462	\$ 225,497
Net Cash Provided by (Used in) Operating Activities	\$ 1,995,503	\$ 170,310	\$ (134,245)	\$ 2,031,568	\$ 27,745

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

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

1. Reporting City

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

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

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

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

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

The City reports the following major governmental funds:

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

Correctional Center: This special revenue fund was used to account for an intergovernmental agreement with the Federal Bureau of Prisons. During the year ended September 30, 2010, the City Council approved transferring \$1,700,000 to the Law Enforcement Capital Projects Fund to be used for police station renovations. The remaining fund balance at year end is committed for repairs at the waste water treatment plant.

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

The City reports the following non-major funds:

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

The City reports the following major enterprise funds:

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

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

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

In addition, the City reports the following fund types:

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

b. Measurement Focus, Basis of Accounting

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

c. Fund Balances

During the year ended September 30, 2011, the City has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

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

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

Fund Balance Policy

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

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

Order of Expenditure of Funds

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

b. Property Taxes

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

c. Inventories and Prepaid Items

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

d. Capital Assets

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

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

e. Receivable Balances

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

	Governmental Funds	Water and Sewer	Airport/ Industrial Park	Emergency Medical Services	Total
Receivables:					
Sanitation	\$ 374,308	\$	\$	\$	\$ 374,308
Taxes	402,979				402,979
Municipal Court	1,460,641				1,460,641
Accounts	469,295	1,557,339	81,981	2,168,911	4,277,526
Gross Receivables	\$ 2,707,223	\$ 1,557,339	\$ 81,981	\$ 2,168,911	\$ 6,515,454
Less: Allowance for Uncollectibles	(1,604,262)	(31,569)	(19,023)	(1,620,822)	(3,275,676)
Net Total Receivables	\$ 1,102,961	\$ 1,525,770	\$ 62,958	\$ 548,089	\$ 3,239,778

Intergovernmental receivables are classified separately in the accompanying financial statements.

f. Interfund Activity

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

g. Use of Estimates

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

B. Compliance and Accountability

Deficit Fund Balance or Fund Net Assets of Individual Funds

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Proprietary Fund		
Emergency Medical Services	\$ 657,687	This fund incurred additional costs that will be recaptured.
Internal Service Fund		
Service Center	\$ 160,967	This fund incurred additional costs that will be recaptured.

C. Deposits and Investments

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

1. Cash Deposits:

At September 30, 2011, the carrying amount of the City's deposits was \$5,507,915 with \$338 in escrow for financing, \$31,000 in TML for loss deposit, and \$7,450 for cash on hand. The City's cash deposits at year end were \$5,469,127 with a bank balance of \$5,688,087. The City's cash deposits at September 30, 2011, 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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. Investments:

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

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

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

The City's investments at September 30, 2011 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	\$ 8,091,316	100%
TexStar	17 Days Average	AAAm	\$ 813,892	100%

3. Analysis of Specific Deposit and Investment Risks

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

- a. Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2011, the City's investments in TexStar and TexPool were both rated AAAm by Standard and Poor's.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

- b. Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. The City's demand deposits at year end are entirely covered by FDIC insurance and pledged collateral held in the City's name by the City's agent.
- c. Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Although the City's policy states that portfolio diversification is required, it does not specify diversification goals or limits. All of the City's investments were distributed between two local government investment pools at year end.
- d. Interest Rate Risk – As a means of minimizing risk of loss due to interest rate fluctuations, the City's investment policy requires that the portfolio remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. For short term liquidity requirements, the City utilizes two local government investment pools. TexPool is managed by Federated Investors for the State of Texas Comptroller of Public Accounts (TexPool). TexPool operates on a \$1 net asset value basis and allows same day or next day redemptions and deposits. As of September 30, 2011, TexPool's portfolio maintained a weighted average maturity of approximately 45 days. The other local government investment pool utilized by the City is Texas Short Term Asset Reserve Fund (TexStar). This pool is managed by JP Morgan Chase Bank and First Southwest Asset Management, Inc. As of September 30, 2011, TexStar's portfolio maintained a weighted average maturity of approximately 34 days.
- e. Foreign Currency Risk – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. While the City's policy does not address this risk, the City has no foreign currency risk as of year end.

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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Legal Investments – Under current Texas law and in accordance with City policy, the City is authorized to invest in (1) obligations of the United States or its instrumentalities, (2) direct obligations of the State of Texas or its agencies, (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States or its instrumentalities, (4) certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for City deposits, (5) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through primary government securities dealer or a bank domiciled in the State of Texas, (6) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a state bank in the United States, (7) no-load money market mutual funds registered with the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less, and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share. The City may invest in such obligations directly or through government investment pools that invest solely in such obligations.

D. Capital Assets

Capital asset activity for the year ended September 30, 2011, were as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Net Transfers</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 72,835,990	\$	\$	\$	\$ 72,835,990
Construction in Progress	9,079,586	(324,952)		15,529	8,739,105
Total Capital Assets Not Being Depreciated	<u>\$ 81,915,576</u>	<u>\$ (324,952)</u>	<u>\$ 0</u>	<u>\$ 15,529</u>	<u>\$ 81,575,095</u>
Capital Assets Being Depreciated					
Infrastructure	\$ 5,711,462	\$	\$	\$	\$ 5,711,462
Buildings and Systems	27,822,777	3,695,207			31,517,984
Improvements Other Than Buildings	8,776,611	155,874			8,932,485
Machinery and Equipment	10,968,416	161,824	35,127	53,211	11,112,156
Total Capital Assets Being Depreciated	<u>\$ 53,279,266</u>	<u>\$ 4,012,905</u>	<u>\$ 35,127</u>	<u>\$ 53,211</u>	<u>\$ 57,274,087</u>
Less Accumulated Depreciation for:					
Infrastructure	\$ 5,586,688	\$ 25,382	\$	\$	\$ 5,612,070
Buildings and Systems	26,639,729	193,292			26,833,021
Improvements Other Than Buildings	1,772,558	905,636			2,678,194
Machinery and Equipment	7,845,341	856,601	35,127	53,211	8,683,858
Total Accumulated Depreciation	<u>\$ 41,844,316</u>	<u>\$ 1,980,911</u>	<u>\$ 35,127</u>	<u>\$ 53,211</u>	<u>\$ 43,807,143</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 11,434,950</u>	<u>\$ 2,031,994</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,466,944</u>
Governmental Activities Capital Assets, Net	<u>\$ 93,350,526</u>	<u>\$ 1,707,042</u>	<u>\$ 0</u>	<u>\$ 15,529</u>	<u>\$ 95,042,039</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to governmental activities as follows:

General Government	\$ 17,217
Public Safety	410,049
Highways and Streets	169,486
Sanitation	259,057
Community Service	11,932
Recreation and Parks	1,057,392
Cemetery	22,661
Economic Development	<u>16,313</u>
	\$ 1,964,107
Depreciation Charged to Internal Service Funds	<u>16,804</u>
Total Depreciation Charged to Governmental Activities	<u>\$ 1,980,911</u>

	Beginning Balances	Increases	Net Transfers	Decreases	Ending Balances
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 5,595,149	\$	\$	\$	\$ 5,595,149
Construction in Progress	5,963,524	(5,736,616)			226,908
Total Capital Assets Not Being Depreciated	<u>\$ 11,558,673</u>	<u>\$ (5,736,616)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,822,057</u>
Capital Assets Being Depreciated					
Buildings and Systems	\$ 70,781,063	\$	\$	\$	\$ 70,781,063
Improvements Other Than Buildings	24,592,013	5,927,566			30,519,579
Machinery and Equipment	3,137,568	6,750	(35,127)		3,109,191
Total Capital Assets Being Depreciated	<u>\$ 98,510,644</u>	<u>\$ 5,934,316</u>	<u>\$ (35,127)</u>	<u>\$ 0</u>	<u>\$ 104,409,833</u>
Less Accumulated Depreciation for:					
Buildings and Systems	\$ 44,576,846	\$ 2,090,586	\$	\$	\$ 46,667,432
Improvements Other Than Buildings	23,261,490	310,098			23,571,588
Machinery and Equipment	2,192,471	190,660	(35,127)		2,348,004
Total Accumulated Depreciation	<u>\$ 70,030,807</u>	<u>\$ 2,591,344</u>	<u>\$ (35,127)</u>	<u>\$ 0</u>	<u>\$ 72,587,024</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 28,479,837</u>	<u>\$ 3,342,972</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,822,809</u>
Business-Type Activities Capital Assets, Net	<u>\$ 40,038,510</u>	<u>\$ (2,393,644)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,644,866</u>
Depreciation Expense		<u>\$ 2,591,344</u>			

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2011, 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	\$ 192,286	Short-Term Loans
General Fund	Proprietary Funds	3,510,000	Short-Term Loans
General Fund	Correctional Center	9,720	Short-Term Loans
Cemetery	Permanent Fund	1,712	Short-Term Loans
Capital Projects	Correctional Center	1,700,000	Short-Term Loans
Capital Projects	Proprietary Funds	163,620	Short-Term Loans
Other Funds	Internal Service Funds	10,410	Short-Term Loans
Capital Projects	General Fund	19,567	Short-Term Loans
General Fund	Internal Service Funds	150,000	Short-Term Loans
		<u>\$ 5,757,315</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	\$ 8,641	Loans
EMS	Capital Projects	72,126	Loans
Water and Sewer Fund	Capital Projects	252,590	Loans
		<u>\$ 333,357</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2011, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 337,525	Supplement Other Funds Sources
General Fund	Proprietary Funds	250,000	Supplement Other Funds Sources
Other Governmental Funds	General Fund	8,785	Supplement Other Funds Sources
Correctional Center Fund	General Fund	402,625	Supplement Other Funds Sources
Proprietary Funds	General Fund	140,000	Supplement Other Funds Sources
Motel Tax Fund	General Fund	165,301	Administrative Fees
Proprietary Funds	General Fund	703,937	Administrative Fees
Internal Service Funds	General Fund	36,012	Administrative Fees
		<u>\$ 2,044,185</u>	

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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, 2011, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 13,115,000	\$	\$ 540,000	\$ 12,575,000	\$ 560,000
Certificate of Obligation Bonds	4,625,000		110,000	4,515,000	180,000
Capital Leases	1,934,431		674,535	1,259,896	549,530
Economic Conservation	1,650,895		121,212	1,529,683	126,290
Compensated Absences	1,849,404	92,356	137,257	1,804,503	39,100
Closure/Postclosure Landfill	2,086,603	91,240		2,177,843	
Total Governmental Activities	<u>\$ 25,261,333</u>	<u>\$ 183,596</u>	<u>\$ 1,583,004</u>	<u>\$ 23,861,925</u>	<u>\$ 1,454,920</u>
Business-Type Activities:					
General Obligation Bonds	\$ 2,000,000	\$ 25,000	\$ 470,000	\$ 1,555,000	\$ 510,000
Certificate of Obligation Bonds	580,000		25,000	555,000	25,000
Capital Leases	486,063		171,946	314,117	126,290
Economic Conservation	2,784,755		204,462	2,580,293	213,028
Compensated Absences	508,698	103,278	18,122	593,854	20,200
Total Business-Type Activities	<u>\$ 6,359,516</u>	<u>\$ 128,278</u>	<u>\$ 889,530</u>	<u>\$ 5,598,264</u>	<u>\$ 894,518</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

2. Refunding Bonds

During the year ended September 30, 2011, the City refunded the 2002 Refunding Bonds related to the business-type activities with the 2011 Refunding Bonds. The City rolled accrued interest of \$13,405 on the old debt into the new debt. The new issue will reduce debt service payments for the City by \$34,094.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. Debt Service Requirements

Debt service requirements on general obligation bonds and certificates of obligation bonds at September 30, 2011, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 740,000	\$ 708,607	\$ 1,448,607
2013	770,000	681,657	1,451,657
2014	790,000	653,757	1,443,757
2015	825,000	624,382	1,449,382
2016	855,000	592,932	1,447,932
2017-2021	4,825,000	2,425,233	7,250,233
2022-2026	6,040,000	1,206,572	7,246,572
2027-2030	<u>2,245,000</u>	<u>122,786</u>	<u>2,367,786</u>
Totals	<u>\$ 17,090,000</u>	<u>\$ 7,015,926</u>	<u>\$ 24,105,926</u>

Date of Issue	Original Issue	Interest Rates	Maturity Date	Outstanding	Purpose of Issue
2/1/2007	\$ 14,285,000	4.0% - 5.0%	2/15/2027	\$ 12,575,000	Streets & Sports Complex
2/1/2007	460,000	4.0% - 4.375%	2/15/2027	405,000	Animal Shelter
3/3/2010	<u>4,200,000</u>	2.0% - 4.125%	2/15/2030	<u>4,110,000</u>	Family Aquatic Center
	<u>\$ 18,945,000</u>			<u>\$ 17,090,000</u>	

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2012	\$ 535,000	\$ 48,681	\$ 583,681
2013	545,000	37,381	582,381
2014	550,000	25,931	575,931
2015	30,000	19,581	49,581
2016	30,000	18,381	48,381
2017-2021	165,000	72,831	237,831
2022-2026	210,000	33,243	243,243
2027	<u>45,000</u>	<u>984</u>	<u>45,984</u>
Totals	<u>\$ 2,110,000</u>	<u>\$ 257,013</u>	<u>\$ 2,367,013</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>	<u>Purpose of Issue</u>
2002 Refunding Series	6/1/2002	\$ 5,190,000	3.0% - 4.5%	2/15/2014	\$ 0	Water Improvements
2011 Refunding Series	4/1/2011	1,555,000	2.00%	2/15/2014	1,555,000	Water Improvements
2007 C.O. Bonds	2/1/2007	<u>640,000</u>	4.0% - 4.375%	2/15/2027	<u>555,000</u>	Elevated Reservoir Repair
		<u>\$ 7,385,000</u>			<u>\$ 2,110,000</u>	

Economic Conservation debt requirements at September 30, 2011, are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2012	\$ 126,290	\$ 64,093	\$ 190,383
2013	131,582	58,802	190,384
2014	137,095	53,288	190,383
2015	142,840	47,545	190,385
2016	147,478	41,183	188,661
2017-2021	<u>844,398</u>	<u>175,477</u>	<u>1,019,875</u>
Totals	<u>\$ 1,529,683</u>	<u>\$ 440,388</u>	<u>\$ 1,970,071</u>

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2012	\$ 213,028	\$ 108,114	\$ 321,142
2013	221,955	99,189	321,144
2014	231,255	89,889	321,144
2015	240,944	80,199	321,143
2016	251,039	70,104	321,143
2017-2021	<u>1,422,072</u>	<u>183,644</u>	<u>1,605,716</u>
Totals	<u>\$ 2,580,293</u>	<u>\$ 631,139</u>	<u>\$ 3,211,432</u>

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

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	\$ 6,716,763	\$ 2,117,628
Less: Accumulated Depreciation	<u>(4,931,358)</u>	<u>(1,704,475)</u>
Totals	<u>\$ 1,785,405</u>	<u>\$ 413,153</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2011, as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2012	\$ 549,530	\$ 35,144	\$ 584,674
2013	386,083	18,734	404,817
2014	251,258	7,522	258,780
2015	73,025	586	73,611
Total Minimum Rentals	<u>\$ 1,259,896</u>	<u>\$ 61,986</u>	<u>\$ 1,321,882</u>

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

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2012	\$ 140,618	\$ 7,617	\$ 148,235
2013	117,076	3,715	120,791
2014	49,942	801	50,743
2015	6,481	49	6,530
Total Minimum Rentals	<u>\$ 314,117</u>	<u>\$ 12,182</u>	<u>\$ 326,299</u>

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

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 2011, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

H. Pension Plan

1. Plan Description

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

	<u>Plan Year 2010</u>	<u>Plan Year 2011</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age / years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI	70% of CPI

2. Funding Policy

Plan members are required to contribute seven percent of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 14.16% of annual covered payroll. The City's contributions to the TMRS for the years ending September 30, 2011, 2010, and 2009, were \$1,197,340, \$1,166,314, and \$1,040,937, respectively, and were equal to the required contributions for each year.

3. Annual Pension Cost

The City's annual pension cost of \$1,197,340 for the Plan was equal to the City's required and actual contributions. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	29 years; closed period	28.2 years; closed period	27.3 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.50%	7.50%	7.00%
Projected Salary Increases	Varies by age and Service	Varies by age and Service	Varies by age and Service
Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.10%	2.10%	2.10%

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. Funded Status and Funding Progress

The funded status as of December 31, 2010, the most recent actuarial valuation date, is as follows:

Funded Status	
Actuarial Valuation Date	12/31/10
Actuarial Value of Assets	\$ 28,801,757
Actuarial Accrued Liability (AAL)	\$ 37,187,914
Percentage Funded	77.4%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 8,386,157
Annual Covered Payroll	\$ 8,820,409
UAAL as a Percentage of Covered Payroll	95.1%

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

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

5. Trend Information for the Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2009	\$ 1,040,937	100%	\$ 0
September 30, 2010	1,166,314	100%	0
September 30, 2011	1,197,340	100%	0

6. Firemen's Relief and Retirement Fund

Firemen of the City are covered by a defined contribution pension plan, which is administered by a seven-member board. This board consists of the Mayor or his designee, the Chief Financial Officer, three firemen and two outside citizens. Texas Local Fire Fighters' Retirement Act (TLFFRA) requires that the Mayor, or his designee, and the Chief Financial Officer be permanent members of the Board. In addition, three firemen trustees are elected by the firemen. These five members are then charged with the responsibility of appointing the two final board members, who must be local citizens. The City now provides a defined contribution to the fund of 12% of the firemen's salary and the firemen contribute 13%. Upon

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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, 2011, was \$3,300,856. Both the City and the firemen made the required contribution of \$396,103 and \$419,539 representing 12% and 13% of covered payroll, respectively.

I. Self-Insurance

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

	Liability Balance at 10-01	Current Year Claims and Changes in Estimates	Claim Payments	Liability Balance at 9-30	Total Internal Service Funds
Year Ending 09-30-10					
Health Insurance Claims	\$ 75,923	\$ 1,415,427	\$ 1,307,257	\$ 184,093	
Workers' Compensation Claims	98,297	224,264	165,084	157,477	\$ 341,570
Year Ending 09-30-11					
Health Insurance Claims	\$ 184,093	\$ 1,186,661	\$ 1,178,289	\$ 192,465	
Workers' Compensation Claims	157,477	201,719	188,983	170,213	\$ 362,678

Health Insurance

Effective October 1, 2001, the City changed from a fully-insured to a self-insured health insurance plan. The City's health insurance plan is administered by a third-party administrator, Employee Benefits Administrators (EBA). EBA reviews and processes all health insurance claims. The City has acquired stop-loss coverage, which limits the City's possible liability exposure to \$90,000 per claim. The City informally budgets for current claims based on actuarial and historical data. The City incurred \$1,897,458 in health insurance expense and administrative and other charges for the year ended September 30, 2011. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$192,465 at September 30, 2011.

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 \$223,487 in workers' compensation expense and administrative and other charges for the year ended September 30, 2011. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$170,213 at September 30, 2011.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

J. Commitments and Contingencies, Litigation, and Subsequent Events

1. Contingencies

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

2. Litigation

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

3. Subsequent Events

The City has evaluated subsequent events through March 27, 2012, the date which the financial statements were available to be issued.

K. Closure and Post-closure Care Cost

State and federal laws and regulations require the City to place a final cover on its Big Spring Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,177,843 reported as landfill closure and post-closure care liability at September 30, 2011, represents the cumulative amount reported to date based on the use of 70.99% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$890,100 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The City has not placed funds in a trust to cover these costs. However, at September 30, 2011 the City has designated an investment in the amount of \$2,759,003 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>
12/31/2008	\$ 17,946,597	\$ 26,482,664	\$ 8,536,067	67.77%	\$ 7,813,766	109.24%
12/31/2009	18,962,029	28,698,884	9,736,855	66.07%	8,694,403	111.99%
12/31/2010	28,801,757	37,187,914	8,386,157	77.45%	8,820,409	95.08%

CITY OF BIG SPRING, TEXAS

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes	\$ 3,755,645	\$ 3,600,000	\$ 3,573,130	\$ (26,870)
General Sales Taxes	4,200,000	4,700,000	4,859,654	159,654
Gross Receipts Business Taxes	1,370,500	1,439,500	1,468,738	29,238
License and Permits	199,100	218,514	229,314	10,800
Intergovernmental	1,046,834	1,048,378	1,045,845	(2,533)
Charges for Services	2,973,800	3,032,500	3,084,509	52,009
Fines	393,800	437,700	455,345	17,645
Recreation	659,500	733,700	731,107	(2,593)
Investment Earnings	17,000	7,000	8,135	1,135
Rents and Royalties	318,067	330,067	330,779	712
Miscellaneous	30,178	39,428	69,744	30,316
Contributions and Donations	15,000	95,000	95,295	295
Total Revenues	\$ 14,979,424	\$ 15,681,787	\$ 15,951,595	\$ 269,808
Expenditures:				
Current:				
General Government				
Non-Departmental (000)	\$ 256,030	\$ 286,581	\$ 364,055	\$ (77,474)
City Council (110)	199,998	230,364	176,230	54,134
Finance (120)	487,674	478,396	476,072	2,324
City Manager (130)	252,989	244,387	250,469	(6,082)
Information Technology (140)	151,893	144,338	150,613	(6,275)
Legal (150)	214,125	242,481	242,595	(114)
Human Resources (160)	312,306	292,240	300,935	(8,695)
Special Projects (170)	0	3,122	3,122	0
Public Safety				
Police (200)	4,051,402	4,103,426	4,175,693	(72,267)
Fire (210)	3,297,869	3,216,459	3,352,569	(136,110)
Municipal Court (220)	284,606	274,812	254,445	20,367
Fire Marshal (230)	112,328	114,368	113,120	1,248
Animal Control (240)	247,170	216,676	222,971	(6,295)
Highways and Streets				
Code Enforcement (300)	384,972	413,833	388,263	25,570
General Maintenance (310)	92,622	129,806	132,941	(3,135)
Streets (320)	1,489,048	1,545,934	1,483,317	62,617
Sanitation				
Sanitation (330)	747,200	732,411	773,106	(40,695)
Landfill (350)	514,910	590,499	667,342	(76,843)
Compost Facility (360)	129,348	117,357	119,396	(2,039)
Recreation and Parks				
Parks (370)	321,091	283,500	290,616	(7,116)
Sports Complex (375)	240,543	240,817	201,828	38,989
Swimming Pool (380)	149,250	147,540	151,529	(3,989)
Golf Course (390)	434,689	453,655	467,134	(13,479)
Lake (410)	26,534	20,245	17,942	2,303
City Hall (420)	110,061	140,205	150,395	(10,190)
Economic Development (180)	0	0	200	(200)
Debt Service:				
Principal	752,351	752,351	752,350	
Interest and Fiscal Charges	177,979	177,782	121,577	56,205
Total Expenditures	\$ 15,438,988	\$ 15,593,585	\$ 15,800,825	\$ (207,241)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (459,564)	\$ 88,202	\$ 150,770	\$ 62,567
Other Financing Sources (Uses):				
Transfers In	\$ 1,059,035	\$ 1,056,535	\$ 1,456,660	\$ 400,125
Transfers Out	(487,481)	(527,374)	(587,525)	(60,151)
Total Other Financing Sources	\$ 571,554	\$ 529,161	\$ 869,135	\$ 339,974
Net Change in Fund Balances	\$ 111,990	\$ 617,363	\$ 1,019,905	\$ 402,542
Fund Balances - Beginning	7,322,917	7,322,917	7,322,917	
Fund Balances - Ending	\$ 7,434,907	\$ 7,940,280	\$ 8,342,822	\$ 402,542

See notes to required supplementary information.

CITY OF BIG SPRING, TEXAS

EXHIBIT B-2

CORRECTIONAL CENTER FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue:				
Investment Earnings	\$ 5,000	\$ 2,500	\$ 2,700	\$ 200
Intergovernmental Revenue and Grants	25,000			0
Total Revenues	<u>\$ 30,000</u>	<u>\$ 2,500</u>	<u>\$ 2,700</u>	<u>\$ 200</u>
Expenditures:				
Current				
Public Safety	\$ 3,300	\$ 1,100	\$ 1,100	\$ 0
Total Expenditures	<u>\$ 3,300</u>	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 0</u>
Excess of Revenues Over Expenditures	<u>\$ 26,700</u>	<u>\$ 1,400</u>	<u>\$ 1,600</u>	<u>\$ 200</u>
Other Financing Sources (Uses):				
Transfers Out (Use)	\$ (5,000)	\$ (2,500)	\$ (402,625)	\$ (400,125)
Total Other Financing Uses	<u>\$ (5,000)</u>	<u>\$ (2,500)</u>	<u>\$ (402,625)</u>	<u>\$ (400,125)</u>
Net Change in Fund Balances	\$ 21,700	\$ (1,100)	\$ (401,025)	\$ (399,925)
Fund Balances - Beginning	<u>840,969</u>	<u>840,969</u>	<u>840,969</u>	
Fund Balances - Ending	<u>\$ 862,669</u>	<u>\$ 839,869</u>	<u>\$ 439,944</u>	<u>\$ (399,925)</u>

See notes to required supplementary information.

**CITY OF BIG SPRING, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011**

BUDGETARY DATA

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

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

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

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

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

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

-58-
CITY OF BIG SPRING, TEXAS

EXHIBIT C-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011**

	Special Revenue Funds	Debt Service Fund 2007 G.O. Bonds	Debt Service Fund 2007 C.O. Bonds	Debt Service Fund 2010 C.O. Bonds	Capital Projects Fund Capital Replacement	Capital Projects Fund 2007 G.O. Streets	Capital Projects Fund Law Enforcement	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS									
Assets:									
Cash and Cash Equivalents	\$ 1,081,026	\$ 286,250	\$ 13,772	\$ 27,741	\$ 1,443,979	\$ 42,501		\$ 353,223	\$ 3,248,492
Receivables (Net of Allowance for Uncollectibles)	196,669	36,479	1,232	10,061					244,441
Due from Other Funds	3,788				183,187		1,700,000		1,886,975
Prepaid Items	1,813								1,813
Intergovernmental Receivables	368,023								368,023
Advances to Other Funds					333,356				333,356
Total Assets	\$ 1,651,319	\$ 322,729	\$ 15,004	\$ 37,802	\$ 1,960,522	\$ 42,501	\$ 1,700,000	\$ 353,223	\$ 6,083,100
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts Payable	\$ 363,929								\$ 363,929
Retainage Payable	1,285					42,501			43,786
Accrued Wages	40,453								40,453
Due to Other Funds	38,568							1,712	40,280
Accrued Interest Payable									0
Deferred Revenue	84,981	36,479	1,232	10,061					132,753
Customer Deposits	12,805								12,805
Total Liabilities	\$ 542,021	\$ 36,479	\$ 1,232	\$ 10,061	\$ 0	\$ 42,501	\$ 0	\$ 1,712	\$ 634,006
Fund Balances:									
Nonspendable Fund Balances:									
Prepays	\$ 1,813								\$ 1,813
Cemetery Permanent Care								351,511	351,511
Restricted Fund Balances:									
Restricted for Advertising and Promotions	954,086								954,086
Restricted for Court Security	1,879								1,879
Restricted for Debt Service		286,250	13,772	27,741					327,763
Restricted for Capital Projects					1,960,522		1,700,000		3,660,522
Committed Fund Balances:									
Committed for Employee Education	50,703								50,703
Committed for Task Force Operations	12,701								12,701
Committed for Cemetery Operations	85,902								85,902
Committed for Volunteer Program	220								220
Committed for Senior Center Operations	1,994								1,994
Total Fund Balances	\$ 1,109,298	\$ 286,250	\$ 13,772	\$ 27,741	\$ 1,960,522	\$ 0	\$ 1,700,000	\$ 351,511	\$ 5,449,094
Total Liabilities and Fund Balances	\$ 1,651,319	\$ 322,729	\$ 15,004	\$ 37,802	\$ 1,960,522	\$ 42,501	\$ 1,700,000	\$ 353,223	\$ 6,083,100

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue Funds	Debt Service Fund 2007 G.O. Bonds	Debt Service Fund 2007 C.O. Bonds	Debt Service Fund 2010 C.O. Bonds	Capital Projects Fund Capital Replacement	Capital Projects Fund 2007 G.O. Streets	Capital Projects Fund Law Enforcement	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:									
Taxes									
General Property Taxes	\$ 451,289	\$ 1,170,765	\$ 39,458	\$ 313,484	\$	\$	\$	\$	\$ 1,974,996
General Sales Taxes	1,619,885								1,619,885
Motel Occupancy Taxes	732,252								732,252
Intergovernmental	340,841								340,841
Charges for Services	95,183								95,183
Fines	8,709								8,709
Investment Earnings	2,960	423	18	74	30,553			451	34,479
Rents and Royalties	150,915				10,250				161,165
Miscellaneous	5,006								5,006
Contributions and Donations	99,993								99,993
Total Revenue	<u>\$ 3,507,033</u>	<u>\$ 1,171,188</u>	<u>\$ 39,476</u>	<u>\$ 313,558</u>	<u>\$ 40,803</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 451</u>	<u>\$ 5,072,509</u>
Expenditures:									
Current									
General Government	\$ 4,568	\$	\$	\$	\$	\$	\$	\$	\$ 4,568
Public Safety	598,807								598,807
Highways and Streets	2,475					45,706			48,181
Sanitation	45,000								45,000
Community Service	529,711								529,711
Economic Development	2,046,873								2,046,873
Cemetery	116,176								116,176
Debt Service									
Principal	30,008	540,000	20,000	90,000					680,008
Interest and Fiscal Charges	4,173	568,856	17,312	195,632					785,973
Fiscal Agent's Fees		500	250	200					950
Total Expenditures	<u>\$ 3,377,791</u>	<u>\$ 1,109,356</u>	<u>\$ 37,562</u>	<u>\$ 285,832</u>	<u>\$ 0</u>	<u>\$ 45,706</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,856,247</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 129,242</u>	<u>\$ 61,832</u>	<u>\$ 1,914</u>	<u>\$ 27,726</u>	<u>\$ 40,803</u>	<u>\$ (45,706)</u>	<u>\$ 0</u>	<u>\$ 451</u>	<u>\$ 216,262</u>
Other Financing Sources (Uses):									
Transfers In	\$ 277,851	\$	\$	\$	\$	\$ 45,876	\$ 14,249	\$	\$ 337,976
Transfers Out	(174,086)							(451)	(174,537)
Total Other Financing Sources (Uses)	<u>\$ 103,765</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,876</u>	<u>\$ 14,249</u>	<u>\$ (451)</u>	<u>\$ 163,439</u>
Net Change in Fund Balances	\$ 233,007	\$ 61,832	\$ 1,914	\$ 27,726	\$ 40,803	\$ 170	\$ 14,249	\$ 0	\$ 379,701
Fund Balances - Beginning	<u>876,291</u>	<u>224,418</u>	<u>11,858</u>	<u>15</u>	<u>1,919,719</u>	<u>(170)</u>	<u>1,685,751</u>	<u>351,511</u>	<u>5,069,393</u>
Fund Balances - Ending	<u>\$ 1,109,298</u>	<u>\$ 286,250</u>	<u>\$ 13,772</u>	<u>\$ 27,741</u>	<u>\$ 1,960,522</u>	<u>\$ 0</u>	<u>\$ 1,700,000</u>	<u>\$ 351,511</u>	<u>\$ 5,449,094</u>

-60-
CITY OF BIG SPRING, TEXAS

EXHIBIT C-3

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011**

ASSETS	Hotel/Motel Occupancy Tax Fund	Grant	Economic Development	Employee's College Education	Municipal Court Security	R.S.V.P.	Narcotics Task Force	Cemetery	Senior Center	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Assets:										
Cash and Cash Equivalents	\$ 870,066	\$ 109	\$	\$ 52,203	\$ 44	\$ 19,187	\$ 31,163	\$ 89,660	\$ 18,594	\$ 1,081,026
Receivables (Net of Allowance for Uncollectibles)	122,677				1,835		19,811	52,091	255	196,669
Due from Other Funds								1,712	2,076	3,788
Prepaid Items							1,813			1,813
Intergovernmental Receivables		30,414	306,238			11,088	2,971		17,312	368,023
Total Assets	\$ 992,743	\$ 30,523	\$ 306,238	\$ 52,203	\$ 1,879	\$ 30,275	\$ 55,758	\$ 143,463	\$ 38,237	\$ 1,651,319
LIABILITIES AND FUND BALANCES:										
Liabilities:										
Accounts Payable	\$ 21,734		\$ 306,238	\$ 1,500		\$ 1,877	\$ 11,209	\$ 4,089	\$ 17,282	\$ 363,929
Retainage Payable	1,285									1,285
Accrued Wages	2,829					8,178	10,200	10,309	8,937	40,453
Due to Other Funds	4	8,500				20,000	24	16	10,024	38,568
Deferred Revenue		22,023					19,811	43,147		84,981
Customer Deposits	12,805									12,805
Total Liabilities	\$ 38,657	\$ 30,523	\$ 306,238	\$ 1,500	\$ 0	\$ 30,055	\$ 41,244	\$ 57,561	\$ 36,243	\$ 542,021
Fund Balances:										
Nonspendable Fund Balances:										
Prepays							1,813			1,813
Restricted Fund Balances:										
Restricted for Advertising and Promotions	954,086									954,086
Restricted for Court Security					1,879					1,879
Committed Fund Balances:										
Committed for Employee Education				50,703						50,703
Committed for Task Force Operations							12,701			12,701
Committed for Cemetery Operations								85,902		85,902
Committed for Volunteer Program						220				220
Committed for Senior Center Operations									1,994	1,994
Total Fund Balances	\$ 954,086	\$ 0	\$ 0	\$ 50,703	\$ 1,879	\$ 220	\$ 14,514	\$ 85,902	\$ 1,994	\$ 1,109,298
Total Liabilities and Fund Balances	\$ 992,743	\$ 30,523	\$ 306,238	\$ 52,203	\$ 1,879	\$ 30,275	\$ 55,758	\$ 143,463	\$ 38,237	\$ 1,651,319

-61-
CITY OF BIG SPRING, TEXAS

EXHIBIT C-4

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Hotel/Motel Occupancy Tax Fund</u>	<u>Grant</u>	<u>Economic Development</u>	<u>Employee's College Education</u>	<u>Municipal Court Security</u>	<u>R.S.V.P.</u>	<u>Narcotics Task Force</u>	<u>Cemetery</u>	<u>Senior Center</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-1)</u>
Revenue:										
Taxes										
General Property Taxes	\$	\$	\$	\$	\$	\$	\$ 451,289	\$	\$	\$ 451,289
General Sales Taxes			1,619,885							1,619,885
Motel Occupancy Taxes	732,252									732,252
Intergovernmental		51,287				54,814	12,061		222,679	340,841
Charges for Services				57,335					37,848	95,183
Fines					8,709					8,709
Investment Earnings	905			21	5	(9)	105	1,977	(44)	2,960
Rents and Royalties	38,498							112,417		150,915
Miscellaneous									5,006	5,006
Contributions and Donations		99,993								99,993
Total Revenue	<u>\$ 771,655</u>	<u>\$ 151,280</u>	<u>\$ 1,619,885</u>	<u>\$ 57,356</u>	<u>\$ 8,714</u>	<u>\$ 54,805</u>	<u>\$ 463,455</u>	<u>\$ 114,394</u>	<u>\$ 265,489</u>	<u>\$ 3,507,033</u>
Expenditures:										
Current										
General Government	\$	\$	\$	\$ 4,568	\$	\$	\$	\$	\$	\$ 4,568
Public Safety		120,205			8,788		469,814			598,807
Highways and Streets		2,475								2,475
Sanitation		45,000								45,000
Community Service						77,754			451,957	529,711
Economic Development	426,988		1,619,885							2,046,873
Cemetery								116,176		116,176
Debt Service										
Principal	3,749						26,259			30,008
Interest and Fiscal Charges	2,139						2,034			4,173
Total Expenditures	<u>\$ 432,876</u>	<u>\$ 167,680</u>	<u>\$ 1,619,885</u>	<u>\$ 4,568</u>	<u>\$ 8,788</u>	<u>\$ 77,754</u>	<u>\$ 498,107</u>	<u>\$ 116,176</u>	<u>\$ 451,957</u>	<u>\$ 3,377,791</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 338,779</u>	<u>\$ (16,400)</u>	<u>\$ 0</u>	<u>\$ 52,788</u>	<u>\$ (74)</u>	<u>\$ (22,949)</u>	<u>\$ (34,652)</u>	<u>\$ (1,782)</u>	<u>\$ (186,468)</u>	<u>\$ 129,242</u>
Other Financing Sources (Uses):										
Transfers In	\$	\$ 16,400	\$	\$	\$	\$ 35,000	\$	\$ 451	\$ 226,000	\$ 277,851
Transfers Out	(165,301)				(8,785)					(174,086)
Total Other Financing Sources (Uses)	<u>\$ (165,301)</u>	<u>\$ 16,400</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (8,785)</u>	<u>\$ 35,000</u>	<u>\$ 0</u>	<u>\$ 451</u>	<u>\$ 226,000</u>	<u>\$ 103,765</u>
Net Change in Fund Balances	\$ 173,478	\$ 0	\$ 0	\$ 52,788	\$ (8,859)	\$ 12,051	\$ (34,652)	\$ (1,331)	\$ 39,532	\$ 233,007
Fund Balances - Beginning	780,608	0	0	(2,085)	10,738	(11,831)	49,166	87,233	(37,538)	876,291
Fund Balances - Ending	<u>\$ 954,086</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,703</u>	<u>\$ 1,879</u>	<u>\$ 220</u>	<u>\$ 14,514</u>	<u>\$ 85,902</u>	<u>\$ 1,994</u>	<u>\$ 1,109,298</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-5

HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
Motel Occupancy Taxes	\$ 475,000	\$ 587,200	\$ 732,252	\$ 145,052
Investment Earnings	2,000	850	905	55
Rents and Royalties	52,400	42,400	38,498	(3,902)
Miscellaneous			0	0
Total Revenues	<u>\$ 529,400</u>	<u>\$ 630,450</u>	<u>\$ 771,655</u>	<u>\$ 141,205</u>
Expenditures:				
Economic Development	\$ 1,034,954	\$ 593,043	\$ 426,988	\$ 166,055
Debt Service:	5,888	5,888	5,888	0
Total Expenditures	<u>\$ 1,040,842</u>	<u>\$ 598,931</u>	<u>\$ 432,876</u>	<u>\$ 166,055</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (511,442)</u>	<u>\$ 31,519</u>	<u>\$ 338,779</u>	<u>\$ 307,260</u>
Other Financing Uses:				
Transfers Out (Use)	<u>\$ (165,301)</u>	<u>\$ (165,301)</u>	<u>\$ (165,301)</u>	<u>\$ 0</u>
Total Other Financing Uses	<u>\$ (165,301)</u>	<u>\$ (165,301)</u>	<u>\$ (165,301)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (676,743)	\$ (133,782)	\$ 173,478	\$ 307,260
Fund Balances - Beginning	<u>780,608</u>	<u>780,608</u>	<u>780,608</u>	<u></u>
Fund Balances - Ending	<u>\$ 103,865</u>	<u>\$ 646,826</u>	<u>\$ 954,086</u>	<u>\$ 307,260</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-6

ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
General Sales Taxes	\$ <u>1,350,000</u>	\$ <u>1,566,670</u>	\$ <u>1,619,885</u>	\$ <u>53,215</u>
Total Revenues	\$ <u>1,350,000</u>	\$ <u>1,566,670</u>	\$ <u>1,619,885</u>	\$ <u>53,215</u>
Expenditures:				
Economic Developemnt	\$ <u>1,350,000</u>	\$ <u>1,566,670</u>	\$ <u>1,619,885</u>	\$ <u>(53,215)</u>
Total Expenditures	\$ <u>1,350,000</u>	\$ <u>1,566,670</u>	\$ <u>1,619,885</u>	\$ <u>(53,215)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Net Change in Fund Balances	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-7

EMPLOYEE'S COLLEGE EDUCATION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Charges for Services	\$ 15,000	\$ 55,000	\$ 57,335	\$ 2,335
Investment Earnings		15	21	6
Total Revenues	<u>\$ 15,000</u>	<u>\$ 55,015</u>	<u>\$ 57,356</u>	<u>\$ 2,341</u>
Expenditures:				
Current				
General Government	\$ 12,000	\$ 3,000	\$ 4,568	\$ (1,568)
Total Expenditures	<u>\$ 12,000</u>	<u>\$ 3,000</u>	<u>\$ 4,568</u>	<u>\$ (1,568)</u>
Excess of Revenues Over Expenditures	<u>\$ 3,000</u>	<u>\$ 52,015</u>	<u>\$ 52,788</u>	<u>\$ 773</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 3,000	\$ 52,015	\$ 52,788	\$ 773
Fund Balances - Beginning	<u>(2,085)</u>	<u>(2,085)</u>	<u>(2,085)</u>	<u>\$ 0</u>
Fund Balances - Ending	<u>\$ 915</u>	<u>\$ 49,930</u>	<u>\$ 50,703</u>	<u>\$ 773</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-8

MUNICIPAL COURT SECURITY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Fines	\$ 9,000	\$ 9,200	\$ 8,709	\$ (491)
Investment Earnings	10	10	5	(5)
Total Revenues	<u>\$ 9,010</u>	<u>\$ 9,210</u>	<u>\$ 8,714</u>	<u>\$ (496)</u>
Expenditures:				
Current				
Public Safety	\$ 6,900	\$ 6,900	\$ 8,788	\$ (1,888)
Total Expenditures	<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>\$ 8,788</u>	<u>\$ (1,888)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,110</u>	<u>\$ 2,310</u>	<u>\$ (74)</u>	<u>\$ (2,384)</u>
Other Financing Uses:				
Total Other Financing Uses	<u>\$ (8,785)</u>	<u>\$ (8,785)</u>	<u>\$ (8,785)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (6,675)	\$ (6,475)	\$ (8,859)	\$ (2,384)
Fund Balances - Beginning	<u>10,738</u>	<u>10,738</u>	<u>10,738</u>	
Fund Balances - Ending	<u>\$ 4,063</u>	<u>\$ 4,263</u>	<u>\$ 1,879</u>	<u>\$ (2,384)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-9

R.S.V.P. FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental	\$ 56,756	\$ 58,771	\$ 54,814	\$ (3,957)
Investment Earnings	15	(10)	(9)	
Total Revenues	<u>\$ 56,771</u>	<u>\$ 58,761</u>	<u>\$ 54,805</u>	<u>\$ (3,957)</u>
Expenditures:				
Community Service	\$ 82,615	\$ 77,158	\$ 77,754	\$ (596)
Total Expenditures	<u>\$ 82,615</u>	<u>\$ 77,158</u>	<u>\$ 77,754</u>	<u>\$ (596)</u>
Deficiency of Revenues Under Expenditures	<u>\$ (25,844)</u>	<u>\$ (18,397)</u>	<u>\$ (22,949)</u>	<u>\$ (4,553)</u>
Other Financing Sources (Uses):				
Transfers In	\$ 24,500	\$ 20,000	\$ 35,000	\$ 0
Total Other Financing Sources	<u>\$ 24,500</u>	<u>\$ 20,000</u>	<u>\$ 35,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (1,344)	\$ 1,603	\$ 12,051	\$ 10,448
Fund Balances - Beginning	<u>(11,831)</u>	<u>(11,831)</u>	<u>(11,831)</u>	
Fund Balances - Ending	<u>\$ (13,175)</u>	<u>\$ (10,228)</u>	<u>\$ 220</u>	<u>\$ 10,448</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-10

NARCOTICS TASK FORCE
SPECIAL REVENUE FUND
BUDGETARY COMPARISION SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
General Property Taxes	\$ 509,750	\$ 448,500	\$ 451,289	\$ 2,789
Intergovernmental	20,000	9,500	12,061	2,561
Investment Earnings	150	120	105	(15)
Total Revenues	<u>\$ 529,900</u>	<u>\$ 458,120</u>	<u>\$ 463,455</u>	<u>\$ 5,335</u>
Expenditures:				
Current				
Public Safety	\$ 482,429	\$ 463,351	\$ 469,814	\$ (6,463)
Debt Service	28,341	28,293	28,293	0
Total Expenditures	<u>\$ 510,770</u>	<u>\$ 491,644</u>	<u>\$ 498,107</u>	<u>\$ (6,463)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 19,130</u>	<u>\$ (33,524)</u>	<u>\$ (34,652)</u>	<u>\$ (1,128)</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	\$ 19,130	\$ (33,524)	\$ (34,652)	\$ (1,128)
Fund Balances - Beginning	<u>49,166</u>	<u>49,166</u>	<u>49,166</u>	<u></u>
Fund Balances - Ending	<u>\$ 68,296</u>	<u>\$ 15,642</u>	<u>\$ 14,514</u>	<u>\$ (1,128)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-11

CEMETERY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 1,100	\$ 2,000	\$ 1,977	\$ (23)
Charges for Services				0
Rents and Royalties	75,500	95,450	112,417	16,967
Total Revenues	<u>\$ 76,600</u>	<u>\$ 97,450</u>	<u>\$ 114,394</u>	<u>\$ 16,944</u>
Expenditures:				
Cemetery	\$ 174,418	\$ 117,919	\$ 116,176	\$ 1,743
Total Expenditures	<u>\$ 174,418</u>	<u>\$ 117,919</u>	<u>\$ 116,176</u>	<u>\$ 1,743</u>
Deficiency of Revenues Under Expenditures	<u>\$ (97,818)</u>	<u>\$ (20,469)</u>	<u>\$ (1,782)</u>	<u>\$ 18,687</u>
Other Financing Sources:				
Transfers In	\$ 55,600	\$ 425	\$ 451	\$ 26
Total Other Financing Sources	<u>\$ 55,600</u>	<u>\$ 425</u>	<u>\$ 451</u>	<u>\$ 26</u>
Net Change in Fund Balances	\$ (42,218)	\$ (20,044)	\$ (1,331)	\$ 18,713
Fund Balances - Beginning	<u>87,233</u>	<u>87,233</u>	<u>87,233</u>	
Fund Balances - Ending	<u>\$ 45,015</u>	<u>\$ 67,189</u>	<u>\$ 85,902</u>	<u>\$ 18,713</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-12

SENIOR CENTER
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental	\$ 235,000	\$ 228,264	\$ 222,679	\$ (5,585)
Charges for Services	49,500	37,400	37,848	448
Investment Earnings		(60)	(44)	16
Miscellaneous			5,006	5,006
Total Revenues	<u>\$ 284,500</u>	<u>\$ 265,604</u>	<u>\$ 265,489</u>	<u>\$ (115)</u>
Expenditures:				
Community Service	\$ 417,818	\$ 450,057	\$ 451,957	\$ (1,900)
Total Expenditures	<u>\$ 417,818</u>	<u>\$ 450,057</u>	<u>\$ 451,957</u>	<u>\$ (1,900)</u>
Deficiency of Revenues Under Expenditures	<u>\$ (133,318)</u>	<u>\$ (184,453)</u>	<u>\$ (186,468)</u>	<u>\$ (2,015)</u>
Other Financing Sources:				
Transfers In	\$ 150,000	\$ 211,000	\$ 226,000	\$ 15,000
Total Other Financing Sources	<u>\$ 150,000</u>	<u>\$ 211,000</u>	<u>\$ 226,000</u>	<u>\$ 15,000</u>
Net Change in Fund Balances	\$ 16,682	\$ 26,547	\$ 39,532	\$ 12,985
Fund Balances - Beginning	<u>(37,538)</u>	<u>(37,538)</u>	<u>(37,538)</u>	
Fund Balances - Ending	<u>\$ (20,856)</u>	<u>\$ (10,991)</u>	<u>\$ 1,994</u>	<u>\$ 12,985</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-13

2007 G.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 1,125,275	\$ 1,157,000	\$ 1,170,765	\$ 13,765
Investment Earnings	700	400	423	23
Total Revenues	<u>\$ 1,125,975</u>	<u>\$ 1,157,400</u>	<u>\$ 1,171,188</u>	<u>\$ 13,788</u>
Expenditures:				
Debt Service:				
Principal	\$ 1,109,356	\$ 1,109,356	\$ 540,000	\$
Interest and Fiscal Charges			568,856	
Fiscal Agent's Fees			500	
Total Expenditures	<u>\$ 1,109,356</u>	<u>\$ 1,109,356</u>	<u>\$ 1,109,356</u>	<u>\$ 0</u>
Excess of Revenues Over Expenditures	<u>\$ 16,619</u>	<u>\$ 48,044</u>	<u>\$ 61,832</u>	<u>\$ 13,788</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	\$ 16,619	\$ 48,044	\$ 61,832	\$ 13,788
Fund Balances - Beginning	<u>224,418</u>	<u>224,418</u>	<u>224,418</u>	
Fund Balances - Ending	<u>\$ 241,037</u>	<u>\$ 272,462</u>	<u>\$ 286,250</u>	<u>\$ 13,788</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-14

2007 C.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 37,640	\$ 38,900	\$ 39,458	\$ 558
Investment Earnings	20	15	18	3
Total Revenues	<u>\$ 37,660</u>	<u>\$ 38,915</u>	<u>\$ 39,476</u>	<u>\$ 561</u>
Expenditures:				
Debt Service:				
Principal	\$ 37,563	\$ 37,563	\$ 20,000	\$ (17,312)
Interest and Fiscal Charges			17,312	
Fiscal Agent's Fees			250	
Total Expenditures	<u>\$ 37,563</u>	<u>\$ 37,563</u>	<u>\$ 37,562</u>	<u>\$ (17,312)</u>
Excess of Revenues Over Expenditures	<u>\$ 97</u>	<u>\$ 1,352</u>	<u>\$ 1,914</u>	<u>\$ (16,751)</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	\$ 97	\$ 1,352	\$ 1,914	\$ 562
Fund Balances - Beginning	<u>11,858</u>	<u>11,858</u>	<u>11,858</u>	
Fund Balances - Ending	<u>\$ 11,955</u>	<u>\$ 13,210</u>	<u>\$ 13,772</u>	<u>\$ 562</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-15

2010 C.O. BONDS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 305,000	\$ 307,100	\$ 313,484	\$ 6,384
Investment Earnings	2,000	80	74	(6)
Total Revenues	<u>\$ 307,000</u>	<u>\$ 307,180</u>	<u>\$ 313,558</u>	<u>\$ 6,378</u>
Expenditures:				
Debt Service:				
Principal	\$ 110,118	\$ 90,300	\$ 90,000	\$
Interest and Fiscal Charges	195,632	195,632	195,632	\$
Fiscal Agent's Fees	200	200	200	\$
Total Expenditures	<u>\$ 305,950</u>	<u>\$ 286,132</u>	<u>\$ 285,832</u>	<u>\$ 0</u>
Excess of Revenues Over Expenditures	<u>\$ 1,050</u>	<u>\$ 21,048</u>	<u>\$ 27,726</u>	<u>\$ 6,378</u>
Other Financing Sources:				
Transfers In	<u>0</u>	164,000	<u>0</u>	<u>(164,000)</u>
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 164,000</u>	<u>\$ 0</u>	<u>\$ (164,000)</u>
Net Change in Fund Balances	\$ 1,050	\$ 185,048	\$ 27,726	\$ (157,322)
Fund Balances - Beginning	<u>15</u>	<u>15</u>	<u>15</u>	<u></u>
Fund Balances - Ending	<u><u>\$ 1,065</u></u>	<u><u>\$ 185,063</u></u>	<u><u>\$ 27,741</u></u>	<u><u>\$ (157,322)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-16

CAPITAL REPLACEMENT FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Intergovernmental Revenue and Grants	\$ 262,435	\$	\$	\$ 0
Investment Earnings	2,000	30,469	30,553	84
Rents and Royalties	25,000	20,000	10,250	(9,750)
Total Revenues	<u>\$ 289,435</u>	<u>\$ 50,469</u>	<u>\$ 40,803</u>	<u>\$ (9,666)</u>
Expenditures:				
Debt Service:				
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess of Revenues Over Expenditures	<u>\$ 289,435</u>	<u>\$ 50,469</u>	<u>\$ 40,803</u>	<u>\$ (9,666)</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	\$ 289,435	\$ 50,469	\$ 40,803	\$ (9,666)
Fund Balances - Beginning	<u>1,919,719</u>	<u>1,919,719</u>	<u>1,919,719</u>	
Fund Balances - Ending	<u>\$ 2,209,154</u>	<u>\$ 1,970,188</u>	<u>\$ 1,960,522</u>	<u>\$ (9,666)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-17

2007 G.O. STREETS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total Revenues	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:				
Highways and Streets				
Paved Streets	\$ <u>0</u>	\$ <u>0</u>	\$ <u>45,706</u>	\$ <u>(45,706)</u>
Total Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>45,706</u>	\$ <u>(45,706)</u>
Deficiency of Revenues				
Under Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(45,706)</u>	\$ <u>(45,706)</u>
Other Financing Sources:				
Transfers In	\$	\$ 3,374	\$ 45,876	\$ 42,502
Transfers Out				0
Total Other Financing Sources	\$ <u>0</u>	\$ <u>3,374</u>	\$ <u>45,876</u>	\$ <u>42,502</u>
Net Change in Fund Balances	\$ 0	\$ 3,374	\$ 170	\$ (3,204)
Fund Balances - Beginning	<u>(170)</u>	<u>(170)</u>	<u>(170)</u>	
Fund Balances - Ending	\$ <u><u>(170)</u></u>	\$ <u><u>3,204</u></u>	\$ <u><u>0</u></u>	\$ <u><u>(3,204)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-18

2010 C.O. WATER PARK
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>3,000</u>	\$ <u>3,800</u>	\$ <u>3,984</u>	\$ <u>184</u>
Total Revenues	\$ <u>3,000</u>	\$ <u>3,800</u>	\$ <u>3,984</u>	\$ <u>184</u>
Expenditures:				
Recreation and Parks				
Water Park	\$ <u>3,372,717</u>	\$ <u>3,290,571</u>	\$ <u>3,280,175</u>	\$ <u>10,396</u>
Total Expenditures	\$ <u>3,372,717</u>	\$ <u>3,290,571</u>	\$ <u>3,280,175</u>	\$ <u>10,396</u>
Deficiency of Revenues Under Expenditures	\$ <u>(3,369,717)</u>	\$ <u>(3,286,771)</u>	\$ <u>(3,276,191)</u>	\$ <u>10,580</u>
Other Financing Uses:				
Transfers Out	\$ <u>0</u>	\$ <u>(164,000)</u>	\$ <u>0</u>	\$ <u>164,000</u>
Total Other Financing Uses	\$ <u>0</u>	\$ <u>(164,000)</u>	\$ <u>0</u>	\$ <u>164,000</u>
Net Change in Fund Balances	\$ <u>(3,369,717)</u>	\$ <u>(3,450,771)</u>	\$ <u>(3,276,191)</u>	\$ <u>174,580</u>
Fund Balances - Beginning	<u>3,798,277</u>	<u>3,798,277</u>	<u>3,798,277</u>	
Fund Balances - Ending	\$ <u><u>428,560</u></u>	\$ <u><u>347,506</u></u>	\$ <u><u>522,086</u></u>	\$ <u><u>174,580</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-19

LAW ENFORCEMENT
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>2,000</u>	\$ <u> </u>	\$ <u>0</u>	\$ <u>0</u>
Total Revenues	\$ <u>2,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:				
Public Safety				
Building Improvements	\$ <u>1,684,500</u>	\$ <u> </u>	\$ <u>0</u>	\$ <u>0</u>
Total Expenditures	\$ <u>1,684,500</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Deficiency of Revenues Under Expenditures	\$ <u>(1,682,500)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Other Financing Sources:				
Transfers In	\$ <u> </u>	\$ <u> </u>	\$ <u>14,249</u>	\$ <u>14,249</u>
Total Other Financing Sources	\$ <u>0</u>	\$ <u>0</u>	\$ <u>14,249</u>	\$ <u>14,249</u>
Net Change in Fund Balances	\$ <u>(1,682,500)</u>	\$ <u> </u>	\$ <u>14,249</u>	\$ <u>14,249</u>
Fund Balances - Beginning	<u>1,685,751</u>	<u>1,685,751</u>	<u>1,685,751</u>	<u> </u>
Fund Balances - Ending	\$ <u><u>3,251</u></u>	\$ <u><u>1,685,751</u></u>	\$ <u><u>1,700,000</u></u>	\$ <u><u>14,249</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-20

CEMETERY PERMANENT CARE FUND
PERMANENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>600</u>	\$ <u>425</u>	\$ <u>451</u>	\$ <u>26</u>
Total Revenues	\$ <u>600</u>	\$ <u>425</u>	\$ <u>451</u>	\$ <u>26</u>
Expenditures:				
Debt Service:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Excess of Revenues Over Expenditures	\$ <u>600</u>	\$ <u>425</u>	\$ <u>451</u>	\$ <u>26</u>
Other Financing Uses:				
Transfers Out	\$ <u>(600)</u>	\$ <u>(425)</u>	\$ <u>(451)</u>	\$ <u>(26)</u>
Total Other Financing Uses	\$ <u>(600)</u>	\$ <u>(425)</u>	\$ <u>(451)</u>	\$ <u>(26)</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances - Beginning	<u>351,511</u>	<u>351,511</u>	<u>351,511</u>	<u> </u>
Fund Balances - Ending	<u><u>351,511</u></u>	<u><u>351,511</u></u>	<u><u>351,511</u></u>	<u><u>0</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-21

WATER AND SEWER FUND
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Water Sales	\$ 6,970,000	\$ 7,000,000	\$ 7,273,622	\$ 273,622
Sewer Charges	3,000,000	2,800,000	2,816,473	16,473
Other Services	296,400	291,400	309,708	18,308
Total Operating Revenues	<u>\$ 10,266,400</u>	<u>\$ 10,091,400</u>	<u>\$ 10,399,803</u>	<u>\$ 308,403</u>
OPERATING EXPENSES:				
Personnel Services	\$ 2,540,578	\$ 2,388,593	\$ 2,478,869	\$ (90,276)
Supplies and Materials	3,997,425	4,204,070	4,282,635	(78,565)
Contractual Services	732,551	723,715	748,120	(24,405)
Maintenance	660,058	799,626	883,708	(84,082)
Depreciation	0	0	1,572,359	(1,572,359)
Other	5,000	20,500	87,648	(67,148)
Total Operating Expenses	<u>\$ 7,935,612</u>	<u>\$ 8,136,504</u>	<u>\$ 10,053,339</u>	<u>\$ (1,916,835)</u>
Operating Income	<u>\$ 2,330,788</u>	<u>\$ 1,954,896</u>	<u>\$ 346,464</u>	<u>\$ (1,608,432)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 2,225	\$ 0	\$ 0	\$ 0
Other	6,000	10,000	11,208	1,208
Interest Expense and Paying Agent Fees	(1,215,577)	(1,193,345)	(232,428)	960,917
Total Non-Operating Expenses	<u>\$ (1,207,352)</u>	<u>\$ (1,183,345)</u>	<u>\$ (221,220)</u>	<u>\$ 962,125</u>
Income Before Transfers	\$ 1,123,436	\$ 771,551	\$ 125,244	\$ (646,307)
Transfers In	596,786	733,499	1,107,233	373,734
Transfers Out	<u>(1,204,859)</u>	<u>(1,220,080)</u>	<u>(1,715,306)</u>	<u>(495,226)</u>
Change in Net Assets	\$ 515,363	\$ 284,970	\$ (482,829)	\$ (767,799)
Total Net Assets - Beginning	<u>9,178,200</u>	<u>9,178,200</u>	<u>9,178,200</u>	<u>_____</u>
Total Net Assets - Ending	<u>\$ 9,693,563</u>	<u>\$ 9,463,170</u>	<u>\$ 8,695,371</u>	<u>\$ (767,799)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-22

AIRPORT/INDUSTRIAL PARK
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Commercial Rentals and Fees	\$ 847,852	\$ 858,652	\$ 864,539	\$ 5,887
Total Operating Revenues	<u>\$ 847,852</u>	<u>\$ 858,652</u>	<u>\$ 864,539</u>	<u>\$ 5,887</u>
OPERATING EXPENSES:				
Personnel Services	\$ 358,574	\$ 336,749	\$ 357,470	\$ (20,721)
Supplies and Materials	58,750	53,550	47,106	6,444
Contractual Services	136,364	161,509	134,876	26,633
Maintenance	176,850	206,685	204,488	2,197
Depreciation	0	0	953,064	(953,064)
Other	0	0	12,490	(12,490)
Total Operating Expenses	<u>\$ 730,538</u>	<u>\$ 758,493</u>	<u>\$ 1,709,494</u>	<u>\$ (951,001)</u>
Operating Income (Expense)	<u>\$ 117,314</u>	<u>\$ 100,159</u>	<u>\$ (844,955)</u>	<u>\$ (945,114)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$ 50,000	\$ 71,645	\$ 51,052	\$ (20,593)
Interest Revenue	1,500	1,100	1,252	152
Other	1,000	28,000	82	(27,918)
Interest Expense and Paying Agent Fees	(30,545)	(30,698)	(4,195)	26,503
Total Non-Operating Revenues	<u>\$ 21,955</u>	<u>\$ 70,047</u>	<u>\$ 48,191</u>	<u>\$ (21,856)</u>
Income (Loss) Before Transfers	<u>\$ 139,269</u>	<u>\$ 170,206</u>	<u>\$ (796,764)</u>	<u>\$ (966,970)</u>
Transfers Out			<u>(132,891)</u>	<u>(132,891)</u>
Change in Net Assets	<u>\$ 139,269</u>	<u>\$ 170,206</u>	<u>\$ (929,655)</u>	<u>\$ (1,099,861)</u>
Total Net Assets - Beginning	<u>24,896,730</u>	<u>24,896,730</u>	<u>24,896,730</u>	
Total Net Assets - Ending	<u>\$ 25,035,999</u>	<u>\$ 25,066,936</u>	<u>\$ 23,967,075</u>	<u>\$ (1,099,861)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-23

EMERGENCY MEDICAL SERVICES FUND
 ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:				
Emergency Medical Services	\$ 1,620,500	\$ 1,796,000	\$ 1,732,690	\$ (63,310)
Total Operating Revenues	<u>\$ 1,620,500</u>	<u>\$ 1,796,000</u>	<u>\$ 1,732,690</u>	<u>\$ (63,310)</u>
OPERATING EXPENSES:				
Personnel Services	\$ 1,202,080	\$ 1,213,008	\$ 1,346,703	\$ (133,695)
Supplies and Materials	125,050	142,100	155,545	(13,445)
Contractual Services	70,896	66,790	65,184	1,606
Maintenance	43,900	30,479	29,950	529
Depreciation	0	0	65,920	(65,920)
Other	200,000	408,500	619,790	(211,290)
Total Operating Expenses	<u>\$ 1,641,926</u>	<u>\$ 1,860,877</u>	<u>\$ 2,283,092</u>	<u>\$ (422,215)</u>
Operating Loss	<u>\$ (21,426)</u>	<u>\$ (64,877)</u>	<u>\$ (550,402)</u>	<u>\$ (485,525)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	\$	\$	\$ 130,000	\$ 130,000
Other	4,500	1,200	8,981	7,781
Interest Expense and Paying Agent Fees	(94,671)	(95,109)	(10,123)	84,986
Total Non-Operating Revenues (Expenses)	<u>\$ (90,171)</u>	<u>\$ (93,909)</u>	<u>\$ 128,858</u>	<u>\$ 222,767</u>
Loss Before Transfers	<u>\$ (111,597)</u>	<u>\$ (158,786)</u>	<u>\$ (421,544)</u>	<u>\$ (262,758)</u>
Transfers In	130,000	250,000	250,000	
Transfers Out	<u>(102,973)</u>	<u>(102,973)</u>	<u>(102,973)</u>	
Change in Net Assets	<u>\$ (84,570)</u>	<u>\$ (11,759)</u>	<u>\$ (274,517)</u>	<u>\$ (262,758)</u>
Total Net Assets - Beginning	<u>(383,170)</u>	<u>(383,170)</u>	<u>(383,170)</u>	
Total Net Assets - Ending	<u>\$ (467,740)</u>	<u>\$ (394,929)</u>	<u>\$ (657,687)</u>	<u>\$ (262,758)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-24

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2011

	<u>Garage</u>	<u>Health Insurance</u>	<u>Occupational Accident Insurance</u>	<u>Payroll Fund</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 11,707	\$ 962,942	\$ 737,167	\$ 91,929	\$ 1,803,745
Receivables	1,553				1,553
Due from Other Funds			1,983	1,046	3,029
Inventories	131,064				131,064
Prepaid Items	253				253
Total Current Assets	<u>\$ 144,577</u>	<u>\$ 962,942</u>	<u>\$ 739,150</u>	<u>\$ 92,975</u>	<u>\$ 1,939,644</u>
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 10,000	\$	\$	\$	\$ 10,000
Machinery and Equipment	47,432				47,432
Total Noncurrent Assets	<u>\$ 57,432</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,432</u>
Total Assets	<u>\$ 202,009</u>	<u>\$ 962,942</u>	<u>\$ 739,150</u>	<u>\$ 92,975</u>	<u>\$ 1,997,076</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 108,759	\$ 330	\$ 15,733	\$ 92,300	\$ 217,122
Claims and Judgments Payable		192,465	170,213		362,678
Accrued Wages	7,545				7,545
Due to Other Funds	150,031	32,160	17,291	675	200,157
Notes Payable - Current	1,143				1,143
Capital Lease Payable - Current	12,747				12,747
Total Current Liabilities	<u>\$ 280,225</u>	<u>\$ 224,955</u>	<u>\$ 203,237</u>	<u>\$ 92,975</u>	<u>\$ 801,392</u>
Noncurrent Liabilities					
Notes Payable	\$ 12,701	\$	\$	\$	\$ 12,701
Capital Lease Payable	28,536				28,536
Accrued Compensated Absences	41,515				41,515
Total Noncurrent Liabilities	<u>\$ 82,752</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 82,752</u>
Total Liabilities	<u>\$ 362,977</u>	<u>\$ 224,955</u>	<u>\$ 203,237</u>	<u>\$ 92,975</u>	<u>\$ 884,144</u>
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	\$ 2,305	\$	\$	\$	\$ 2,305
Unrestricted Net Assets	<u>(163,273)</u>	<u>737,987</u>	<u>535,913</u>	<u>0</u>	<u>1,110,627</u>
Total Net Assets	<u>\$ (160,968)</u>	<u>\$ 737,987</u>	<u>\$ 535,913</u>	<u>\$ 0</u>	<u>\$ 1,112,932</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-25

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<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	\$ 1,702,994	\$ 1,735,245	\$ 340,000	\$ 3,778,239
Total Operating Revenues	<u>\$ 1,702,994</u>	<u>\$ 1,735,245</u>	<u>\$ 340,000</u>	<u>\$ 3,778,239</u>
OPERATING EXPENSES:				
Personnel Services	\$ 373,273	\$	\$	\$ 373,273
Supplies and Materials	1,422,482			1,422,482
Contractual Services	23,893	1,452,220	188,983	1,665,096
Maintenance	18,594			18,594
Depreciation	16,804			16,804
Other		445,238	34,504	479,742
Total Operating Expenses	<u>\$ 1,855,046</u>	<u>\$ 1,897,458</u>	<u>\$ 223,487</u>	<u>\$ 3,975,991</u>
Operating Income (Loss)	<u>\$ (152,052)</u>	<u>\$ (162,213)</u>	<u>\$ 116,513</u>	<u>\$ (197,752)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 17	\$ 1,387	\$ 904	\$ 2,308
Interest Expense and Paying Agent Fees	(2,399)			(2,399)
Total Non-Operating Revenues (Expenses)	<u>\$ (2,382)</u>	<u>\$ 1,387</u>	<u>\$ 904</u>	<u>\$ (91)</u>
Income (Loss) Before Transfers	\$ (154,434)	\$ (160,826)	\$ 117,417	\$ (197,843)
Transfers Out	<u> </u>	<u>(32,160)</u>	<u>(3,852)</u>	<u>(36,012)</u>
Change in Net Assets	\$ (154,434)	\$ (192,986)	\$ 113,565	\$ (233,855)
Total Net Assets - Beginning	<u>(6,534)</u>	<u>930,973</u>	<u>422,348</u>	<u>1,346,787</u>
Total Net Assets - Ending	<u>\$ (160,968)</u>	<u>\$ 737,987</u>	<u>\$ 535,913</u>	<u>\$ 1,112,932</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-26

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Garage	Health Insurance	Occupational Accident Insurance	Payroll Fund	Total Internal Service Funds (See Exhibit A-9)
Cash Flows from Operating Activities					
Cash Received from Interfund Services Provided	\$ 1,701,441	\$ 1,322,167	\$ 320,804	\$ (1,177)	\$ 3,343,235
Cash Payments to Employees	(384,131)				(384,131)
Cash Payments to Suppliers for Goods and Services	(1,317,874)	(1,444,918)	(169,346)	779	(2,931,359)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (564)</u>	<u>\$ (122,751)</u>	<u>\$ 151,458</u>	<u>\$ (398)</u>	<u>\$ 27,745</u>
Cash Flows from Non-Capital Financing Activities:					
Transfers to Other Funds	\$ 0	\$ (32,160)	\$ (3,852)	\$ 0	\$ (36,012)
Net Cash Used in Non-Capital Financing Activities	<u>\$ 0</u>	<u>\$ (32,160)</u>	<u>\$ (3,852)</u>	<u>\$ 0</u>	<u>\$ (36,012)</u>
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid	\$ (15,786)	\$ 0	\$ 0	\$ 0	\$ (15,786)
Net Cash Used in Capital and Related Financing Activities	<u>\$ (15,786)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (15,786)</u>
Cash Flows from Investing Activities					
Interest and Dividends on Investments	\$ 17	\$ 1,387	\$ 904	\$ 0	\$ 2,308
Net Cash Provided by Investing Activities	<u>\$ 17</u>	<u>\$ 1,387</u>	<u>\$ 904</u>	<u>\$ 0</u>	<u>\$ 2,308</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (16,333)	\$ (153,524)	\$ 148,510	\$ (398)	\$ (21,745)
Cash and Cash Equivalents at Beginning of Year	28,040	1,116,466	588,657	92,327	1,825,490
Cash and Cash Equivalents at End of Year	<u>\$ 11,707</u>	<u>\$ 962,942</u>	<u>\$ 737,167</u>	<u>\$ 91,929</u>	<u>\$ 1,803,745</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ (152,052)	\$ (162,213)	\$ 116,513	\$ 0	\$ (197,752)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	\$ 16,804	\$ 0	\$ 0	\$ 0	\$ 16,804
Change in Assets and Liabilities					
Increase in Receivable	(1,553)				(1,553)
Increase in Interfund Receivable			(1,983)	(1,046)	(3,029)
Increase in Prepaid Items	(253)				(253)
Decrease in Inventories	(21,161)				(21,161)
Increase in Accounts Payable	18,478	7,302	19,637	779	46,196
Increase (Decrease) in Interfund Payables	150,031	32,160	17,291	(131)	199,351
Increase in Accrued Expenses	(10,858)				(10,858)
Total Adjustments	<u>\$ 151,488</u>	<u>\$ 39,462</u>	<u>\$ 34,945</u>	<u>\$ (398)</u>	<u>\$ 225,497</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (564)</u>	<u>\$ (122,751)</u>	<u>\$ 151,458</u>	<u>\$ (398)</u>	<u>\$ 27,745</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-27

GARAGE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,396,750	\$ 1,710,750	\$ 1,702,994	\$ (7,756)
Total Operating Revenues	<u>\$ 1,396,750</u>	<u>\$ 1,710,750</u>	<u>\$ 1,702,994</u>	<u>\$ (7,756)</u>
OPERATING EXPENSES:				
Personnel Services	\$ 401,953	\$ 392,929	\$ 373,273	\$ 19,656
Supplies and Materials	1,092,670	1,499,695	1,422,482	77,213
Contractual Services	24,687	25,885	23,893	1,992
Maintenance	16,750	20,000	18,594	1,406
Depreciation	0	0	16,804	(16,804)
Total Operating Expenses	<u>\$ 1,536,060</u>	<u>\$ 1,938,509</u>	<u>\$ 1,855,046</u>	<u>\$ 83,463</u>
Operating Loss	<u>\$ (139,310)</u>	<u>\$ (227,759)</u>	<u>\$ (152,052)</u>	<u>\$ 75,707</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	\$ 150	\$ 30	\$ 17	\$ (13)
Interest Expense and Paying Agent Fees	<u>(15,732)</u>	<u>(15,787)</u>	<u>(2,399)</u>	<u>13,388</u>
Total Non-Operating Expenses	<u>\$ (15,582)</u>	<u>\$ (15,757)</u>	<u>\$ (2,382)</u>	<u>\$ 13,375</u>
Change in Net Assets	\$ (154,892)	\$ (243,516)	\$ (154,434)	\$ 89,082
Total Net Assets - Beginning	<u>(6,534)</u>	<u>(6,534)</u>	<u>(6,534)</u>	
Total Net Assets - Ending	<u>\$ (161,426)</u>	<u>\$ (250,050)</u>	<u>\$ (160,968)</u>	<u>\$ 89,082</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-28

HEALTH INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 1,685,000	\$ 1,735,000	\$ 1,735,245	\$ 245
Total Operating Revenues	<u>\$ 1,685,000</u>	<u>\$ 1,735,000</u>	<u>\$ 1,735,245</u>	<u>\$ 245</u>
OPERATING EXPENSES:				
Contractual Services	\$ 1,295,000	\$ 1,316,000	\$ 1,452,220	\$ (136,220)
Other	495,000	485,000	445,238	39,762
Total Operating Expenses	<u>\$ 1,790,000</u>	<u>\$ 1,801,000</u>	<u>\$ 1,897,458</u>	<u>\$ (96,458)</u>
Operating Loss	<u>\$ (105,000)</u>	<u>\$ (66,000)</u>	<u>\$ (162,213)</u>	<u>\$ (96,213)</u>
NON-OPERATING REVENUES				
Interest Revenue	\$ 1,500	\$ 1,500	\$ 1,387	\$ (113)
Total Non-Operating Revenues	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 1,387</u>	<u>\$ (113)</u>
Loss Before Transfers	\$ (103,500)	\$ (64,500)	\$ (160,826)	\$ (96,326)
Transfers Out	<u>(32,160)</u>	<u>(32,160)</u>	<u>(32,160)</u>	<u>0</u>
Change in Net Assets	\$ (135,660)	\$ (96,660)	\$ (192,986)	\$ (96,326)
Total Net Assets - Beginning	<u>930,973</u>	<u>930,973</u>	<u>930,973</u>	<u></u>
Total Net Assets - Ending	<u><u>\$ 795,313</u></u>	<u><u>\$ 834,313</u></u>	<u><u>\$ 737,987</u></u>	<u><u>\$ (96,326)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-29

OCCUPATIONAL ACCIDENT INSURANCE FUND
INTERNAL SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING REVENUES:				
Billings to Departments and Employees	\$ 340,000	\$ 340,000	\$ 340,000	\$ 0
Total Operating Revenues	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 340,000</u>	<u>\$ 0</u>
OPERATING EXPENSES:				
Contractual Services	\$ 155,000	\$ 155,000	\$ 188,983	\$ (33,983)
Other	55,000	40,000	34,504	5,496
Total Operating Expenses	<u>\$ 210,000</u>	<u>\$ 195,000</u>	<u>\$ 223,487</u>	<u>\$ (28,487)</u>
Operating Income	<u>\$ 130,000</u>	<u>\$ 145,000</u>	<u>\$ 116,513</u>	<u>\$ (28,487)</u>
NON-OPERATING REVENUES				
Interest Revenue	\$ 200	\$ 1,000	\$ 904	\$ (96)
Total Non-Operating Revenues	<u>\$ 200</u>	<u>\$ 1,000</u>	<u>\$ 904</u>	<u>\$ (96)</u>
Income Before Transfers	\$ 130,200	\$ 146,000	\$ 117,417	\$ (28,583)
Transfers Out	<u>(3,852)</u>	<u>(3,852)</u>	<u>(3,852)</u>	<u>0</u>
Change in Net Assets	\$ 126,348	\$ 142,148	\$ 113,565	\$ (28,583)
Total Net Assets - Beginning	<u>422,348</u>	<u>422,348</u>	<u>422,348</u>	<u></u>
Total Net Assets - Ending	<u><u>\$ 548,696</u></u>	<u><u>\$ 564,496</u></u>	<u><u>\$ 535,913</u></u>	<u><u>\$ (28,583)</u></u>

**STATISTICAL SECTION
(Unaudited)**

STATISTICAL SECTION

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

CONTENTS

Financial Trends	Pages
This segment contains information to help the reader understand how the City's financial performance and well-being have changed over time.	88-92
Revenue Capacity	
This segment contains information to help the reader assess the City's most significant local revenue sources which are sales tax followed closely by property tax.	93-98
Debt Capacity	
This segment contains information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	99-102
Economic and Demographic Information	
This segment contains demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	103-104
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	105-107

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

CITY OF BIG SPRING, TEXAS

TABLE E-1

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 74,389,471	\$ 74,072,942	\$ 74,732,193	\$ 75,819,837	\$ 75,684,546
Restricted	534,218	877,155	779,456	1,016,940	6,500,795
Unrestricted	<u>8,642,307</u>	<u>11,042,754</u>	<u>10,769,031</u>	<u>9,837,960</u>	<u>5,098,688</u>
Total Governmental Activities Net Assets	<u>\$ 83,565,996</u>	<u>\$ 85,992,851</u>	<u>\$ 86,280,680</u>	<u>\$ 86,674,737</u>	<u>\$ 87,284,029</u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	\$ 29,854,473	\$ 29,650,749	\$ 35,567,974	\$ 34,187,693	\$ 32,640,456
Unrestricted	<u>2,550,693</u>	<u>3,041,044</u>	<u>874,706</u>	<u>(495,933)</u>	<u>(635,697)</u>
Total Business-Type Activities Net Assets	<u>\$ 32,405,166</u>	<u>\$ 32,691,793</u>	<u>\$ 36,442,680</u>	<u>\$ 33,691,760</u>	<u>\$ 32,004,759</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$ 104,243,944	\$ 103,723,691	\$ 110,300,167	\$ 110,007,530	\$ 108,325,002
Restricted	534,218	877,155	779,456	1,016,940	6,500,795
Unrestricted	<u>11,193,000</u>	<u>14,083,798</u>	<u>11,643,737</u>	<u>9,342,027</u>	<u>4,462,991</u>
Total Primary Government Net Assets	<u>\$ 115,971,162</u>	<u>\$ 118,684,644</u>	<u>\$ 122,723,360</u>	<u>\$ 120,366,497</u>	<u>\$ 119,288,788</u>

FY 2011 Governmental activities had additional restricted net assets due to implementation of GASB Statement No. 54

CITY OF BIG SPRING, TEXAS

TABLE E-2

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses					
Governmental Activities					
General Government	\$ 1,553,768	\$ 1,793,992	\$ 1,824,360	\$ 2,036,771	\$ 2,208,403
Public Safety	34,574,020	7,500,329	8,224,479	8,959,484	8,858,090
Highways and Streets	1,539,111	1,851,028	2,142,249	2,004,963	2,166,500
Sanitation	1,739,329	1,776,428	2,260,078	1,843,457	1,971,841
Community Service	85,350	367,619	498,303	518,615	541,643
Recreation and Parks	923,075	1,420,690	1,404,752	1,616,841	2,249,772
Cemetery	143,459	149,141	190,062	146,107	138,837
Economic Development	1,626,113	1,862,701	1,867,545	1,816,715	1,997,635
Interest on Long-Term Debt	505,201	796,014	771,681	814,498	864,355
Total Governmental Activities Expenses	<u>\$ 42,689,426</u>	<u>\$ 17,517,942</u>	<u>\$ 19,183,509</u>	<u>\$ 19,757,451</u>	<u>\$ 20,997,076</u>
Business-Type Activities					
Water and Sewer	\$ 8,736,468	\$ 9,133,088	\$ 9,959,780	\$ 10,851,962	\$ 10,285,767
Airport/Industrial Park	1,787,590	1,473,504	1,536,701	1,516,681	1,713,690
Emergency Medical Services	1,537,351	2,047,764	1,991,905	2,183,830	2,293,215
Total Business-Type Activities Expenses	<u>\$ 12,061,409</u>	<u>\$ 12,654,356</u>	<u>\$ 13,488,386</u>	<u>\$ 14,552,473</u>	<u>\$ 14,292,672</u>
Total Primary Government Expenses	<u>\$ 54,750,835</u>	<u>\$ 30,172,298</u>	<u>\$ 32,671,895</u>	<u>\$ 34,309,924</u>	<u>\$ 35,289,748</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Public Safety	\$ 27,965,372	\$ 2,408,181	\$ 2,789,526	\$ 2,735,430	\$ 2,860,676
Sanitation	2,284,695	2,408,181	2,789,526	2,735,430	2,860,676
Community Service		95,691	53,727	50,740	37,848
Recreation and Parks	91,453	364,201	421,657	407,605	731,107
General Government	218,268	318,536	194,274	223,348	238,024
Cemetery	50,173				
Operating Grants and Contributions	140,642	442,151	257,142	227,973	241,571
Capital Grants and Contributions	37,364	16,207	52,370	135,368	99,993
Total Governmental Activities Program Revenues	<u>\$ 30,787,967</u>	<u>\$ 3,644,967</u>	<u>\$ 3,768,696</u>	<u>\$ 3,780,464</u>	<u>\$ 4,209,219</u>
Business-Type Activities					
Charges for Services					
Water and Sewer	\$ 8,259,517	\$ 9,313,289	\$ 9,594,378	\$ 9,702,905	\$ 10,399,803
Airport/Industrial Park	722,052	834,312	806,400	847,816	864,539
Emergency Medical Services	1,357,381	1,350,445	1,808,569	1,747,596	1,732,690
Operating Grants and Contributions			203,042	163,875	181,052
Capital Grants and Contributions			4,584,321		
Total Business-Type Activities Program Revenues	<u>\$ 10,338,950</u>	<u>\$ 11,498,046</u>	<u>\$ 16,996,710</u>	<u>\$ 12,462,192</u>	<u>\$ 13,178,084</u>
Total Primary Government Program Revenues	<u>\$ 41,126,917</u>	<u>\$ 15,143,013</u>	<u>\$ 20,765,406</u>	<u>\$ 16,242,656</u>	<u>\$ 17,387,303</u>
Net (Expense) Revenue					
Governmental Activities	\$ (11,901,459)	\$ (13,872,975)	\$ (15,414,813)	\$ (15,976,987)	\$ (16,787,857)
Business-Type Activities	<u>(1,722,459)</u>	<u>(1,156,310)</u>	<u>3,508,324</u>	<u>(2,090,281)</u>	<u>(1,114,588)</u>
Total Primary Government Net Expense	<u>\$ (13,623,918)</u>	<u>\$ (15,029,285)</u>	<u>\$ (11,906,489)</u>	<u>\$ (18,067,268)</u>	<u>\$ (17,902,445)</u>

CITY OF BIG SPRING, TEXAS

TABLE E-3

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Net (Expense) Revenue					
Governmental Activities	\$ (11,901,459)	\$ (13,872,975)	\$ (15,414,813)	\$ (15,976,987)	\$ (16,787,857)
Business-Type Activities	(1,722,459)	(1,156,310)	3,508,324	(2,090,281)	(1,114,588)
Total Primary Government Net Expense	\$ <u>(13,623,918)</u>	\$ <u>(15,029,285)</u>	\$ <u>(11,906,489)</u>	\$ <u>(18,067,268)</u>	\$ <u>(17,902,445)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes					
Property Taxes	\$ 3,252,311	\$ 5,068,566	\$ 5,400,654	\$ 5,558,497	\$ 5,542,990
Sales Taxes	5,369,792	6,047,491	5,778,812	5,734,386	6,479,539
Gross Receipts Taxes	1,477,481	1,522,960	1,414,058	1,428,017	1,468,738
Motel Occupancy Taxes	478,512	694,339	505,456	499,279	732,252
Unrestricted Grants and Contributions	942,137	1,053,729	1,182,689	1,126,704	1,144,321
Investment Earnings	1,023,253	844,532	186,464	71,567	51,606
Other	1,236,171	1,364,251	1,450,330	1,265,495	1,383,766
Transfers	570,670	(296,038)	(215,821)	687,099	593,937
Total Governmental Activities	\$ <u>14,350,327</u>	\$ <u>16,299,830</u>	\$ <u>15,702,642</u>	\$ <u>16,371,044</u>	\$ <u>17,397,149</u>
Business-Type Activities					
Unrestricted Grants and Contributions	\$ 217,009	\$ 1,036,216	\$	\$	\$
Investment Earnings	276,256	106,972	20,005	1,646	1,252
Other	450	3,711	6,737	24,814	20,272
Transfers	(570,670)	296,038	215,821	(687,099)	(593,937)
Total Business-Type Activities	\$ <u>(76,955)</u>	\$ <u>1,442,937</u>	\$ <u>242,563</u>	\$ <u>(660,639)</u>	\$ <u>(572,413)</u>
Total Primary Government	\$ <u>14,273,372</u>	\$ <u>17,742,767</u>	\$ <u>15,945,205</u>	\$ <u>15,710,405</u>	\$ <u>16,824,736</u>
Change in Net Assets					
Governmental Activities	\$ 2,448,868	\$ 2,426,855	\$ 287,829	\$ 394,057	\$ 609,292
Business-Type Activities	(1,799,414)	286,627	3,750,887	(2,750,920)	(1,687,001)
Total Primary Government	\$ <u>649,454</u>	\$ <u>2,713,482</u>	\$ <u>4,038,716</u>	\$ <u>(2,356,863)</u>	\$ <u>(1,077,709)</u>

CITY OF BIG SPRING, TEXAS

TABLE E-4

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

Pre-GASB 54

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

Post-GASB 54

	2011
General Fund	
Nonspendable	\$ 30,344
Committed	2,759,003
Unassigned	<u>5,553,475</u>
Total General Fund	<u>\$ 8,342,822</u>
All Other Governmental Funds	
Nonspendable	\$ 353,324
Restricted	5,466,336
Committed	<u>591,464</u>
Total All Other Governmental Funds	<u>\$ 6,411,124</u>

CITY OF BIG SPRING, TEXAS

TABLE E-5

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 10,579,730	\$ 13,321,348	\$ 13,059,530	\$ 13,203,041	14,228,655
Licenses, Fees, and Permits	220,018	311,572	186,062	213,509	229,314
Fines and Penalties	295,996	317,535	361,425	451,300	464,054
Charges for Services	2,567,774	2,860,629	3,267,596	3,002,540	3,179,692
Recreation	91,453	364,201	421,657	407,605	731,107
Intergovernmental	29,078,145	1,512,088	1,492,201	1,492,007	1,386,686
Investment Earnings	1,023,253	844,532	186,464	71,567	49,298
Other Revenues	712,888	783,474	683,754	682,384	761,982
Total Revenues	<u>\$ 44,569,257</u>	<u>\$ 20,315,379</u>	<u>\$ 19,658,689</u>	<u>\$ 19,523,953</u>	<u>\$ 21,030,788</u>
Expenditures					
General Government	\$ 1,509,104	\$ 1,943,501	\$ 1,754,193	\$ 1,861,001	\$ 1,968,659
Public Safety	34,835,688	7,964,371	8,416,171	9,257,095	8,718,705
Highways and Streets	1,834,063	2,593,080	6,927,490	4,820,334	2,052,702
Sanitation	1,675,718	1,986,031	1,766,181	2,210,220	1,604,844
Community Service	85,350	409,001	489,450	528,189	529,711
Recreation and Parks	2,425,815	2,815,726	5,141,208	2,216,615	4,559,619
Economic Development	1,617,966	1,931,752	1,825,613	1,832,712	2,047,073
Cemetery	139,369	166,209	215,888	125,424	116,176
Debt Service					
Interest and Fees	189,148	1,058,840	774,219	750,003	908,500
Principal	843,754	1,062,767	1,511,564	1,349,565	1,432,358
Total Expenditures	<u>\$ 45,155,975</u>	<u>\$ 21,931,278</u>	<u>\$ 28,821,977</u>	<u>\$ 24,951,158</u>	<u>\$ 23,938,347</u>
Excess of Revenues					
Under Expenditures	<u>\$ (586,718)</u>	<u>\$ (1,615,899)</u>	<u>\$ (9,163,288)</u>	<u>\$ (5,427,205)</u>	<u>\$ (2,907,559)</u>
Other Financing Sources (Uses)					
Capital Leases	\$ 707,574	\$ 928,222	\$ 578,525	\$ 955,949	\$
Issuance of Debt	14,745,000			4,120,670	
Transfers In	1,226,448	907,813	1,266,966	3,616,590	1,794,636
Transfers Out	(655,778)	(1,203,851)	(1,482,787)	(2,929,491)	(1,164,687)
Total Other Financing Sources	<u>\$ 16,023,244</u>	<u>\$ 632,184</u>	<u>\$ 362,704</u>	<u>\$ 5,763,718</u>	<u>\$ 629,949</u>
Net Change in Fund Balances	<u>\$ 15,436,526</u>	<u>\$ (983,715)</u>	<u>\$ (8,800,584)</u>	<u>\$ 336,513</u>	<u>\$ (2,277,610)</u>
Debt Service as a Percentage of					
Noncapital Expenditures	1.1%	9.7%	7.9%	8.4%	9.8%

CITY OF BIG SPRING, TEXAS

TABLE E-6

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Business Gross Receipts Tax</u>	<u>Motel Occupany Tax</u>	<u>Total</u>
2007	\$ 3,252,311	\$ 5,369,792	\$ 1,477,481	\$ 478,512	\$ 10,578,096
2008	5,068,566	6,047,491	1,522,960	694,339	13,333,356
2009	5,361,204	5,778,812	1,414,058	505,456	13,059,530
2010	5,541,359	5,734,386	1,428,017	499,279	13,203,041
2011	5,548,126	6,479,539	1,468,738	732,252	14,228,655
Percent Change 2007 - 2011	70.6%	20.7%	-0.6%	53.0%	

CITY OF BIG SPRING, TEXAS

TABLE E-7

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Big Spring Economic Development Corporation</u>	<u>Total</u>	<u>State of Texas</u>	<u>Total</u>
2001-02	1.50%	0.50%	2.00%	6.25%	8.25%
2002-03	1.50%	0.50%	2.00%	6.25%	8.25%
2003-04	1.50%	0.50%	2.00%	6.25%	8.25%
2004-05	1.50%	0.50%	2.00%	6.25%	8.25%
2005-06	1.50%	0.50%	2.00%	6.25%	8.25%
2006-07	1.50%	0.50%	2.00%	6.25%	8.25%
2007-08	1.50%	0.50%	2.00%	6.25%	8.25%
2008-09	1.50%	0.50%	2.00%	6.25%	8.25%
2009-10	1.50%	0.50%	2.00%	6.25%	8.25%
2010-11	1.50%	0.50%	2.00%	6.25%	8.25%

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

-95-
CITY OF BIG SPRING, TEXAS

TABLE E-8

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

Fiscal Year	Real Property		Personal Property		All Property		Total Direct Tax Rate	Value as a Percentage of Actual Taxable Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2002	\$ 305,338,253	\$ 305,338,253	\$ 105,116,794	\$ 105,116,794	\$ 410,455,047	\$ 410,455,047	0.6563	100.00%
2003	314,715,405	314,715,405	96,575,202	96,575,202	411,290,607	411,290,607	0.6863	100.00%
2004	315,221,277	315,221,277	97,269,748	97,269,748	412,491,025	412,491,025	0.6863	100.00%
2005	316,094,505	316,094,505	97,391,125	97,391,125	413,485,630	413,485,630	0.7163	100.00%
2006	363,664,736	363,664,736	55,909,450	55,909,450	419,574,186	419,574,186	0.7163	100.00%
2007	319,327,683	319,327,683	125,210,676	125,210,676	444,538,359	444,538,359	0.7163	100.00%
2008	350,680,525	350,680,525	131,006,987	131,006,987	481,687,512	481,687,512	1.0228	100.00%
2009	456,352,869	456,352,869	67,359,290	67,359,290	523,712,159	523,712,159	1.0132	100.00%
2010	480,480,335	480,480,335	59,928,374	59,928,374	540,408,709	540,408,709	0.9995	100.00%
2011	486,149,592	486,149,592	59,926,475	59,926,475	546,076,067	546,076,067	0.9495	100.00%

Source: Central Appraisal District

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

CITY OF BIG SPRING, TEXAS

TABLE E-9

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Container	\$ 18,413,130	1	3.38%	\$ 39,660,310	1	9.66%
Scenic Mountain Medical Center	15,097,163	2	2.77%	12,542,671	2	3.06%
The Coca-Cola Company	10,284,820	3	1.89%			
Oncor Electric Delivery	7,804,100	4	1.43%	9,165,950	4	2.23%
Wal-Mart Stores Texas LP	7,372,262	5	1.35%			
Wal-Mart Real Estate	7,028,034	6	1.29%	6,650,000	5	1.62%
Southwestern Bell Telephone LP	4,643,334	7	0.85%	8,936,140	3	2.35%
Payal Hotel Enterprises Inc	4,308,044	8	0.79%			
John Crane Production Sol Inc	4,293,160	9	0.79%			
HTP TA Properties Trust	4,071,903	10	0.75%			
Wal-Mart Stores Inc.				6,198,764	6	1.51%
H. E. Butt Grocery, Inc.				3,667,484	7	0.89%
Energas Company				2,990,720	8	0.73%
Rip Griffin Truck Stop				2,800,068	9	0.68%
Hobbs and Curry Family				2,149,126	10	0.52%
Total	<u>\$ 83,315,950</u>		<u>15.29%</u>	<u>\$ 94,761,233</u>		<u>23.25%</u>

Source: Texas State Comptroller

CITY OF BIG SPRING, TEXAS

TABLE E-10

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 2,644,134	\$ 2,511,365	\$ 94.98%	\$ 65,594	\$ 2,576,959	\$ 97.46%
2003	2,693,926	2,549,800	94.65%	73,904	2,623,704	97.39%
2004	2,699,300	2,530,568	93.75%	99,342	2,629,910	97.43%
2005	2,830,926	2,687,521	94.93%	92,805	2,780,326	98.21%
2006	3,005,417	2,815,327	93.68%	128,267	2,943,594	97.94%
2007	3,186,071	2,876,799	90.29%	135,280	3,012,079	94.54%
2008	4,932,103	4,772,535	96.76%	132,889	4,905,424	99.46%
2009	5,319,488	5,124,334	96.33%	103,582	5,227,916	98.28%
2010	5,481,753	5,275,275	96.23%	118,517	5,393,792	98.40%
2011	5,461,889	5,271,162	96.51%	138,433	5,409,595	99.04%

Source: Howard County

CITY OF BIG SPRING, TEXAS

TABLE E-11

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

Taxpayer	2011			2002		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Electric Power Distribution	\$ 341,771	1	6.26%	\$		
Limited Service Restaurants	276,052	2	5.05%	95,898	8	3.56%
Gasoline Stations with Convenience Stores	217,355	3	3.98%	190,862	3	7.08%
Supermarkets and Other Grocery (except Convenience)	199,209	4	3.65%	180,252	5	6.69%
Crude Petroleum and Natural Gas Extraction	183,521	5	3.36%			
Wireless Telecommunications Carriers (except satellite)	166,536	6	3.05%	65,620	10	2.44%
Wired Telecommunications Carriers	154,261	7	2.82%	102,725	7	3.81%
Eating Places	149,483	8	2.74%	205,381	2	7.62%
Full Service Restaurants	146,816	9	2.69%	117,059	6	4.35%
Gasoline Service Stations	134,704	10	2.47%			
Department Stores (except discount dept stores)	117,700	11	2.15%	779,276	1	28.93%
Other Building Material Dealers	116,692	12	2.14%			
Direct Selling Establishments				181,232	4	6.73%
Lumber and other Building Materials Dealers				67,793	9	2.52%
All other General Merchandise Stores				34,051	11	1.26%
Furniture Stores				34,141	12	1.27%
Total	<u>\$ 2,204,100</u>		<u>40.35%</u>	<u>\$ 2,054,290</u>		<u>76.26%</u>

Source: Texas State Comptroller

-99-
CITY OF BIG SPRING, TEXAS

TABLE E-12

**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			
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	4.35%	1,037
2008	14,355,000	455,000	1,711,579	1,861,886	2,885,000	630,000	295,732	3,169,341	25,363,538	3.77%	1,005
2009	13,635,000	440,000	1,573,741	1,767,233	2,450,000	605,000	568,551	2,980,993	24,020,518	3.37%	952
2010	13,115,000	4,625,000	1,934,431	1,650,895	2,000,000	580,000	486,063	2,784,755	27,176,144	3.66%	1,075
2011	12,575,000	4,515,000	1,259,896	1,529,683	1,555,000	555,000	314,117	2,580,293	24,883,989	2.91%	799

CITY OF BIG SPRING, TEXAS

TABLE E-13

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST FIVE FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Estimated Actual¹ Taxable Value of Property</u>	<u>Net Debt Per Capita²</u>
2007	\$ 14,725,000	\$ 15,907	\$ 14,709,093	3.31%	\$ 583
2008	14,355,000	228,087	14,126,913	2.93%	560
2009	13,635,000	299,833	13,335,167	2.55%	528
2010	17,740,000	256,109	17,483,891	3.24%	641
2011	17,090,050	327,764	16,762,286	3.07%	614

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 95 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 103.

CITY OF BIG SPRING, TEXAS

TABLE E-14

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>		<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid with Property Taxes				
Big Spring Independent School District*	\$ 64,485,000	*	53.90%	\$ 34,757,415
Forsan Independent School District*	4,037,335	*	0.55%	22,205
Coahoma Independent School District*	13,423,583	*	0.43%	57,721
Howard County*	11,515,000	*	25.97%	2,990,446
Howard College*	18,940,000	*	26.07%	4,937,658
Subtotal, Overlapping Debt				<u>\$ 42,765,445</u>
City of Big Spring Direct Debt	\$ 16,762,236		100%	<u>\$ 16,762,236</u>
Total Direct and Overlapping Debt				<u><u>\$ 59,527,681</u></u>

Sources: Debt outstanding data provided by each governmental unit.

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

* Gross debt

-102-
CITY OF BIG SPRING, TEXAS

TABLE E-15

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 6,156,826	\$ 6,169,359	\$ 6,187,365	\$ 6,202,284	\$ 6,293,613	\$ 6,668,075	\$ 7,225,313	\$ 7,855,682	\$ 8,106,131	\$ 8,191,141
Total Net Debt Applicable to Limit	(225,000)	(237,110)	(233,038)	(224,408)	(219,538)	(146,016)	(144,137)	(435,167)	(290,975)	(355,151)
Legal Debt Margin	<u>\$ 5,931,826</u>	<u>\$ 5,932,249</u>	<u>\$ 5,954,327</u>	<u>\$ 5,977,876</u>	<u>\$ 6,074,075</u>	<u>\$ 6,522,059</u>	<u>\$ 7,081,176</u>	<u>\$ 7,420,515</u>	<u>\$ 7,815,156</u>	<u>\$ 7,835,990</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	3.65%	3.84%	3.77%	3.62%	3.49%	2.19%	1.99%	5.54%	3.59%	4.34%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 546,076,067
Debt Limit (1.5% Assessed Value) Assessed Value	\$ 8,191,141
Debt Applicable to Limit:	
General Obligation Bonds	\$ 682,915
Less: Amount Set Aside for Repayment	(327,764)
Net Debt Applicable to Limit	<u>\$ 355,151</u>
Legal Debt Margin	\$ 7,835,990

-103-
CITY OF BIG SPRING, TEXAS

TABLE E-16

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Population (1)	25,233	25,233	25,233	25,233	25,233	25,233	25,233	25,233	27,282	27,282
Total Personal Income	\$ 512,810,259	\$ 512,810,259	\$ 542,534,733	\$ 553,233,525	\$ 585,052,338	\$ 602,008,914	\$ 673,579,236	\$ 713,135,046	\$ 742,607,190	\$ 854,990,598
Per Capita Personal Income (2)	\$ 20,323	\$ 20,323	\$ 21,501	\$ 21,925	\$ 23,186	\$ 23,858	\$ 26,692	\$ 28,262	\$ 29,430	\$ 31,339
Median Age (2)	35	36	36	36	36	36	37	37	37	37
Unemployment (3)	6.4%	6.6%	5.9%	5.6%	5.2%	4.4%	4.4%	7.5%	7.3%	6.9%

Data Sources:

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

CITY OF BIG SPRING, TEXAS

TABLE E-17

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
Big Spring ISD	616	1	4.75%	610	2
Big Spring State Hospital	578	2	4.45%	655	1
Veterans Administration Hospital	541	3	4.17%	508	3
GEO Group	486	4	3.74%		
Robinson Drilling of Texas	353	5	2.72%		
Wal-Mart	338	6	2.60%	358	5
Scenic Mountain Medical Center	327	7	2.52%	340	6
City of Big Spring	285	8	2.20%	266	7
Federal Bureau of Prisons	247	9	1.90%		
Price Construction	232	10	1.79%	125	10
Howard College & SWICD	212	11	1.63%	235	8
Alon USA	188	12	1.45%	190	9
Cornell Corrections, Inc.				449	4
Total	<u>4,403</u>		<u>33.93%</u>	<u>3,736</u>	

Source: Oncor community profiles

CITY OF BIG SPRING, TEXAS

TABLE E-18

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

Function/Program	Full-Time-Equivalent Employees as of Year End									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Management Services	9	8	8	7	7	8	8	8	8	9
Finance	6	6	6	6	6	5	5	5	5	5
Other	6	6	5	5	5	9	9	9	8.5	8.5
Information Technology	1	1	1	1	1	2	2	2	2	2
Convention and Visitors Bureau			1	1	1	1	1	1	2	2
Police										
Officers	48	48	56	56	56	49	54	58	54	54
Civilians	19	16	8	8	8	13	13	10	15	15
Fire										
Firefighters and Officers	49	46	46	46	46	45	45	45	45	45
Civilians			1	1	1	1	1	1	0.5	0.5
EMS										
EMS and Officers	13	16	16	16	16	16	16	16	16	16
Civilians	2	2	1	2	2	2	2	2	2	2
Refuse Collection (Landfill)	6	6	8	7	7	6	6	6	6	7
Other Public Works	7	7	8	9	9	17	17	21	21.5	17
Parks and Recreation	9	8	9	9	9	11	11	15	14	19
Service Center	9	8	8	8	8	8	8	8	8	8
Streets	13	14	14	14	14	14	14	14	14	14
Sanitation	8	8	8	8	8	8	8	8	8	7
Airpark	7	7	7	7	7	7	7	5	7	7
Water	41	41	41	41	41	40	40	40	41	40
Wastewater	9	9	8	9	9	9	9	9	9	9
Total	262	257	260	261	261	271	276	283	287	287

Source: City Budget Office

CITY OF BIG SPRING, TEXAS

TABLE E-19

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Building Permits Issued	372	269	1,170	966	1,351	1,460	1,482	1,196	1,267	1,262
Police										
Physical Arrests	1,668	1,613	1,574	1,730	1,904	1,704	2,225	1,320	2,743	2,466
Number of Calls for Service	32,130	33,344	38,411	26,961	19,431	19,200	29,412	26,576	35,661	37,700
Alarm Responses	878	726	832	1,132	1,057	647	688	742	1143	1001
Fire										
Emergency Responses	288	327	333	281	431	427	411	442	409	424
EMS Service										
Number of Runs	2,243	2,175	2,293	2,546	3,265	3,164	3,660	3,088	3,275	4,057
Refuse Collection										
Collected (Tons per Day)	100	110	110	120	120	115	110	120	156	130
Water										
Active Accounts	8,473	8,649	8,471	8,311	8,626	8,677	8,727	8,600	8,579	8,687
Water Main Breaks	187	225	228	200	199	206	168	250	580	210
Average Daily Consumption (Thousands of Gallons)	3,853	5,380	5,380	4,919	4,919	4,412	5,091	5,317	5,320	4,991
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons)	2,493	2,450	2,183	2,054	2,205	2,730	2,646	2,629	2,576	2,176

Data Sources: Various City Departments

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units										
Marked	34	34	34	34	34	34	35	39	43	38
Unmarked	17	17	17	17	17	17	21	19	19	17
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	174	177	158	158	189	189	189	189	189
Unpaved (Miles)	18	15	12	12	12	5	0.5	0.5	0.05	0.05
Street Lights	1,903	1,903	1,907	1,812	1,812	1,810	1,808	1,808	1,784	1,873
Parks and Recreation										
Acreage	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,211
Parks	5	5	5	5	5	5	8	8	8	8
Lakes	2	2	2	2	2	5	2	2	2	2
Baseball/Softball Fields	6	6	6	6	6	6	6	14	14	14
Soccer/Football Fields								6	6	6
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (Miles)	240	240	240	177	177	177	177	177	177	177
Fire Hydrants	1,145	1,510	1,510	722	722	722	722	722	722	722
System Capacity (Thousands of Gallons)	12,500	12,500	12,500	12,500	12,500	12,500	13,450	13,450	13,450	13,450
Wastewater										
Sanitary Sewers (Miles)	140	170	170	125	125	125	125	125	125	125
Treatment Capacity (Thousands of Gallons)	2,493	2,450	2,183	2,054	2,205	2,205	5,000	5,000	5,000	5,000

Sources: Various City Departments

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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**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, 2011, which collectively comprise City of Big Spring, Texas' basic financial statements and have issued our report thereon dated March 27, 2012. 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

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of the City of Big Spring, Texas for the year ended September 30, 2011, we considered their internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the company's internal control.

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

Compliance and Other Matters

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

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

Balinger, Segars, Gilbert & Mass LLP

Certified Public Accountants

March 27, 2012