

**CITY OF BIG SPRING, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**CAFR Prepared by the Finance Department**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**LUBBOCK, TEXAS**

**CITY OF BIG SPRING, TEXAS**

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## **INTRODUCTORY SECTION**



March 14, 2018

| Honorable Mayor, Members of the City Council, and Citizens of the City of Big Spring, Texas:

State law requires every general-purpose local government to publish complete audited financial statements within six months of the close of each fiscal year. This report is published to fulfill such requirement for the fiscal year ended September 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls which has been 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 unmodified (“clean”) opinion on the City of Big Spring’s financial statements for the year ended September 30, 2017. 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 19.2 square miles and serves a population of 28,532. 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, 911 emergency medical services, construction and maintenance of highways, streets, and other infrastructure; and recreational and cultural activities. Certain water and wastewater services are provided and accounted for through a separate enterprise fund. The city is also financially accountable for a legally separate economic development corporation, which is reported separately within the city's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (See Note A.1).

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

### **Economic Condition and Outlook**

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

Unemployment rates for the last ten years have varied from a low of 4.4% in 2008 to a high of 7.5% in 2009. The City's unemployment rate for 2017 was 5.2%, which was above the national unemployment rate of 4.0%. 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) rose in 2016-17 year from \$6,520 to \$6,909, a 6.0% increase. Property tax rate rose slightly, from 77.17 cents, per \$100 of assessed value, to 79.00 cents. The adjusted taxable value from the Assessor's 2016 Effective and Rollback Tax Worksheet increased from \$873,299,104 for 2015 to \$891,667,306 for 2016. This was due to an effort from the State and local Howard County Tax Appraisal District to bring appraised values to within 95 to 105% of fair market value. The 2016 year increase represents the third 3/3 of new appraisals to bring appraised value up to market value.

Sales tax revenue increased from \$6,354,361 for year ending 9/30/2016 to \$6,638,741 for 9/30/2017, a 4.5% increase and is on pace, at the time of this letter, to have double digit growth in the 2017-18 fiscal year. The city's hotel occupancy tax revenue also increased from \$967,870 for year ending 9/30/2016 to \$1,163,639 for 9/30/2017, a 20% increase. This is due to contractors working on the North Hwy 87 Reliever Route, increase in oil exploration as the price of oil has steadily risen from low \$50's to low \$60 a barrel, and an increase in rooms available as more hotels have opened in the last two years. Hotel occupancy tax, by law, is restricted to uses which should have a direct impact on bringing more overnight visitors to the City of Big Spring. It is not available to meet many of the City's governmental needs.

Much of the increase in business activities from 2012 to 2017 in the city is related to the exploration and production of the Cline Shale oil and gas formation. The City of Big Spring is the largest city within the boundaries of the shale formation. The city continues to realize increases in new businesses, houses, condominiums, hotels, restaurants, and other business during the 2016-17 year and new construction continues in the 2017-18 year. Texas Department of Transportation is within a year of being finished on the North Reliever Route, which was originally budgeted for approximately \$80 million. This project has kept many contractors in the City.

The five year federal tax credit extension for wind energy construction is having a positive economic on Big Spring as wind energy companies have established operations here.

### **Long-term Financial Planning**

Unassigned fund balance in the General Fund was 35.6% of total General Fund expenditures. The fund balance has increased significantly over the past ten years because of diligence in budgeting and the willingness of the elected officials to plan for the future (e.g. the building up of fund balances now for the new landfill, water and waste water plant upgrades, and other infrastructure planned improvements).

Total long-term debt, not due within one year, including capital leases, compensated absences, landfill closure and post closure totaled \$51,063,037, on September 30, 2017.

### **Relevant Financial Policies**

The city anticipates opening a cell in a new landfill (with 100 year useful life) in approximately two years, with an anticipated cost of approximately \$6.7 million. Additionally, the city is required to set aside money for closure and post-closure of the current landfill. As of September 30, 2017 the city had \$4,173,967 set aside in investments for anticipated closure and post-closure expenditures with only a current calculated liability cost of \$2,970,951. Calculations are done annually on the liability incurred with remaining estimated capacity and forecasted expense of closure and monitoring cost after closure (post-closure).

## **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 first phase of Historic Big Spring Restoration project is nearing completion in the Comanche Trail Park of Big Spring. This is a very historic location for the State of Texas as it was the only dependable water source on the southern Llano Estacado and was a sacred site for native Americans. The first European to come to the site was Cabeza de Vaca from the Galveston Island shipwreck in 1535. De Vaca held an impromptu blessing with the native Americans who saved him from starvation and exhaustion, which predates the Plymouth Thanksgiving by 85 years. This project was funded by the Hotel/Motel Occupancy Tax through the Hotel/Motel fund. The second phase is now starting, which will include a pavilion, additional parking, bridge and sidewalks. Enough grants and donations have already been received or promised to completely fund the forecasted cost of \$413,250 of phase II.

In the City's Utility fund over the course of three years, there have been significant improvements in the water consumption and loss ratio. These goals were reached through constant monitoring, review, and implementation of new procedures. The result has been a reduction of water loss, thereby greatly increasing our earnings potential, which resulted in a record Operating Income year of \$1,700,158. This has enabled the City to continue its active upgrading its water and sewer plants and pipes. The upgrades, especially in replacing almost a mile of the main 20" ductile cast iron transmission line have resulted in fewer large water breaks. Unfortunately this winter, after the year-end of these financial statements, the City experienced the worse deep freeze, after a rain, which has been seen in modern times. The new, almost mile long of new PVC main transmission line did not break, but many of the cast iron pipes did. This is because the cast iron pipe and joints could not handle the movement of ground from a prolonged deep freeze and thawing. The water line breaks resulted in a large water loss and extra overtime and contractor expense. These additional expenses will be seen in the Water and Sewer Fund for 2017-18.

Another area in which the city continues to make improvements is the Airpark fund. By having service by air, railroad, and Interstate and Highway, the Airpark is a prime place for business in the area. The road access is West to East Interstate 20 and South to North Highway 87. The businesses located there have seen substantial grown the last year and the Economic Development Corporation, the Airpark Director, and the City are always in talks with businesses interested in moving operations into the Airpark.

The Aviation Division awards several grants that city management coordinates and seeks every year. In September of 2016 the City finished a one mile expansion of its rail track in the Airpark Industrial Facility at a cost of \$3.38 million. The Big Spring Economic Development Corporation (BSEDC) granted the money for this, so it did not come from City fund balances. Currently BSEDC is in the decision process of whether they will add another 1 ½ miles of rail track for an approximate cost of \$2 million.

In 2016-17, the City purchased two tracks of land for future entrances into the Airpark from the Hwy 87 South Reliever Route. The City and Airpark are actively pursuing grants, plans, and engineering to fund these entrances and other needed improvements in both the aviation and business park areas of the Airpark. Self funding of these improvements and/or grant match (share) is a realization due to mineral royalties from the drilling and production activities of oil and natural gas under the air park, which is restricted for uses in the Airpark. For the 2016-17 fiscal year the Airpark received \$1,393,425 and for 2017-18 to-date (as of 3/7/18) has received \$1,448,985.

In spite of all the challenges in rising costs and dwindling revenues in sales tax, and other categories, the City always invests in community programs. We continue to enhance the experience of every visitor, and promote cultural and educational events. The city invested in Meals on Wheels, Emergency Services Chaplin Corps, Potton House, Victim Services, State Park and Heritage Museum. These contributions are yearly and usually are over \$60,000.

After a losing ground in 2015-16 due to decline in oil and gas exploration, 2016-17 saw a 14% increase in hotel occupancy tax, which continues to increase in the 2017-18 year at a double digit rate compared to the previous year.

The City is finalizing a deal with the company connected with The Settle Hotel to partnership in the cost and development of an Outdoor Plaza Park to go between the Settles Hotel and City Hall and Auditorium. Johnson St for this block would be removed. As in the style and magnitude of The Settles Hotel we expect this plaza park to make a wonderful addition for the citizens and visitors of Big Spring. It will be fenced to allow events to take place there and be available for others to use when no events are scheduled. The approximate cost is \$1 million from the City and \$2 million from the developer.

The City's Utility Fund has purchased the former Cain Electric Building at 204 Johnson Street with plans to move the city departments in the Annex Building, which will be removed for the Plaza Park, as well as the utility billing, water meter shop, and warehousing departments. The water meter shop and warehousing is currently at the Airpark. By moving these departments to this building it will result in many efficiencies by housing these departments, which work together, closer to each other, as well as give the Airpark more facilities to lease to businesses. The main purpose of the warehousing department is to provide parts for the water and sewer operations. These parts will now be closer to most of the areas of the City the workers are working in.

## 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, 2016. This was the eighteenth consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Todd Darden  
City Manager



Donald Moore, CPA  
Finance Director



Government Finance Officers Association

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

Presented to

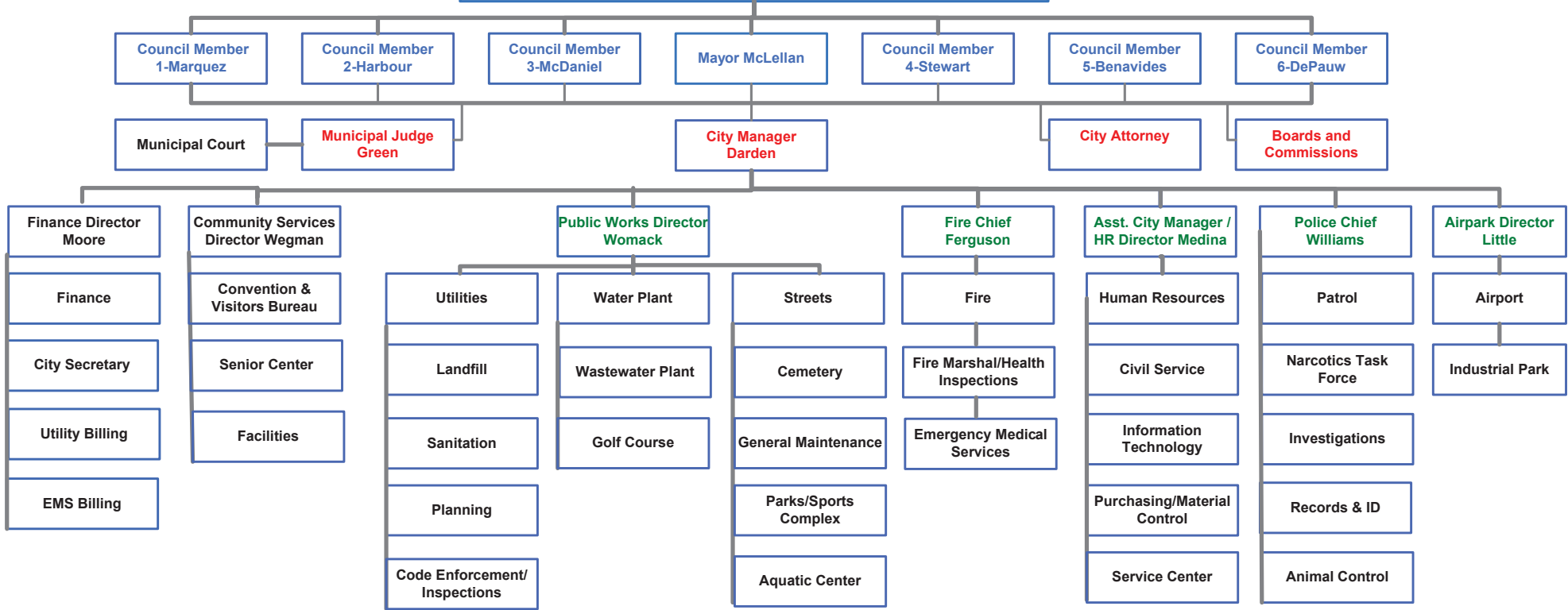
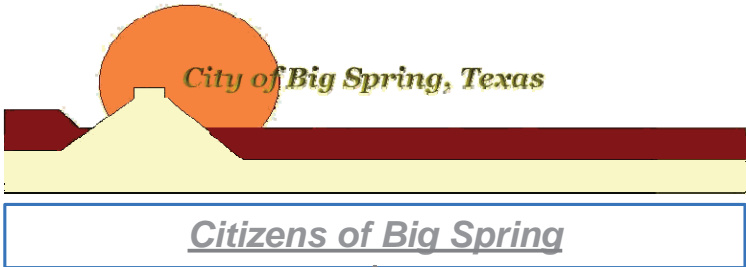
**City of Big Spring  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morrill*

Executive Director/CEO



**CITY OF BIG SPRING, TEXAS**

**LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2017**

Elected Officials

Name	Office
Larry McLellan	Mayor
Raul Marquez	Mayor Pro Tem - District 1 Council Member
Carmen Harbour	District 2 Council Member
Terry McDaniel	District 3 Council Member
Howard Stewart	District 4 Council Member
Raul Benavides	District 5 Council Member
Jim DePauw	District 6 Council Member

Appointed Officials

Name	Position
Todd Darden	City Manager
Donald Moore	Finance Director/City Secretary
Marianne Banks	City Attorney
Chad Williams	Chief of Police
Craig Ferguson	Fire Chief
Timothy Green	Municipal Judge
John Medina	Asst. City Manager and Human Resource
Jim Little	Airpark Director

## **FINANCIAL SECTION**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas (the City), as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Big Spring Economic Development Corporation (the Corporation), component unit of the City, which represents 100% of the assets, net position, and revenues of the Corporation. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flow thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, schedule of funding progress, and budgetary information on pages 13 through 23 and 63 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining statements and budgetary comparison schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the City's internal control over financial reporting and compliance.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

March 14, 2018

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## City of Big Spring, Texas

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Big Spring, Texas (the City) we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2017. 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 on September 30, 2017 by \$121,361 (net position). Of this amount, the negative unrestricted net position improved from (\$475) to a positive \$451.
- The City's total net position increased by \$1,725. Net Pension Liability remained close to the previous years, although new pension funds measures were adopted which should reduce net pension liability in the coming years.
- The City's governmental funds reported combined ending fund balance is \$7,589, of which \$6,526 is available for spending at the City's discretion.
- The ending unassigned fund balance for the General Fund was \$6,526, or 36.9% of total general fund revenues and 35.6% of total expenditures.
- Actual resources were \$1,399 more than forecasted resources in the in final revised budget for the general fund for the start of the new fiscal year at 10-1-2017.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

## **Reporting the City as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

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

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

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

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

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

## **Reporting the City's Most Significant Funds**

### ***Fund Financial Statements***

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

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

### ***Notes to the Financial Statements***

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

### ***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City of Big Spring adopts an annual appropriated budget for its general fund (major fund). A budgetary comparison schedule has been provided for this fund to demonstrate budgetary compliance.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. The City of Big Spring's assets and deferred outflows exceeded inflows of resources and liabilities by \$121,361 at September 30, 2017. The largest portion of the City's net position (98.9%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment) less any related debt used to acquire these assets that is still outstanding. These assets are used to provide services to the citizens and are not available for future appropriation. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table I**  
**City of Big Spring, Texas**

**NET POSITION**  
**(in thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets:						
Cash and Cash Equivalents	\$ 7,121	\$ 8,409	\$ 15,897	\$ 13,230	\$ 23,018	\$ 21,639
Receivables	1,210	757	2,530	2,569	3,740	3,326
Internal Balances	270	695	(270)	(695)		
Due from Other Governments	796	677			796	677
Capital Assets	88,271	88,178	58,722	59,099	146,993	147,277
Other Assets	13	22	496	438	509	460
Total Assets	<u>\$ 97,681</u>	<u>\$ 98,738</u>	<u>\$ 77,375</u>	<u>\$ 74,641</u>	<u>\$ 175,056</u>	<u>\$ 173,379</u>
Deferred Outflows of Resources - Pensions	<u>\$ 3,188</u>	<u>\$ 5,728</u>	<u>\$ 1,144</u>	<u>\$ 586</u>	<u>\$ 4,332</u>	<u>\$ 6,314</u>
Liabilities:						
Accounts Payable and Other Current Liabilities	\$ 1,934	\$ 1,903	\$ 1,408	\$ 1,370	\$ 3,342	\$ 3,273
Current Portion of Long-term Liabilities	1,887	6,109	1,735	2,944	3,622	9,053
Long-term Liabilities	29,744	27,031	21,319	20,116	51,063	47,147
Total Liabilities	<u>\$ 33,565</u>	<u>\$ 35,043</u>	<u>\$ 24,462</u>	<u>\$ 24,430</u>	<u>\$ 58,027</u>	<u>\$ 59,473</u>
Net Position:						
Invested in Capital Assets	\$ 74,405	\$ 72,636	\$ 45,638	\$ 45,556	\$ 120,043	\$ 118,192
Restricted	867	1,919			867	1,919
Unrestricted	<u>(7,968)</u>	<u>(6,419)</u>	<u>8,419</u>	<u>5,944</u>	<u>451</u>	<u>(475)</u>
Total Net Position	<u>\$ 67,304</u>	<u>\$ 68,136</u>	<u>\$ 54,057</u>	<u>\$ 51,500</u>	<u>\$ 121,361</u>	<u>\$ 119,636</u>

The City has restricted net position totaling 0.7% of total net position, which represent resources subject to restrictions on how they may be used. Such resources include special revenue funds restricted for specific purposes. The unrestricted net position is \$451.

There was an overall increase of \$1,851 in net investment in capital assets, with capital assets in governmental activities increasing by \$1,769 and capital assets in business-type activities increasing by \$82. The net investment in capital assets for the primary government has increased due to more capital additions compared to depreciation being taken.

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 2,695	\$ 1,720	\$ 21,347	\$ 21,528	\$ 24,042	\$ 23,248
Operating Grants and Contributions	1,051	179		454	1,051	633
Capital Grants and Contributions			1,489	5,262	1,489	5,262
General Revenues						
Property Taxes	6,981	6,575			6,981	6,575
Sales Taxes	6,639	6,354			6,639	6,354
Gross Receipts Taxes	1,561	1,392			1,561	1,392
Motel Occupancy Tax	1,163	968			1,163	968
Grants and Contributions Not						
Restricted to Specific Programs	295	757	36		331	757
Unrestricted Investment Earnings	30	33	56	38	86	71
Miscellaneous	458	1,321	1,709	(500)	2,167	821
Total Revenues	\$ 20,873	\$ 19,299	\$ 24,637	\$ 26,782	\$ 45,510	\$ 46,081
<b>Expenses:</b>						
Water and Sewer	\$	\$	\$ 12,161	\$ 12,870	\$ 12,161	\$ 12,870
Airport/Industrial Park			2,267	2,198	2,267	2,198
Emergency Medical Services			2,437	4,748	2,437	4,748
Landfill			1,295	912	1,295	912
Sanitation			2,678	2,510	2,678	2,510
Malone & Hogan Clinic				149	0	149
General Government	4,320	3,610			4,320	3,610
Public Safety	11,108	8,122			11,108	8,122
Highways and Streets	2,603	3,078			2,603	3,078
Recreation and Parks	2,975	2,922			2,975	2,922
Economic Development	943	884			943	884
Other	998	1,187			998	1,187
Total Expenses	\$ 22,947	\$ 19,803	\$ 20,838	\$ 23,387	\$ 43,785	\$ 43,190
Increase in Net Position Before Transfers	\$ (2,074)	\$ (504)	\$ 3,799	\$ 3,395	\$ 1,725	\$ 2,891
Transfers	1,242	336	(1,242)	(336)		
Increase (Decrease) in Net Position	\$ (832)	\$ (168)	\$ 2,557	\$ 3,059	\$ 1,725	\$ 2,891
Net Position-Beginning	68,136	68,304	51,500	48,441	119,636	116,745
Net Position-Ending	\$ 67,304	\$ 68,136	\$ 54,057	\$ 51,500	\$ 121,361	\$ 119,636

**Governmental Activities** - Governmental activities resulted in a decrease of (\$832) in the City's net position. Key elements of this decrease are as follows:

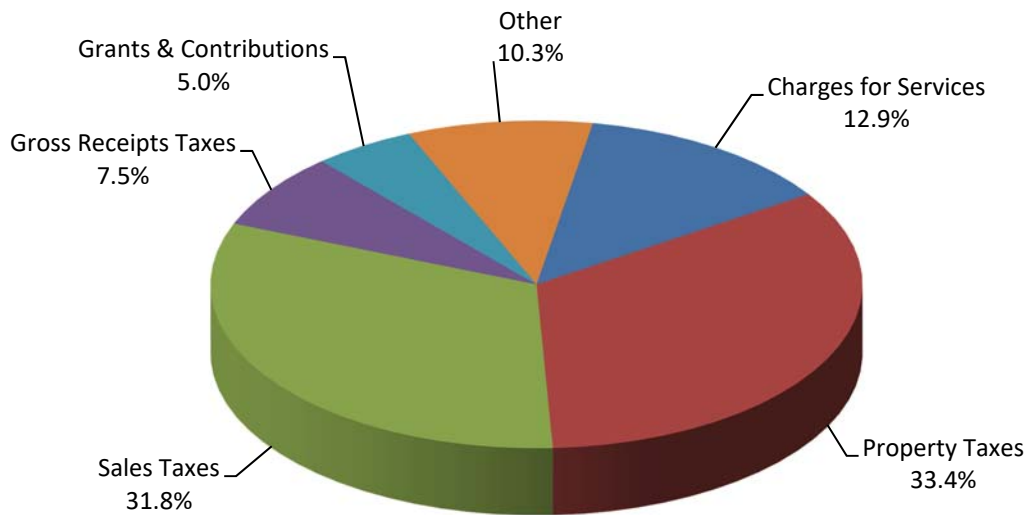
- Public Safety expense increased by \$2,986 mainly due to the filling of open positions in the EMS/Fire departments.
- General Government, and Recreation and Parks expenses also increased by \$710 and \$53 also mainly due to filling open positions. The City has struggled to fill positions during the latest oil boom, but as it went from boom to bust in 2015-16 there were more qualified workers to fill these positions.

- This year the transfers from Business Activities to Governmental Activities mainly represent administrative overhead paid by the business-type activities to the General Fund.

Some increases in revenue for Governmental Activities seen in this year were:

- Sales Tax Revenue increased by \$285 or 4.5% mostly due to a slow recovery of the local economy from the oil and gas exploration and production industry from the previous decline.
- Hotel/Motel Occupancy tax increased \$195 or 14.0% which was mostly due to the increase in oil and gas exploration as well as the north Highway 87 Big Spring Reliever Route.

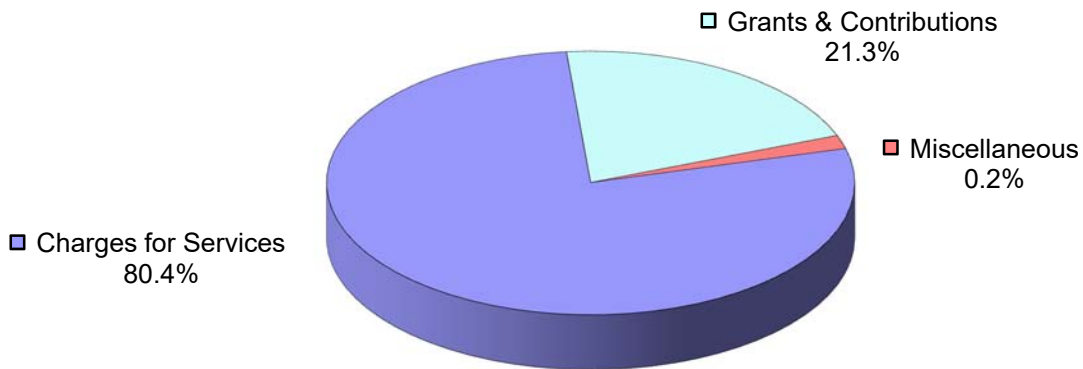
**Revenues by Source  
Governmental Activities  
Fiscal Year 2016-17**



**Business-type Activities** - Business-type activities increased the City of Big Spring’s total net position by \$2,557 in the current fiscal year. Key elements of this increase are as follows.

- Airpark received an increase in mineral royalties of \$570 for the year.
- Landfill net position increased from \$6,649 to \$7,217 as the city saves for the major cost of the new landfill to be open around 2020.

**Revenues by Source  
Business-type Activities  
Fiscal Year 2016-17**



**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

As the City completed the 2016-17 year, its governmental funds reported combined ending fund balances of \$7,589, representing a decrease of (\$621) from the prior year's balance of \$8,211. This is contributable to the spending of restricted funds from the Hotel/Motel Occupancy Tax Fund, which had built up over several years, toward the Historic Big Spring Project. Unassigned fund balance grew \$436 from \$6,090 at the beginning of year to \$6,526 at the end of the fiscal year. Unassigned fund balance that is available for spending at the City's discretion amounts to 86.0% of total fund balances.

The General Fund is the major operating fund of the City. Unassigned fund balance represents slightly more than 35.7% of total General Fund expenditures.

Total fund balance in the City's General Fund increased by \$426 during fiscal year 2016-17.

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

	2017	2016	Change
Water and Sewer Fund	\$ 2,921	\$ 2,771	\$ 150
Airport/Industrial Park	5,006	3,773	1,233
Emergency Medical Services	(2,817)	(3,510)	693
Landfill	2,662	2,071	591
Sanitation	648	838	(190)
	<u>\$ 8,420</u>	<u>\$ 5,943</u>	<u>\$ 2,477</u>

Unrestricted net position increased by \$150 in the Water and Sewer Fund and increased by \$1,233 in the Airport/Industrial Park. The Emergency Medical Services Fund increased from a negative (\$3,510) to a less negative (\$2,817) by \$693 mostly due to larger contributions to the fund from the City General Fund and Howard County. The Landfill fund increased by \$591 as the City builds the unrestricted balance to pay for the coming new landfill. Sanitation fund decreased by (\$190), because of increased capital asset purchases such as trash trucks.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$1,511 increase in appropriations between the original and final amended budget. The following details the main components of the increase, which represents an increase of 8.9 percent over the original budget.

- Non-Departmental in general fund experienced an increase by \$578 as land to developed two entrances into the Airpark, which had originally been budgeted to the Airpark Fund, but was found to be an invalid expense of the Airpark due to FAA & TxDOT rules, and was instead purchased by the General Fund. The General Fund also purchased the old East Fourth Street Baptist Church property to use some of the land as parking for City Hall and the City Auditorium and to sell the building and rest of the property.
- The Legal Department has a \$33 increase due to higher than expected contracted legal representation.
- The Human Resource Department experienced a \$25 increase amended budget to cover increased costs of Civil Service compliance with the employees of the Fire and Emergency Services Departments.
- Narcotics Task Force, which was previously in a different fund, was moved to its own department of the General Fund. This created an increase in the budget of \$296.
- Special Projects final budget increased by \$17 for the demolition and asbestos removal of dilapidated and health hazard structures.
- The Fire Department budget increase by \$343 due to a filling of previously unfilled positions and the resulting employer expenditures which occurred. Also, vehicle expenses were more than expected.
- The street department budget increased by \$168 mainly because of an increase in Crack Seal and Seal Coating, due to favorable pricing given by a contractor obtained in a request for proposals bidding process.
- City Hall department budget increased by \$25 because of repairs from both City Hall building and Council Chamber roof leakages.

## 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, 2017, amounts to \$146,993 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, water and sewer lines, and drainage improvements. The total City investment in capital assets decreased by \$284 or 0.2%.

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

- Capital equipment was purchased for various departments in the amount of \$1,021.
- Expenditures on Construction in Progress were \$1,503.
- Annual Depreciation of Assets lowered net carrying value by \$6,452.

**Table III**  
**City of Big Spring, Texas**

**CAPITAL ASSETS AT SEPTEMBER 30, 2017**  
**(Net of Depreciation, in thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 72,940	\$ 72,792	\$ 6,231	\$ 6,231	\$ 79,171	\$ 79,023
Buildings and Systems	3,379	3,347	21,107	20,684	24,486	24,031
Infrastructure and Improvements	7,428	8,503	27,050	19,735	34,478	28,238
Machinery and Equipment	2,838	3,331	3,811	3,871	6,649	7,202
Construction in Progress	1,686	205	523	8,578	2,209	8,783
	<u>\$ 88,271</u>	<u>\$ 88,178</u>	<u>\$ 58,722</u>	<u>\$ 59,099</u>	<u>\$ 146,993</u>	<u>\$ 147,277</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 2010, the City of Big Spring sold \$4,200 in Certificates of Obligation for the construction of a new family aquatic center. The debt service on this certificate of obligation is being paid from property tax revenue. In March 2011, the City refunded the 2002 Refunding Bonds in the amount of \$1,555. This refunding reduced debt service requirements over the life of the bonds by \$34.

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

\$13,000 over a twenty year term. The balance of the debt service requirements will be paid from utility system revenues.

In February of 2016, the City issued \$7,980 of General Obligation Refunding Bonds. These bonds, issued at a premium, defeased \$8,290 of the 2007 General Obligation Bonds and Certificate of Obligations Bond series. Defeasement means proceeds of the issue were put into an irrevocable trust to pay off the bonds on their call date. The call date is a feature where the issuer can pay off the bond before the maturity date. The call date for these two 2007 issues was 2/15/2017 so as of the date of this letter; the bonds have been called and paid. Because these 2007 bonds were defeased, only the remaining bonds due are shown in this Comprehensive Annual Financial Report. The City will save a net present value of approximately \$1,195 which will be incurred over the next 11 years.

The Latest City’s Unenhanced Bond S&P Bond Rating is “A+”, which was obtained on 2/22/2016.

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$21,545. The total outstanding debt is backed by the full faith and credit of the government, while a tax levy has been established for \$11,815 of the total and the remaining \$9,730 is business-type activity debt, supported by water and sewer system revenues. Total long-term debt, not due within one year, including capital leases compensated absences, landfill closure and post closure is \$51,063.

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, 2017**  
**(in thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Serviced by Tax Revenues						
General Obligation Bonds	\$ 8,505	\$ 9,380	\$	\$	\$ 8,505	\$ 9,380
Certificates of Obligation Bonds	3,310	3,510			3,310	3,510
Serviced by Enterprise Funds						
Certificates of Obligation Bonds			9,730	10,245	9,730	10,245
	<u>\$ 11,815</u>	<u>\$ 12,890</u>	<u>\$ 9,730</u>	<u>\$ 10,245</u>	<u>\$ 21,545</u>	<u>\$ 23,135</u>

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

For the general fund the two largest revenue contributors are property and sales tax, making up 33.4% and 31.8%, at \$6,981 and \$6,639. Due to a slow increase in the local economy sales tax rose for the year ending 9/30/2017. For the previous year ending 9/30/2016 property and sales tax were \$6,575, 34.1%, and \$6,354, 32.9% respectfully.

One of the main driving forces in the local economy is the price of oil since Big Spring sits on the Cline Shale oil formation. Oil prices have steadily increased from the low \$50 to low \$60 over the last year.

Unemployment during 2017 increased, from 4.6% in 2016 to 5.2%, which compares to the state's unemployment rate of 4.4% and the national rate of 4.0% for September 2017. Per capita income (stated in actual dollars) increased by 6.0%, from \$34,624 to \$36,708.

The City was relieved when the new Federal Administration changed course regarding privately owned prisons, because one of the City's largest employers is GEO Group Inc., which operates 4 prisons within the City of Big Spring. The Airpark has experienced increased activity from wind turbine and oil exploration and production business. These businesses pay lease fees to the Airpark and their workers increase sales and property tax from their purchases in Big Spring.

Texas Department of Transportation has finished the South portion of the Big Spring Highway 87 Reliever Route and nearing the completion of the North Portion. The increased workers from the contractors on the reliever route and the nearby oil exploration has increased hotel occupancy and hotel tax for Big Spring.

## **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

GOVERNMENT-WIDE - STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 7,120,866	\$ 11,723,518	\$ 18,844,384	\$ 3,394,187
Cash and Cash Equivalents - Restricted		4,173,967	4,173,967	
Receivables (Net of Allowances for Uncollectibles)	1,209,543	2,529,908	3,739,451	432,513
Internal Balances	270,000	(270,000)		
Due from Other Governments	796,406		796,406	
Inventories		484,041	484,041	
Prepaid Items	13,290	12,066	25,356	6,121
Notes Receivable				635,682
Other Assets				67,980
Capital Assets, Not Being Depreciated	74,625,643	6,754,868	81,380,511	25,000
Capital Assets, Net of Accumulated Depreciation	13,645,456	51,967,341	65,612,797	113,601
<b>Total Assets</b>	<b>\$ 97,681,204</b>	<b>\$ 77,375,709</b>	<b>\$ 175,056,913</b>	<b>\$ 4,675,084</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred Outflows - Pension Plan - BSFRRF	\$ 404,725	\$ 150,623	\$ 555,348	\$
Deferred Outflows - Pension Plan - TMRS	2,383,312	993,110	3,376,422	55,424
Deferred Outflows - Loss on Refunding	399,780		399,780	
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,187,817</b>	<b>\$ 1,143,733</b>	<b>\$ 4,331,550</b>	<b>\$ 55,424</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 1,132,213	\$ 955,274	\$ 2,087,487	\$ 56,013
Claims and Judgments Payable	643,011		643,011	
Accrued Interest Payable	58,482	68,126	126,608	
Accrued Wages	29,092	40,989	70,081	
Unearned Revenue	53,547		53,547	
Customer Deposits	17,838	313,233	331,071	
Unclaimed Property		30,505	30,505	
Noncurrent Liabilities				
Due Within One Year	1,887,027	1,734,985	3,622,012	
Due In More Than One Year	29,743,926	21,319,111	51,063,037	221,465
<b>Total Liabilities</b>	<b>\$ 33,565,136</b>	<b>\$ 24,462,223</b>	<b>\$ 58,027,359</b>	<b>\$ 277,478</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 74,405,074	\$ 45,637,645	\$ 120,042,719	\$ 25,000
Restricted For:				
Cemetery Permanent Care (Nonexpendable)	351,519		351,519	
Public, Educational and Governmental				
Television Access	128,159		128,159	
Economic Development				4,428,030
Advertising and Promotions	332,600		332,600	
Debt Service	42,880		42,880	
Court Technology	9,573		9,573	
Court Security	1,676		1,676	
Unrestricted	(7,967,596)	8,419,574	451,978	
<b>Total Net Position</b>	<b>\$ 67,303,885</b>	<b>\$ 54,057,219</b>	<b>\$ 121,361,104</b>	<b>\$ 4,453,030</b>

The accompanying notes are an integral part of this statement.

**GOVERNMENT-WIDE - STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>PRIMARY GOVERNMENT:</b>								
Governmental Activities:								
General Government	\$ 4,319,516	\$ 1,160,988	\$	\$	\$ (3,158,528)	\$	\$ (3,158,528)	\$
Public Safety	11,108,472	735,710	949,068		(9,423,694)		(9,423,694)	
Highways and Streets	2,603,386				(2,603,386)		(2,603,386)	
Community Service	428,628	58,245	102,042		(268,341)		(268,341)	
Recreation and Parks	2,975,491	629,462			(2,346,029)		(2,346,029)	
Cemetery	160,716	109,569			(51,147)		(51,147)	
Economic Development	943,376	600			(942,776)		(942,776)	
Interest on Long-Term Debt	406,966				(406,966)		(406,966)	
Total Governmental Activities	<u>\$ 22,946,551</u>	<u>\$ 2,694,574</u>	<u>\$ 1,051,110</u>	<u>\$ 0</u>	<u>\$ (19,200,867)</u>	<u>\$ 0</u>	<u>\$ (19,200,867)</u>	<u>\$ 0</u>
Business-Type Activities:								
Water and Sewer	\$ 12,161,138	\$ 13,472,446	\$	\$ 750,000	\$	\$ 2,061,308	\$ 2,061,308	\$
Airport/Industrial Park	2,267,046	1,102,834				(1,164,212)	(1,164,212)	
Emergency Medical Services	2,437,397	1,784,060		460,000		(193,337)	(193,337)	
Landfill	1,294,588	1,847,307		279,325		832,044	832,044	
Sanitation	2,677,446	3,140,550				463,104	463,104	
Total Business-Type Activities	<u>\$ 20,837,615</u>	<u>\$ 21,347,197</u>	<u>\$ 0</u>	<u>\$ 1,489,325</u>	<u>\$ 0</u>	<u>\$ 1,998,907</u>	<u>\$ 1,998,907</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 43,784,166</u>	<u>\$ 24,041,771</u>	<u>\$ 1,051,110</u>	<u>\$ 1,489,325</u>	<u>\$ (19,200,867)</u>	<u>\$ 1,998,907</u>	<u>\$ (17,201,960)</u>	<u>\$ 0</u>
<b>COMPONENT UNIT:</b>								
Economic Development Corporation	<u>\$ 1,306,236</u>	<u>\$ 11,275</u>	<u>\$ 0</u>	<u>\$ 0</u>				<u>\$ (1,294,961)</u>
General Revenues:								
Property Taxes					\$ 6,980,635	\$	\$ 6,980,635	\$
Sales Taxes					6,638,741		6,638,741	2,242,995
Gross Receipts Taxes					1,560,892		1,560,892	
Motel Occupancy Taxes					1,163,639		1,163,639	
Grants and Contributions Not Restricted to Specific Programs					295,017	35,964	330,981	
Unrestricted Investment Earnings					29,960	55,793	85,753	67,563
Miscellaneous					457,779	1,709,058	2,166,837	964
Transfers					1,241,794	(1,241,794)		
Total General Revenue and Transfers					<u>\$ 18,368,457</u>	<u>\$ 559,021</u>	<u>\$ 18,927,478</u>	<u>\$ 2,311,522</u>
Change in Net Position					<u>\$ (832,410)</u>	<u>\$ 2,557,928</u>	<u>\$ 1,725,518</u>	<u>\$ 1,016,561</u>
Net Position - Beginning					<u>68,136,295</u>	<u>51,499,291</u>	<u>119,635,586</u>	<u>3,436,469</u>
Net Position - Ending					<u>\$ 67,303,885</u>	<u>\$ 54,057,219</u>	<u>\$ 121,361,104</u>	<u>\$ 4,453,030</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Hotel Occupancy Tax Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 4,808,276	\$ 296,563	\$ 880,826	\$ 5,985,665
Receivables (Net of Allowances for Uncollectibles)	962,394	158,617	88,532	1,209,543
Due from Other Funds	1,138,704			1,138,704
Due from Other Governments	796,406			796,406
Prepaid Items	<u>13,290</u>			<u>13,290</u>
<b>Total Assets</b>	<b><u>\$ 7,719,070</u></b>	<b><u>\$ 455,180</u></b>	<b><u>\$ 969,358</u></b>	<b><u>\$ 9,143,608</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 871,491	\$ 106,442	\$ 20,704	\$ 998,637
Accrued Wages			29,092	29,092
Unearned Revenue			53,547	53,547
Due to Other Funds	1,286		105,200	106,486
Customer Deposits	<u>1,700</u>	<u>16,138</u>		<u>17,838</u>
<b>Total Liabilities</b>	<b><u>\$ 874,477</u></b>	<b><u>\$ 122,580</u></b>	<b><u>\$ 208,543</u></b>	<b><u>\$ 1,205,600</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Property Taxes	<u>\$ 295,388</u>	<u>\$ 0</u>	<u>\$ 52,874</u>	<u>\$ 348,262</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 295,388</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 52,874</u></b>	<b><u>\$ 348,262</u></b>
<b>FUND BALANCES:</b>				
<b>Nonspendable Fund Balances:</b>				
Prepays	\$ 13,290			\$ 13,290
Cemetery Permanent Care			351,519	351,519
<b>Restricted Fund Balances:</b>				
Restricted for Advertising and Promotions		332,600		332,600
Restricted for Court Security			1,676	1,676
Restricted for Court Technology	9,573			9,573
Restricted for Public, Educational and Governmental Television Access			128,159	128,159
Restricted for Public Safety Improvements			25,184	25,184
Restricted for Debt Service			42,880	42,880
<b>Committed Fund Balances:</b>				
Committed for Employee Education			53,727	53,727
Committed for Cemetery Operations			104,796	104,796
Unassigned Fund Balance	<u>6,526,342</u>			<u>6,526,342</u>
<b>Total Fund Balances</b>	<b><u>\$ 6,549,205</u></b>	<b><u>\$ 332,600</u></b>	<b><u>\$ 707,941</u></b>	<b><u>\$ 7,589,746</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 7,719,070</u></b>	<b><u>\$ 455,180</u></b>	<b><u>\$ 969,358</u></b>	<b><u>\$ 9,143,608</u></b>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017

Total Fund Balances - Governmental Funds Balance Sheet	\$ 7,589,746
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets used in governmental activities are not reported in the funds.	88,237,887
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	348,262
Deferred outflows of resources related to pensions are not reported in the funds.	2,788,037
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	(382,443)
Payables for bond principal which are not due in the current period are not reported in the funds.	(11,815,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,369,260)
Payables for notes payable which are not due in the current period are not reported in the funds.	(681,765)
Payables for bond interest which are not due in the current period are not reported in the funds.	(58,482)
Bond Premiums are not recorded in the funds.	(408,855)
Deferred Outflows of Resources - Loss on Refundings are not recorded in the funds.	399,780
Net pension liabilities are not reported in the funds.	(15,232,192)
Net OPEB Obligations are not reported in the funds.	(529,850)
Payables for compensated absences which are not reported in the funds.	<u>(1,581,980)</u>
Net Position of Governmental Activities - Statement of Net Position	\$ <u><u>67,303,885</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Hotel Occupancy Tax Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenue:				
Taxes:				
General Property Taxes	\$ 5,848,041	\$	\$ 1,061,253	\$ 6,909,294
General Sales Taxes	6,638,741			6,638,741
Gross Receipts Business Taxes	1,509,802		51,090	1,560,892
Motel Occupancy Taxes		1,163,639		1,163,639
License and Permits	554,169			554,169
Intergovernmental	943,618		107,492	1,051,110
Charges for Services			43,113	43,113
Fines	347,882		6,902	354,784
Recreation	629,462			629,462
Investment Earnings	18,763	1,956	5,645	26,364
Rents and Royalties	969,402	34,075	109,569	1,113,046
Miscellaneous	102,647	43,058	2	145,707
Contributions and Donations	119,930	175,000	87	295,017
Total Revenues	<u>\$ 17,682,457</u>	<u>\$ 1,417,728</u>	<u>\$ 1,385,153</u>	<u>\$ 20,485,338</u>
Expenditures:				
Current:				
General Government	\$ 2,997,485	\$	\$ 6,513	\$ 3,003,998
Public Safety	9,825,902		7,523	9,833,425
Highways and Streets	2,616,535			2,616,535
Community Service			409,539	409,539
Recreation and Parks	2,044,458			2,044,458
Economic Development		2,265,602		2,265,602
Cemetery			131,738	131,738
Debt Service:				
Principal	803,344	4,796	1,085,661	1,893,801
Interest	40,848	1,093	371,423	413,364
Fiscal Agent's Fees			2,030	2,030
Total Expenditures	<u>\$ 18,328,572</u>	<u>\$ 2,271,491</u>	<u>\$ 2,014,427</u>	<u>\$ 22,614,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (646,115)</u>	<u>\$ (853,763)</u>	<u>\$ (629,274)</u>	<u>\$ (2,129,152)</u>
Other Financing Sources (Uses):				
Transfers In (Out)	\$ 854,543	\$ 160,119	\$ 275,421	\$ 1,290,083
Capital Lease	217,938			217,938
Total Other Financing Sources (Uses)	<u>\$ 1,072,481</u>	<u>\$ 160,119</u>	<u>\$ 275,421</u>	<u>\$ 1,508,021</u>
Net Change in Fund Balances	\$ 426,366	\$ (693,644)	\$ (353,853)	\$ (621,131)
Fund Balances - Beginning	<u>6,122,839</u>	<u>1,026,244</u>	<u>1,061,794</u>	<u>8,210,877</u>
Fund Balances - Ending	<u>\$ 6,549,205</u>	<u>\$ 332,600</u>	<u>\$ 707,941</u>	<u>\$ 7,589,746</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ (621,131)
Amounts reported for governmental activities in the Statement Of Activities (SOA) are different because:	
Capital assets are not reported as expenses in the SOA.	2,881,984
Losses on the retirement of capital assets are not recorded in the funds.	(41,547)
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,766,232)
Proceeds of capital leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(217,938)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	71,341
Change in Deferred Outflows related to Pensions is not reported in the funds.	(1,212,480)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,075,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	665,145
Repayment of notes payable principal is an expenditure in the funds but is not an expense in the SOA.	153,656
Bond Premiums and Losses on Refundings' related amortization is not recorded in the funds.	906
Change in accrued interest from beginning of period to end of period.	7,923
The net revenue of internal service funds is reported with governmental activities.	(626,014)
Change related to pension liabilities is not recorded in the funds.	(42,039)
Change related to Net OPEB Obligations is not recorded in the funds.	(187,209)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>26,225</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u><u>(832,410)</u></u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2017**

	Major Proprietary Funds					Total Proprietary Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Landfill	Sanitation		
<b>ASSETS:</b>							
Current Assets							
Cash and Cash Equivalents	\$ 3,892,999	\$ 5,418,327	\$ 156,173	\$ 1,710,923	\$ 545,096	\$ 11,723,518	\$ 1,135,201
Cash and Cash Equivalents - Restricted				4,173,967		4,173,967	
Receivables (Net of Allowances for Uncollectibles)	1,821,177	73,271	132,732	68,756	433,972	2,529,908	
Due from Other Funds					100,000	100,000	1,286
Inventories	443,984		40,057			484,041	
Prepaid Items	603		1,808	5,947	3,708	12,066	
Total Current Assets	<u>\$ 6,158,763</u>	<u>\$ 5,491,598</u>	<u>\$ 330,770</u>	<u>\$ 5,959,593</u>	<u>\$ 1,082,776</u>	<u>\$ 19,023,500</u>	<u>\$ 1,136,487</u>
Noncurrent Assets							
Capital Assets (Net of Accumulated Depreciation)							
Land	\$ 5,036	\$ 5,590,113	\$	\$ 636,265	\$	\$ 6,231,414	\$ 10,000
Buildings and Systems	12,987,511	7,807,861		301,475		21,096,847	
Infrastructure and Improvements	14,175,462	10,291,186		2,592,842		27,059,490	
Machinery and Equipment	568,280	681,575	437,760	797,584	1,325,805	3,811,004	23,212
Construction in Progress	1,000			522,454		523,454	
Total Noncurrent Assets	<u>\$ 27,737,289</u>	<u>\$ 24,370,735</u>	<u>\$ 437,760</u>	<u>\$ 4,850,620</u>	<u>\$ 1,325,805</u>	<u>\$ 58,722,209</u>	<u>\$ 33,212</u>
Total Assets	<u>\$ 33,896,052</u>	<u>\$ 29,862,333</u>	<u>\$ 768,530</u>	<u>\$ 10,810,213</u>	<u>\$ 2,408,581</u>	<u>\$ 77,745,709</u>	<u>\$ 1,169,699</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>							
Deferred Outflows - Pension Plan - TMRS	\$ 659,188	\$ 113,904	\$	\$ 97,936	\$ 122,082	\$ 993,110	\$
Deferred Outflows - Pension Plan - BSFRRF			150,623			150,623	
Total Deferred Outflows of Resources	<u>\$ 659,188</u>	<u>\$ 113,904</u>	<u>\$ 150,623</u>	<u>\$ 97,936</u>	<u>\$ 122,082</u>	<u>\$ 1,143,733</u>	<u>\$ 0</u>
<b>LIABILITIES:</b>							
Current Liabilities							
Accounts Payable	\$ 725,512	\$ 55,777	\$ 50,248	\$ 48,256	\$ 75,481	\$ 955,274	\$ 133,576
Claims and Judgments Payable							643,011
Accrued Wages	27,410	5,674			7,905	40,989	
Due to Other Funds	120,000		250,000			370,000	763,504
Customer Deposits	265,805	47,428				313,233	
Unclaimed Property	30,505					30,505	
Accrued Interest Payable	67,635	491				68,126	
Accrued Compensated Absences - Current	59,668	20,347	80,161	8,425	8,655	177,256	
Long Term Debt - Current	949,813	86,423	134,725	111,491	275,277	1,557,729	2,763
Total Current Liabilities	<u>2,246,348</u>	<u>\$ 216,140</u>	<u>\$ 515,134</u>	<u>\$ 168,172</u>	<u>\$ 367,318</u>	<u>\$ 3,513,112</u>	<u>\$ 1,542,854</u>
Noncurrent Liabilities							
Accrued Compensated Absences	\$ 179,004	\$ 61,041	\$ 240,483	\$ 25,275	\$ 25,965	\$ 531,768	\$
Net Pension Liability - TMRS	2,326,032	389,298		327,610	419,144	3,462,084	
Net Pension Liability - BSFRRF			2,616,855			2,616,855	
Long Term Debt	10,515,587	151,367	222,145	183,836	453,900	11,526,835	9,288
Other Post Employment Benefit Obligation	95,659	19,385	60,375	15,515	19,684	210,618	
Closure/Post-closure Landfill Obligation				2,970,951		2,970,951	
Total Noncurrent Liabilities	<u>\$ 13,116,282</u>	<u>\$ 621,091</u>	<u>\$ 3,139,858</u>	<u>\$ 3,523,187</u>	<u>\$ 918,693</u>	<u>\$ 21,319,111</u>	<u>\$ 9,288</u>
Total Liabilities	<u>\$ 15,362,630</u>	<u>\$ 837,231</u>	<u>\$ 3,654,992</u>	<u>\$ 3,691,359</u>	<u>\$ 1,286,011</u>	<u>\$ 24,832,223</u>	<u>\$ 1,552,142</u>
<b>NET POSITION:</b>							
Net Investment in Capital Assets	\$ 16,271,889	\$ 24,132,945	\$ 80,890	\$ 4,555,293	\$ 596,628	\$ 45,637,645	\$ 21,161
Unrestricted	<u>2,920,721</u>	<u>5,006,061</u>	<u>(2,816,729)</u>	<u>2,661,497</u>	<u>648,024</u>	<u>8,419,574</u>	<u>(403,604)</u>
Total Net Position	<u>\$ 19,192,610</u>	<u>\$ 29,139,006</u>	<u>\$ (2,735,839)</u>	<u>\$ 7,216,790</u>	<u>\$ 1,244,652</u>	<u>\$ 54,057,219</u>	<u>\$ (382,443)</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Major Proprietary Funds					Total Proprietary Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Landfill	Sanitation		
<b>OPERATING REVENUES:</b>							
Charges for Services:							
Water Sales	\$ 10,396,527	\$	\$	\$	\$	\$ 10,396,527	\$
Sewer Charges	2,733,519					2,733,519	
Landfill Fees				1,844,907		1,844,907	
Sanitation Revenue					3,100,088	3,100,088	
Emergency Medical Services			1,784,060			1,784,060	
Commercial Rentals and Fees		1,076,409				1,076,409	
Billings to Departments and Employees							3,215,070
Other Services	342,400	26,425		2,400	40,462	411,687	
Total Operating Revenues	\$ 13,472,446	\$ 1,102,834	\$ 1,784,060	\$ 1,847,307	\$ 3,140,550	\$ 21,347,197	\$ 3,215,070
<b>OPERATING EXPENSES:</b>							
Personnel Services	\$ 2,520,540	\$ 475,272	\$ 1,448,290	\$ 597,281	\$ 636,520	\$ 5,677,903	\$
Supplies and Materials	4,886,966	45,382	98,060	41,489	332,896	5,404,793	4,061
Contractual Services	988,144	191,014	96,832	187,660	950,381	2,414,031	3,628,984
Maintenance	1,451,549	185,011	44,854	55,016	376,414	2,112,844	17,640
Depreciation	1,817,690	1,365,420	88,959	142,710	261,561	3,676,340	9,044
Other Expense	107,399		654,399	265,885	106,865	1,134,548	489,880
Total Operating Expenses	\$ 11,772,288	\$ 2,262,099	\$ 2,431,394	\$ 1,290,041	\$ 2,664,637	\$ 20,420,459	\$ 4,149,609
Operating Income (Loss)	\$ 1,700,158	\$ (1,159,265)	\$ (647,334)	\$ 557,266	\$ 475,913	\$ 926,738	\$ (934,539)
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Intergovernmental Revenue	\$ 11,900	\$ 24,064	\$	\$	\$	\$ 35,964	\$
Interest Revenue	11,973	16,003		25,407	2,410	55,793	3,596
Rents and Royalties		1,393,425				1,393,425	
Gain/(Loss) on Disposal of Assets			3,000	(7,265)		(4,265)	
Other Income	191,709	103,852	2,243	819	21,275	319,898	353,619
Interest Expense and Paying Agent Fees	(388,850)	(4,947)	(6,003)	(4,547)	(12,809)	(417,156)	(401)
Total Non-Operating Revenues (Expenses)	\$ (173,268)	\$ 1,532,397	\$ (760)	\$ 14,414	\$ 10,876	\$ 1,383,659	\$ 356,814
Income (Loss) Before Capital Contributions and Transfers	\$ 1,526,890	\$ 373,132	\$ (648,094)	\$ 571,680	\$ 486,789	\$ 2,310,397	\$ (577,725)
Capital Contributions	750,000		460,000	279,325		1,489,325	
Transfers In (Out)	(646,674)	(297,263)	810,086	(282,767)	(825,176)	(1,241,794)	(48,289)
Change in Net Position	\$ 1,630,216	\$ 75,869	\$ 621,992	\$ 568,238	\$ (338,387)	\$ 2,557,928	\$ (626,014)
Total Net Position - Beginning	17,562,394	29,063,137	(3,357,831)	6,648,552	1,583,039	51,499,291	243,571
Total Net Position - Ending	\$ 19,192,610	\$ 29,139,006	\$ (2,735,839)	\$ 7,216,790	\$ 1,244,652	\$ 54,057,219	\$ (382,443)

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, 2017

	Major Proprietary Funds					Total Proprietary Funds	Internal Service Funds
	Water and Sewer Fund	Airport/Industrial Park	Emergency Medical Services	Landfill	Sanitation		
<b>Cash Flows from Operating Activities:</b>							
Cash Received from Customers	\$ 13,824,349	\$ 1,196,737	\$ 1,756,073	\$ 1,849,914	\$ 3,126,601	\$ 21,753,674	\$
Cash Receipts from Interfund Services Provided							3,215,070
Cash Payments to Employees for Services	(2,247,836)	(459,548)	(1,521,349)	(559,591)	(569,590)	(5,357,914)	
Cash Payments to Other Suppliers for Goods and Services	(7,388,245)	(413,080)	(1,328,097)	(270,924)	(1,875,576)	(11,275,922)	(3,578,824)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 4,188,268</b>	<b>\$ 324,109</b>	<b>\$ (1,093,373)</b>	<b>\$ 1,019,399</b>	<b>\$ 681,435</b>	<b>\$ 5,119,838</b>	<b>\$ (363,754)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>							
Cash Received from Intergovernmental Grants	\$ 11,900	\$ 24,064	\$	\$	\$	\$ 35,964	\$
Cash Received from Mineral Leases		1,393,425				1,393,425	
Various Reimbursements							353,619
Cash Transfers from (to) Other Funds	(646,674)	(297,263)	810,086	(282,767)	(803,502)	(1,220,120)	(69,963)
<b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>	<b>\$ (634,774)</b>	<b>\$ 1,120,226</b>	<b>\$ 810,086</b>	<b>\$ (282,767)</b>	<b>\$ (803,502)</b>	<b>\$ 209,269</b>	<b>\$ 283,656</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Principal and Interest Paid	\$ (1,324,053)	\$ (55,099)	\$ (132,740)	\$ (110,449)	\$ (312,021)	\$ (1,934,362)	\$ (2,657)
Paying Agent Fees	(1,225)					(1,225)	
Cash Received from Capital Contributions	750,000		460,000	279,325		1,489,325	
Lease Proceeds			112,093	212	164,334	276,639	
Proceeds from the Sale of Assets			3,000			3,000	
Acquisition or Construction of Capital Assets	(2,368,167)	(157,532)	(3,138)	(22,094)	(344)	(2,551,275)	
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>\$ (2,943,445)</b>	<b>\$ (212,631)</b>	<b>\$ 439,215</b>	<b>\$ 146,994</b>	<b>\$ (148,031)</b>	<b>\$ (2,717,898)</b>	<b>\$ (2,657)</b>
<b>Cash Flows from Investing Activities:</b>							
Interest and Dividends on Investments	\$ 11,973	\$ 16,003	\$	\$ 25,407	\$ 2,410	\$ 55,793	\$ 3,596
<b>Net Cash Provided by Investing Activities</b>	<b>\$ 11,973</b>	<b>\$ 16,003</b>	<b>\$ 0</b>	<b>\$ 25,407</b>	<b>\$ 2,410</b>	<b>\$ 55,793</b>	<b>\$ 3,596</b>
Increase (Decrease) in Cash and Cash Equivalents	\$ 622,022	\$ 1,247,707	\$ 155,928	\$ 909,033	\$ (267,688)	\$ 2,667,002	\$ (79,159)
Cash and Cash Equivalents - Beginning of Year	3,270,977	4,170,620	245	4,975,857	812,784	13,230,483	1,214,360
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 3,892,999</b>	<b>\$ 5,418,327</b>	<b>\$ 156,173</b>	<b>\$ 5,884,890</b>	<b>\$ 545,096</b>	<b>\$ 15,897,485</b>	<b>\$ 1,135,201</b>
<b>Reconciliation of Operating Income to Net Cash</b>							
Provided by (Used in) Operating Activities:							
Operating Income (Loss)	\$ 1,700,158	\$ (1,159,265)	\$ (647,334)	\$ 557,266	\$ 475,913	\$ 926,738	\$ (934,539)
<b>Adjustments to Reconcile Operating Income to Net Cash</b>							
Provided by Operating Activities							
Depreciation	\$ 1,817,690	\$ 1,365,420	\$ 88,959	\$ 142,710	\$ 261,561	\$ 3,676,340	\$ 9,044
Other	191,709	103,852	2,243	819	21,275	319,898	
<b>Change in Assets and Liabilities:</b>							
Decrease (Increase) in Receivables	113,645	(11,143)	(30,230)	1,788	(35,224)	38,836	
Decrease (Increase) in Interfund Receivables	410				(100,000)	(99,590)	2,742
Decrease (Increase) in Inventories	(64,076)		(10,059)			(74,135)	
Decrease (Increase) in Prepaid Expenses		5,000	1,806	1,840	7,349	15,995	
Decrease (Increase) in Deferred Outflows - Pension Plan - TMRS	127,895	27,955		15,141	17,691	188,682	
Decrease (Increase) in Deferred Outflows - Pension Plan - BSFRRF			(45,000)			(45,000)	
Increase (Decrease) in Accounts Payable	(11,099)	3,327	20,201	15,407	(16,369)	11,467	(72,955)
Increase (Decrease) in Claims and Judgements Payable						0	78,167
Increase (Decrease) in Accrued Wages	618	973	(15,959)	(3,843)	2,382	(15,829)	
Increase (Decrease) in Interfund Payables	120,000		(445,900)			(325,900)	553,787
Increase (Decrease) in Customer Deposits	46,549	1,194				47,743	
Increase (Decrease) in Unclaimed Property	578					578	
Increase (Decrease) in Accrued Compensated Absences	(6,594)	2,960	35,774	11,735	8,521	52,396	
Increase (Decrease) in Closure/Post-closure Landfill Obligation				261,879		261,879	
Increase (Decrease) in Net Pension Liability - TMRS	122,022	(22,698)		6,579	29,792	135,695	
Increase (Decrease) in Net Pension Liability - BSFRRF			(68,819)			(68,819)	
Increase (Decrease) in Other Post Employment Benefit Obligation	28,763	6,534	20,945	8,078	8,544	72,864	
<b>Total Adjustments</b>	<b>\$ 2,488,110</b>	<b>\$ 1,483,374</b>	<b>\$ (446,039)</b>	<b>\$ 462,133</b>	<b>\$ 205,522</b>	<b>\$ 4,193,100</b>	<b>\$ 570,785</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 4,188,268</b>	<b>\$ 324,109</b>	<b>\$ (1,093,373)</b>	<b>\$ 1,019,399</b>	<b>\$ 681,435</b>	<b>\$ 5,119,838</b>	<b>\$ (363,754)</b>
<b>Supplemental Cash Flow Information:</b>							
<b>Non-Cash Related Financing Activities:</b>							
Capital Lease Proceeds and Capital Assets of \$6,677 - Garage Fund							
Transfers of Capital Assets of \$21,674 - From Sanitation Fund to Internal Services Funds							
Capital Lease Proceeds and Capital Assets of \$41,534 - Water and Sewer Fund							
Capital Lease Proceeds and Capital Assets of \$134,872 - Airport and Industrial Park							
Capital Lease Proceeds and Capital Assets of \$61,094 - EMS Fund							
Capital Lease Proceeds and Capital Assets of \$267,736 - Landfill Fund							
Capital Lease Proceeds and Capital Assets of \$271,612 - EMS Fund							

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

GASB Statement No. 61 identifies criteria for determining if other entities are potential component units that should be reported within the City's basic financial statements. The application of these criteria provides for identification of any entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading. Based on the application of these criteria, one component unit (Big Spring Economic Development Corporation) is included within the reporting City. The City is financially accountable for the Corporation. The City established the sales tax that is the principal source of revenue for the Corporation. The City Council appoints the Board of Directors and approves the annual budget. This component unit has been discretely presented in the accompanying financial statements. Complete financial statements for the component unit can be obtained from their office at 215 West 3rd Street, Big Spring, Texas.

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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.

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

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 proprietary funds, each displayed in a separate column. All remaining governmental and proprietary 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.

Hotel Occupancy Fund: This fund is used to account for the collection and use of restricted revenue related to hotel occupancy taxes.

The City reports the following non-major governmental funds:

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

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

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

The City reports the following major proprietary 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.

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

Landfill Fund: This fund is used to account for landfill fees charged to the sanitation fund and other users of the landfill. This fund also accounts for expenditures to operate the landfill and long-term obligations for closure and post-closure costs related to closing the landfill in the future.

Sanitation Fund: This fund is used to account for the revenues and expenses associated with providing sanitation service to the citizens of the City.

In addition, the City reports the following fund type:

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

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 proprietary funds, of the water and sewer, airport/industrial park, EMS, landfill, and sanitation 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 proprietary funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c. Fund Balances

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

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

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

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

**Fund Balance Policy**

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

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

**Order of Expenditure of Funds**

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents consist of the following:

Purpose	Fund	Amount
Landfill Closure and Post-Closure	Landfill	\$ 4,173,967

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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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:

Asset Classes	Estimated Useful Lives (Years)
Infrastructure	30
Buildings	5-50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15
Furniture and Fixtures	2-10

e. Receivable Balances

Receivables as of year-end for the City's individual major funds, non-major funds, and 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	Landfill	Sanitation	Total
Receivables:							
Taxes	\$ 969,729	\$	\$	\$	\$	\$	\$ 969,729
Municipal Court	1,394,591						1,394,591
Other	235,296	1,033,319	250		58,388		1,327,253
Accounts	407,948	870,223	149,095	879,355	10,368	468,942	2,785,931
Gross Receivables	\$ 3,007,564	\$ 1,903,542	\$ 149,345	\$ 879,355	\$ 68,756	\$ 468,942	\$ 6,477,504
Less: Allowance for Uncollectibles	(1,798,021)	(82,365)	(76,074)	(746,623)		(34,970)	(2,738,053)
Net Total Receivables	<u>\$ 1,209,543</u>	<u>\$ 1,821,177</u>	<u>\$ 73,271</u>	<u>\$ 132,732</u>	<u>\$ 68,756</u>	<u>\$ 433,972</u>	<u>\$ 3,739,451</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Intergovernmental receivables are classified separately in the accompanying financial statements.

f. Interfund Activity

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

g. Deferred Inflows of Resources – Governmental Funds

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

h. Use of Estimates

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

B. Compliance and Accountability

Deficit Fund Balance or Fund Net Assets of Individual Funds

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Emergency Medical Services Fund	\$ (2,735,839)	This fund incurred additional costs that will be recaptured. Deficit will be recaptured through subsidies from the General Fund.
Internal Service Fund	\$ (382,443)	Deficit will be recaptured in subsequent billings to departments.

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, 2017, the carrying amount of the City's deposits, restricted cash, escrow, and cash on hand was \$23,018,351. At year end the City had \$35,000 in escrow for loss deposits and \$8,450 in cash on hand. The City's cash in bank deposits at year end were \$23,018,351 with a bank balance of \$23,554,508. The City's cash in bank deposits at September 30, 2017 and during the year then ended were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Investments:

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

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

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

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, 2017 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Fair Value</u>
Tex-Pool Investment Pool	37 Days Average	AAAm	\$ 4,883,348

**3. Analysis of Specific Deposit and Investment Risks**

- 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, 2017, the City's investments in TexPool was rated AAAm by Standard and Poor's.
- b. **Custodial Credit Risk** – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. The City's demand deposits at year end are entirely covered by FDIC insurance and pledged collateral held in the City's name by the City's agent.
- c. **Concentration of Credit Risk** – This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Although the City's policy states that portfolio diversification is required, it does not specify diversification goals or limits. All of the City's investments were invested in one local government investment pool 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, 2017, TexPool's portfolio maintained a weighted average maturity of approximately 37 days.
- e. **Foreign Currency Risk** – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. While the City's policy does not address this risk, the City has no foreign currency risk as of year-end.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Investment Accounting Policy

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

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

Fair Value of Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment earnings.

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and
- *Level 3*: Unobservable inputs.

At September 30, 2017 the City considered Texpool investments Level 1 in the hierarchy and they were reported as cash and cash equivalents.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

D. Capital Assets

Capital asset activity for the year ended September 30, 2017, were as follows:

	Beginning Balances	Increases	Net Transfers	Decreases	Ending Balances
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 72,791,883	\$ 148,205	\$	\$	\$ 72,940,088
Construction in Progress	205,425	1,480,130			1,685,555
Total Capital Assets Not Being Depreciated	<u>\$ 72,997,308</u>	<u>\$ 1,628,335</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,625,643</u>
Capital Assets Being Depreciated					
Buildings and Systems	\$ 31,614,977	\$ 372,880	\$	\$	\$ 31,987,857
Infrastructure and Improvements	25,157,839	624,912			25,782,751
Machinery and Equipment	10,512,287	262,534	790,444	122,522	11,442,743
Total Capital Assets Being Depreciated	<u>\$ 67,285,103</u>	<u>\$ 1,260,326</u>	<u>\$ 790,444</u>	<u>\$ 122,522</u>	<u>\$ 69,213,351</u>
Less Accumulated Depreciation for:					
Buildings and Systems	\$ 28,268,349	\$ 340,791	\$	\$	\$ 28,609,140
Improvements Other Than Buildings	16,655,654	1,698,820			18,354,474
Machinery and Equipment	7,180,821	735,665	768,770	80,975	8,604,281
Total Accumulated Depreciation	<u>\$ 52,104,824</u>	<u>\$ 2,775,276</u>	<u>\$ 768,770</u>	<u>\$ 80,975</u>	<u>\$ 55,567,895</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 15,180,279</u>	<u>\$ (1,514,950)</u>	<u>\$ 21,674</u>	<u>\$ 41,547</u>	<u>\$ 13,645,456</u>
Governmental Activities Capital Assets, Net	<u>\$ 88,177,587</u>	<u>\$ 113,385</u>	<u>\$ 21,674</u>	<u>\$ 41,547</u>	<u>\$ 88,271,099</u>

Depreciation was charged to governmental activities as follows:

General Government	\$ 94,934
Public Safety	412,368
Highways and Streets	1,099,271
Community Service	1,350
Recreation and Parks	947,825
Cemetery	21,868
Economic Development	188,616
	<u>\$ 2,766,232</u>
Depreciation Charged to Internal Service Funds	9,044
Total Depreciation Charged to Governmental Activities	<u>\$ 2,775,276</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Net Transfers</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 6,231,414	\$	\$	\$	\$ 6,231,414
Construction in Progress	<u>8,577,933</u>	<u>(8,054,480)</u>	<u></u>	<u></u>	<u>523,453</u>
Total Capital Assets Not Being Depreciated	<u>\$ 14,809,347</u>	<u>\$ (8,054,480)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,754,867</u>
Capital Assets Being Depreciated:					
Buildings and Systems	\$ 77,115,447	\$ 2,271,999	\$	\$	\$ 79,387,446
Infrastructure and Improvements	46,008,849	8,352,281			54,361,130
Machinery and Equipment	<u>9,437,473</u>	<u>758,322</u>	<u>(790,444)</u>	<u>38,744</u>	<u>9,366,607</u>
Total Capital Assets Being Depreciated	<u>\$ 132,561,769</u>	<u>\$ 11,382,602</u>	<u>\$ (790,444)</u>	<u>\$ 38,744</u>	<u>\$ 143,115,183</u>
Less Accumulated Depreciation for:					
Buildings and Systems	\$ 56,431,696	\$ 1,849,505	\$	\$	\$ 58,281,201
Infrastructure and Improvements	26,273,507	1,037,532			27,311,039
Machinery and Equipment	<u>5,566,548</u>	<u>789,303</u>	<u>(768,770)</u>	<u>31,480</u>	<u>5,555,601</u>
Total Accumulated Depreciation	<u>\$ 88,271,751</u>	<u>\$ 3,676,340</u>	<u>\$ (768,770)</u>	<u>\$ 31,480</u>	<u>\$ 91,147,841</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 44,290,018</u>	<u>\$ 7,706,262</u>	<u>\$ (21,674)</u>	<u>\$ 7,264</u>	<u>\$ 51,967,342</u>
Business-Type Activities Capital Assets, Net	<u>\$ 59,099,365</u>	<u>\$ (348,218)</u>	<u>\$ (21,674)</u>	<u>\$ 7,264</u>	<u>\$ 58,722,209</u>
Depreciation Expense		<u>\$ 3,676,340</u>			

E. Internal Balances

1. Due To and From Balances

Internal Balances at September 30, 2017, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Proprietary Funds	\$ 370,000	Short-Term Loans
Proprietary Funds	Nonmajor Governmental Funds	<u>(100,000)</u>	Short-Term Loans
Net Internal Balances		<u>\$ 270,000</u>	

All short-term loans are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers at September 30, 2017, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	EMS Fund	\$ (950,000)	Annual Subsidy
Landfill Fund	HOT Fund	475,000	Funding Construction
Proprietary Funds	General Fund	<u>1,716,794</u>	Administrative Fees
		<u>\$ 1,241,794</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, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 1,400,000	\$	\$ 685,000	\$ 715,000	\$ 715,000
Certificate of Obligation Bonds	3,510,000		200,000	3,310,000	210,000
General Obligation Refunding Bonds	7,980,000		190,000	7,790,000	195,000
Capital Leases	1,816,467	224,615	665,996	1,375,086	519,119
Economic Conservation	843,051		155,061	687,990	161,557
Compensated Absences	1,608,205	(26,225)		1,581,980	45,488
Unamortized Bond Premiums	449,717		40,862	408,855	40,863
Net OPEB Obligation	342,641	187,209		529,850	
Net Pension Liability - TMRS	7,900,491	235,429		8,135,920	
Net Pension Liability - BSFRRF	7,289,662	(193,390)		7,096,272	
Total Governmental Activities	<u>\$ 33,140,234</u>	<u>\$ 427,638</u>	<u>\$ 1,936,919</u>	<u>\$ 31,630,953</u>	<u>\$ 1,887,027</u>

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Certificate of Obligation Bonds	\$ 10,245,000	\$	\$ 515,000	\$ 9,730,000	\$ 530,000
Capital Leases	1,622,843	1,053,487	719,585	1,956,745	738,706
Economic Conservation	1,422,074		261,559	1,160,515	272,518
Compensated Absences	656,628	52,396		709,024	177,256
Closure/Postclosure Landfill	2,709,072	261,879		2,970,951	
Unamortized Bond Premiums	253,811		16,507	237,304	16,505
Net OPEB Obligation	137,754	72,864		210,618	
Net Pension Liability - TMRS	3,326,389	135,695		3,462,084	
Net Pension Liability - BSFRRF	2,685,674	(68,819)		2,616,855	
Total Business-Type Activities	<u>\$ 23,059,245</u>	<u>\$ 1,507,502</u>	<u>\$ 1,512,651</u>	<u>\$ 23,054,096</u>	<u>\$ 1,734,985</u>

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated Absences	Governmental	General
Compensated Absences	Business-Type	Proprietary
Net Pension Liabilities	Governmental	General
Net Pension Liabilities	Business-Type	Proprietary
Net OPEB Obligations	Governmental	General
Net OPEB Obligations	Business-Type	Proprietary

**2. Debt Service Requirements**

Debt service requirements on general obligation bonds and certificates of obligation bonds at September 30, 2017, are as follows:

Year Ending September 30,	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,120,000	\$ 319,330	\$ 1,439,330
2019	975,000	300,750	1,275,750
2020	995,000	277,307	1,272,307
2021	1,025,000	252,694	1,277,694
2022	1,040,000	227,232	1,267,232
2023-2027	5,795,000	655,171	6,450,171
2028-2030	865,000	54,382	919,382
<b>Totals</b>	<b>\$ 11,815,000</b>	<b>\$ 2,086,866</b>	<b>\$ 13,901,866</b>

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>	<u>Purpose of Issue</u>
G.O. Bonds	2/1/2007	\$ 14,285,000	4.0% - 5.0%	2/15/2027	\$ 715,000	Streets & Sports Complex
C.O. Bonds	2/1/2007	460,000	4.0% - 4.375%	2/15/2027	215,000	Animal Shelter
Revenue C.O. Bonds	3/3/2010	4,200,000	2.0% - 4.125%	2/15/2030	3,095,000	Family Aquatic Center
G.O. Refunding Bonds	3/1/2016	7,980,000	2.0% - 3.0%	2/15/2027	7,790,000	Refunding of G.O and C.O. Bonds
		<u>\$ 26,925,000</u>			<u>\$ 11,815,000</u>	

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 530,000	\$ 329,063	\$ 859,063
2019	550,000	312,538	862,538
2020	565,000	295,419	860,419
2021	585,000	277,732	862,732
2022	605,000	259,413	864,413
2023-2027	3,225,000	1,003,392	4,228,392
2028-2032	3,670,000	423,179	4,093,179
Totals	<u>\$ 9,730,000</u>	<u>\$ 2,900,736</u>	<u>\$ 12,630,736</u>

Issue	Date of Issue	Original Issue	Interest Rates	Maturity Date	Outstanding	Purpose of Issue
2012 C.O Bonds	7/15/2012	\$ 11,725,000	2.0% - 5.0%	2/15/2032	\$ 9,430,000	Water Improvements
2007 C.O. Bonds	2/1/2007	640,000	4.0% - 4.375%	2/15/2027	300,000	Elevated Reservoir Repair
		<u>\$ 12,365,000</u>			<u>\$ 9,730,000</u>	

Economic Conservation debt requirements at September 30, 2017, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 161,557	\$ 28,828	\$ 190,385
2019	168,327	22,058	190,385
2020	175,379	15,005	190,384
2021	182,727	7,656	190,383
Totals	<u>\$ 687,990</u>	<u>\$ 73,547</u>	<u>\$ 761,537</u>

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 272,518	\$ 48,626	\$ 321,144
2019	283,935	37,207	321,142
2020	295,833	25,310	321,143
2021	308,229	12,915	321,144
Totals	<u>\$ 1,160,515</u>	<u>\$ 124,058</u>	<u>\$ 1,284,573</u>

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

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

3. Capital Leases

The City uses an annual capital lease package to buy various pieces of machinery, equipment and vehicles for various departments within the City. Below are the related costs and accumulated depreciation of the lease assets as of September 30, 2017:

	Governmental Activities	Business-Type Activities
Machinery and Equipment	\$ 8,622,115	\$ 4,804,501
Less: Accumulated Depreciation	<u>(5,345,363)</u>	<u>(1,904,629)</u>
Totals	<u>\$ 3,276,752</u>	<u>\$ 2,899,872</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2017, as follows:

	Governmental Activities		
	Principal	Interest	Total
Year Ending September 30,			
2018	\$ 519,119	\$ 18,973	\$ 538,092
2019	415,265	11,254	426,519
2020	256,954	5,472	262,426
2021	146,976	1,967	148,943
2022	<u>36,772</u>	<u>148</u>	<u>36,920</u>
Total Minimum Rentals	<u>\$ 1,375,086</u>	<u>\$ 37,814</u>	<u>\$ 1,412,900</u>

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

	Business-Type Activities		
	Principal	Interest	Total
Year Ending September 30,			
2018	\$ 738,706	\$ 26,999	\$ 765,705
2019	590,922	16,014	606,936
2020	365,645	7,786	373,431
2021	209,146	2,799	211,945
2022	<u>52,326</u>	<u>211</u>	<u>52,537</u>
Total Minimum Rentals	<u>\$ 1,956,745</u>	<u>\$ 53,809</u>	<u>\$ 2,010,554</u>

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

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

4. Continuing Disclosure

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

G. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2017, 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 Plans

**Texas Municipal Retirement System (TMRS)**

**Plan Description**

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the city are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75.00% of the member’s deposits and interest.

Currently the city has adopted the following provisions related to the pension plan:

	<u>December 31, 2016</u>
Employee Deposit Rate	7.00%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	5
Service Requirement Eligibility (Expressed as Age / Years of Service)	60/5,0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI

**Employees Covered by Benefit Terms**

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	140
Inactive Employees Entitled to but not Yet Receiving Benefits	105
Active Employees	<u>184</u>
Total Plan Employees	<u><u>429</u></u>

**Contributions**

The contribution rates for employees in TMRS are either 5.00%, 6.00%, or 7.00% of employee gross earnings, and the city matching percentages are either 100.00%, 150.00%, or 200.00%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 5.00% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 16.11% and 16.93% in calendar years 2016 and 2017, respectively. The City’s contributions to TMRS for the year ended September 30, 2017, were \$1,466,109, and were equal to the required contributions.

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

Inflation	2.50% per year
Overall Payroll Growth	2.70% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Amortization Period	29 years

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109.00% and female rates multiplied by 103.00%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Assumptions are reviewed annually and a result of the review TMRS changed the inflation rate from 3.00% to 2.50% and the investment return assumption from 7.00% to 6.75%.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Changes in Net Pension Liability**

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance 12/31/2015	\$ 49,378,774	\$ 38,151,894	\$ (11,226,880)
Service Cost	1,396,530		(1,396,530)
Interest (on the Total Pension Liability)	3,282,390		(3,282,390)
Difference Between Expected and Actual Experience	257,450		(257,450)
Contributions - Employer		1,414,975	1,414,975
Contributions - Employee		614,825	614,825
Net Investment Income		2,562,669	2,562,669
Benefit Payments	(2,440,732)	(2,440,732)	
Administrative Expense		(28,947)	(28,947)
Proportionate Share Adjustment	(3,284)		3,284
Other		(1,561)	(1,561)
Balance 12/31/2016	<u>\$ 51,871,128</u>	<u>\$ 40,273,123</u>	<u>\$ (11,598,005)</u>

Sensitivity of the net pension liability to changes in the discount rate.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

<u>1% Decrease</u>	<u>Current Rate Assumption</u>	<u>1% Increase</u>
\$ 18,918,381	\$ 11,598,005	\$ 5,621,438

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

**Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions**

For the year ended September 30, 2017, the City recognized pension expense of \$2,513,982 and calculated as shown below:

Total Service Cost	\$ 1,396,530
Interest on the Total Pension Liability	3,282,390
Employee Contributions (Reduction of Expense)	(614,825)
Projected Earnings on Plan Investments (Reduction of Expense)	(2,560,039)
Administrative Expense	28,947
Other Changes in Fiduciary Net Position	1,561
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	357,637
Recognition of Current Year Outflow (Inflow) of Resources-Assets	621,781
Total Pension Expense	<u>\$ 2,513,982</u>

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources - Pension Plan</u>	<u>Plan Year</u>	<u>Amount</u>	<u>Remaining Period (Years)</u>
Employer Contribution Deferrals	2015	\$ 1,215,480	1.000
Differences Between Projected and Actual Investment Earnings	2016	(2,104)	4.000
Differences Between Projected and Actual Investment Earnings	2015	1,584,493	3.000
Differences Between Projected and Actual Investment Earnings	2014	188,286	2.000
Differences in Assumptions	2015	47,129	0.960
Differences Between Expected and Actual Economic Experience	2016	177,744	2.230
Differences Between Expected and Actual Economic Experience	2015	155,247	0.960
Differences Between Expected and Actual Economic Experience	2014	10,147	0.151
Total Deferred Outflows of Resources		<u>\$ 3,376,422</u>	

<u>Plan Year</u>	<u>Amortization of Deferred Outflows</u>
2017	\$ 2,129,491
2018	701,489
2019	545,970
2020	(528)
	<u>\$ 3,376,422</u>

**Big Spring Firemen's Relief and Retirement Fund (BSFRRF)**

**Plan Description**

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

**Benefits Provided**

The City now provides a defined contribution to the fund of 13% of the firemen's salary and the firemen contribute 13%. Upon reaching the age of 50 with 20 years of service, the fireman is eligible for full retirement benefits. Vesting begins in the plan after 10 years of service, when the fireman is eligible for a deferred benefit (commencing at the end of the month in which his normal retirement date would have occurred). City contributions and interest forfeited by firemen who leave employment before full vesting remain in the plan.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

A firefighter has the option to participate in a Deferred Retirement Option Plan (DROP) which provides a lump sum benefit and a reduced annuity upon termination of employment. Firefighters must retire within 5 years of a DROP election. This option is available with a reduced monthly benefit is determined based on an elected lump sum amount such that the combined present value of the benefits under the option is actuarially equivalent to that of the normal form of the monthly benefit. Optional forms are also available at varying levels of surviving spouse benefits instead of the standard two-thirds form.

There is no provision for automatic post-retirement benefit increases. BSFRRF has the authority to provide, and has periodically provided for in the past, ad hoc post-retirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighter's Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. Amending the plan requires approval of any proposed change by: a) an eligible actuary and b) a majority of the participating members of the fund.

Currently the City has the following provisions related to the BSFRRF Plan:

	<u>December 31, 2016</u>
Employee Deposit Rate	13.00%
Matching Ratio (City to Employee)	1 to 1
Years Required for Vesting	10/50% + 5%/year to 20
Service Requirement Eligibility (Expressed as Age / Years of Service)	50/20

At the December 31, 2016 valuation and measurement date, the following amounts represented employees covered by the benefit terms:

	<u>Total Pension Liability</u>
Retirees and Beneficiaries	\$ 7,414,703
Active Employees	<u>12,697,675</u>
Total Plan Employees - Pension Liability	<u>\$ 20,112,378</u>

**Contributions**

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the city. While the actual contribution rates are not actuarially determined, state law requires that each plan of benefits adopted by BSFRRF be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the city provides an adequate financing arrangement. Using the entry age actuarial cost method, BSFRRF's service cost contribution rate is determined as a percentage of payrolls. The excess of the total contribution rate over the service cost contribution is used to amortize BSFRRF's net pension liability, if any, and the number of years needed to amortize BSFRRF's net pension liability, if any is determined using a level percentage of payroll method. The costs of administering the plan are financed by BSFRRF.

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

Employees were required to contribute 13.00% of their annual gross earnings during the fiscal year. The contribution rate for the City was 13.00% in calendar years 2016. The City's contributions to BSFRRF for the year ended September 30, 2017 were \$491,271 and were equal to the required contributions.

**Net Pension Liability**

The BSFRRF's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuary valuation as of that date.

**Actuarial Assumptions**

The TPL in the December 31, 2016 actuarial valuation was determined using the following assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	30 years (funding)
Asset Valuation Method	Market Value, GASB 67
Inflation	3.00%
Salary Increases	5.00%
Investment Rate of Return	8.00%
Retirement Age	Age and Service - Related
Mortality	RP2000 Projected

The assumed rate of return was developed using both the plan's historical rates of return and expected future rates of return. Rate of return experience studies have been performed in connection with the Plan's valuations. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return</u>
Large Cap Stock - S&P 500	30.00%	5.50%
Mid/Small Cap Stocks - Russell 2000	30.00%	6.30%
International Stocks - MSCI EAFE	5.00%	5.20%
Bonds - Barclays US	10.00%	2.50%
Multi-Sector Bonds	20.00%	3.50%
Real Estate	5.00%	4.80%
Cash Equivalents - 3 Mo. Treasury	0.00%	0.00%

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance 12/31/2015	\$ 20,674,843	\$ 10,699,507	\$ (9,975,336)
Service Cost	506,260		(506,260)
Interest (on the Total Pension Liability)	1,598,125		(1,598,125)
Differences between Expected and Actual Experience	(736,630)		736,630
Contributions - Employee		519,916	519,916
Contributions - Employer		519,916	519,916
Net Investment Income		691,060	691,060
Benefit Payments	(1,930,220)	(1,930,220)	
Administrative Expense		(100,928)	(100,928)
Balance 12/31/2016	<u>\$ 20,112,378</u>	<u>\$ 10,399,251</u>	<u>\$ (9,713,127)</u>

Sensitivity of the Net Pension Liability to changes in discount rate:

<u>1% Decrease</u>	<u>Current Rate Assumption</u>	<u>1% Increase</u>
\$ 12,089,526	\$ 9,713,127	\$ 7,729,068

**Pension Expense and Deferred Outflows of Resources**

Pension Expense for the year ended September 30, 2017 is as follows:

Total Service Cost	\$ 506,260
Interest on the Total Pension Liability	1,598,125
Employee Contributions (Reduction of Expense)	(519,916)
Projected Earnings on Plan Investments (Reduction of Expense)	(821,831)
Administrative Expense	100,928
Amortization of Deferred Inflows and Outflows	151,346
Total Pension Expense	<u>\$ 1,014,912</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Deferred Outflows of Resources related to the pension plan at September 30, 2017 were made up of as follows and will be amortized according to the table below:

Deferred Outflows of Resources - Pension Plan	Amount	Amortization Period
Employer Contribution Deferrals	\$ 354,488	1.000
Differences Between Projected and Actual Investment Earnings	103,045	2.000
Differences Between Projected and Actual Investment Earnings	593,701	3.000
Differences Between Projected and Actual Investment Earnings	104,617	4.000
Experience Differences	(600,503)	4.880
Total Deferred Outflows of Resources	<u>\$ 555,348</u>	

Plan Year	Amortization of Deferred Outflows
2018	\$ 505,828
2019	151,340
2020	98,777
2021	(99,123)
2022	(101,474)
	<u>\$ 555,348</u>

**Pension Plan Fiduciary Net Position**

Additional information regarding the BSFRRF Pension Plan's fiduciary net position is available in a separately issued BSFRRF financial report and can be obtained from the following address, 310 Nolan, Big Spring, Texas 79720.

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 09-30-16					
Health Insurance Claims	\$ 76,742	\$ 2,571,415	\$ 2,512,302	\$ 135,855	\$
Workers' Compensation Claims	405,269	275,436	251,716	428,989	564,844
Year Ending 09-30-17					
Health Insurance Claims	\$ 135,855	\$ 3,193,349	\$ 3,134,948	\$ 194,256	\$
Workers' Compensation Claims	428,989	148,921	129,155	448,755	643,011

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

Health Insurance

Effective October 1, 2001, the City changed from a fully-insured to a self-insured health insurance plan. The City's health insurance plan is administered by a third-party administrator, Employee Benefits Administrators (EBA). EBA reviews and processes all health insurance claims. The City has acquired stop-loss coverage, which limits the City's possible liability exposure to \$90,000 per claim. The City informally budgets for current claims based on actuarial and historical data. The City incurred \$3,489,483 in health insurance expense and administrative and other charges for the year ended September 30, 2017. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$194,256 at September 30, 2017.

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 \$159,347 in workers' compensation expense and administrative and other charges for the year ended September 30, 2017. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$448,755 at September 30, 2017.

J. Other Post-Employment Benefits (OPEB)

**Plan Description**

The City sponsors and administers an informal single-employer health/dental plan, which is available for employees who retire with a minimum of 20 years of service or five consecutive years of service at age 60 or above, at the time of qualified retirement to continue receiving medical coverage until they are age 65 and qualify for Medicare. Texas statute provides that retirees from a municipality with a population of 25,000 or more and that receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the person and the person's dependents unless the person is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute. The City does not issue stand-alone financial statements for the health/dental plan. However, all required information is presented in this report.

**Funding Policy**

The contribution requirements of plan members are established by the City and may be amended as needed. Retiree medical/dental coverage levels for retirees are the same as coverage provided to active City employees in accordance with the terms and conditions of the current City Benefit Plan. Plan members may purchase retiree health/dental care coverage for eligible spouses and dependents at their own expense. The City is not required to make contributions to the plan on behalf of the retirees and funds the plan on a projected pay-as-you-

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

go financing method. The plan had 23 active participants who paid monthly premiums of \$521.64/\$22.08 (medical/dental) for single coverage and \$1,022.97/\$72.40 (medical/dental) for family coverage in the 2016-17 fiscal year.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost for the fiscal year ended September 30, 2017 is as follows:

Annual Required Contribution (ARC)	\$	591,861
Interest on Net OPEB Obligation		(47,171)
Adjustment to ARC		19,217
Annual OPEB Cost	\$	<u>563,907</u>
Total Annual Employer Contribution, Pay-As-You-Go		303,834
Increase in Net OPEB Obligation	\$	<u>260,073</u>
Net OPEB Obligation - Beginning of Year		480,395
Net OPEB Obligation - End of Year	\$	<u><u>740,468</u></u>

Three Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
9/30/2015	\$ 262,385	97.61%	\$ 384,614
9/30/2016	651,948	85.31%	480,395
9/30/2017	563,907	53.88%	740,469

Funded Status and Funding Progress

As of December 31, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$3,911,766; and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,911,766. The covered payroll was \$8,790,799, and the ratio of the UAAL to the covered payroll was 44.50%.

Actuarial Methods and Assumptions

The projected unit credit actuarial cost method was used to calculate the GASB ARC for the City's health care plan. Using the Plan benefits, the present health premiums, and a set of actuarial assumption, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for theses anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded liability.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

**Actuarial Methods and Assumptions**

Inflation Rate	2.50% Per Annum
Investment Rate of Return	4.00% Per Annum, Net of Expenses
Actuarial Cost Method	Individual Entry Age Normal Cost Method
Amortization Method	Level Dollar
Amortization Period	13-Year Open Amortization
Subsidy Trend	Initial Rate of 7.50%, declining to an ultimate rate of 4.25% after 15 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

K. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City's Deferred Compensation Plan is administered by two trustees; the International City Management Association Retirement Corporation (ICMARC) and the Nationwide Retirement Solutions. In 1997, the City implemented the requirements of GASB No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and recent tax law changes, the City amended their trust agreements, which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the Deferred Compensation Plan in these basic financial statements. Deferred compensation investments are held by outside trustees. The City's Deferred Compensation Plan investments are chosen by the individual (employee) participant and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments or a combination of these. The City's Deferred Compensation Plan, available to all permanent City employees, permits them to defer until future years up to \$16,500. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**CITY OF BIG SPRING, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

L. Commitments, 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 does not currently have any litigation that is expected to have a material impact on the financial statements.

3. Subsequent Events

The City has evaluated subsequent events through March 14, 2018, the date which the financial statements were available to be issued.

M. 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 30 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 \$2,970,951 reported as landfill closure and post-closure care liability at September 30, 2017, represents the cumulative amount reported to date based on the use of 88.9% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$370,951 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 2017. 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, 2017 the City has designated an investment in the amount of \$4,173,967 for this purpose.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**REQUIRED SUPPLEMENTARY INFORMATION**

	12/31/2014	12/31/2015	12/31/2016
	Total Pension Liability	Total Pension Liability	Total Pension Liability
Service Cost	\$ 1,070,609	\$ 1,344,489	\$ 1,396,530
Interest	3,098,627	3,234,983	3,282,390
Benefit Payments	(2,456,762)	(2,715,237)	(2,440,732)
Changes in Assumptions		144,503	
Differences between Expected and Actual Experience	212,542	485,843	257,450
Other	15,116		(3,284)
 Net Change	 \$ 1,940,132	 \$ 2,494,581	 \$ 2,492,354
Beginning Balance	44,944,061	46,884,193	49,378,774
Ending Balance	\$ 46,884,193	\$ 49,378,774	\$ 51,871,128
	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position
Employee Contributions	\$ 621,774	\$ 621,181	\$ 614,825
Employer Contributions	1,513,350	1,463,901	1,414,975
Net Investment Income	2,114,041	56,638	2,562,669
Benefit Payments	(2,456,762)	(2,715,237)	(2,440,732)
Administration Expenses	(22,073)	(33,192)	(28,947)
Other	10,616	32,233	(1,561)
 Net Change	 \$ 1,780,946	 \$ (574,476)	 \$ 2,121,229
Beginning Balance	36,945,424	38,726,370	38,151,894
Ending Balance	\$ 38,726,370	\$ 38,151,894	\$ 40,273,123
Net Pension Liability	\$ 8,157,823	\$ 11,226,880	\$ 11,598,005
 Fiduciary Net Position as a Percentage of Total Pension Liability	 82.60%	 77.26%	 77.64%
Covered Payroll	\$ 8,616,222	\$ 8,972,306	\$ 8,790,799
 Net Pension Liability as a Percentage of Covered Payroll	 94.68%	 125.13%	 131.93%

Note: Only three years of GASB 68 data available as of 12/31/2016. The remaining seven years of data will be built on a go forward basis.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>
Actuarially Determined Contribution	\$ 1,508,017	\$ 2,066,989	\$ 1,466,109
Actual Contributions	<u>1,508,017</u>	<u>2,066,989</u>	<u>1,466,109</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 8,942,080	\$ 9,282,783	\$ 8,778,847
Contributions as a Percentage of Covered Employee Payroll	16.86%	22.27%	16.70%

Note: Only three years of GASB 68 data available as of 09/30/2017. The remaining seven years of data will be built on a go forward basis.

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
BIG SPRING FIREMEN'S RELIEF AND RETIREMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**REQUIRED SUPPLEMENTARY INFORMATION**

	12/31/2014	12/31/2015	12/31/2016
	Total Pension Liability	Total Pension Liability	Total Pension Liability
Service Cost	\$ 453,334	\$ 453,334	\$ 506,260
Interest	1,447,905	1,564,936	1,598,125
Differences between Expected and Actual Experience			(736,630)
Benefit Payments	(1,277,131)	(1,339,860)	(1,930,220)
Net Change	\$ 624,108	\$ 678,410	\$ (562,465)
Beginning Balance	19,372,325	19,996,433	20,674,843
Ending Balance	\$ 19,996,433	\$ 20,674,843	\$ 20,112,378
	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position
Employee Contributions	\$ 496,045	\$ 525,572	\$ 519,916
Employer Contributions	496,046	525,572	519,916
Net Investment Income	594,840	(107,469)	691,060
Benefit Payments	(1,277,131)	(1,339,860)	(1,930,220)
Administration Expenses	(80,057)	(61,331)	(100,928)
Net Change	\$ 229,743	\$ (457,516)	\$ (300,256)
Beginning Balance	10,927,280	11,157,023	10,699,507
Ending Balance	\$ 11,157,023	\$ 10,699,507	\$ 10,399,251
Net Pension Liability	\$ 8,839,410	\$ 9,975,336	\$ 9,713,127
Fiduciary Net Position as a Percentage of Total Pension Liability	55.80%	51.75%	51.71%
Covered Payroll	\$ 3,634,001	\$ 4,042,862	\$ 3,766,262
Net Pension Liability as a Percentage of Covered Payroll	243.24%	246.74%	257.90%

Note: Only three years of GASB 68 data available as of 12/31/2016. The remaining seven years of data will be built on a go forward basis.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
BIG SPRING FIREMEN'S RELIEF AND RETIREMENT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>
Actuarially Determined Contribution	\$ 511,584	\$ 546,693	\$ 491,271
Actual Contributions	511,584	546,693	491,271
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 3,935,256	\$ 4,205,336	\$ 3,779,008
Contributions as a Percentage of Covered Employee Payroll	13.00%	13.00%	13.00%

Note: Only three years of GASB 68 data available as of 09/30/2017. The remaining seven years of data will be built on a go forward basis.

CITY OF BIG SPRING, TEXAS

EXHIBIT B-5

SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarially Accrued Liability</u>	<u>Unfunded Actuarially Accrued Liability</u>	<u>Percentage</u>	<u>Annual Covered Payroll</u>
12/31/2014	\$ 0	\$ 2,140,168	\$ 2,140,168	0.00%	\$ 8,616,222
12/31/2015	0	2,363,816	2,363,816	0.00%	8,972,306
12/31/2016	0	3,911,766	3,911,766	0.00%	8,790,799

Notes:

As of September 30, 2017 only three valuation reports were available.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The detailed discussion of the actuarial assumptions used for the City of Big Spring Retiree Health Care Plan Actuarial Valuation Report as of December 31, 2016 can be obtained from the City.

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CITY OF BIG SPRING, TEXAS

EXHIBIT B-6

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenue:				
Taxes:				
General Property Taxes	\$ 5,334,433	\$ 5,873,500	\$ 5,848,041	\$ (25,459)
General Sales Taxes	6,400,000	6,600,000	6,638,741	38,741
Gross Receipts Business Taxes	1,500,000	1,458,700	1,509,802	51,102
License and Permits	294,050	337,600	554,169	216,569
Intergovernmental	919,500	44,934	943,618	898,684
Fines	387,420	358,200	347,882	(10,318)
Recreation	833,600	676,500	629,462	(47,038)
Investment Earnings	13,500	11,000	18,763	7,763
Rents and Royalties	686,387	783,641	969,402	185,761
Miscellaneous	73,978	118,578	102,647	(15,931)
Contributions and Donations	1,800	36,075	119,930	83,855
Total Revenues	<u>\$ 16,444,668</u>	<u>\$ 16,298,728</u>	<u>\$ 17,682,457</u>	<u>\$ 1,383,729</u>
Expenditures:				
Current:				
General Government				
Non-Departmental (000)	\$ 263,682	\$ 844,728	\$ 797,080	\$ 47,648
City Council (110)	125,714	121,369	119,075	2,294
Finance (120)	618,238	615,186	610,968	4,218
City Manager (130)	300,154	309,589	312,519	(2,930)
Information Technology (140)	208,567	219,356	214,135	5,221
Legal (150)	333,762	366,772	360,289	6,483
Human Resources (160)	411,951	437,040	417,046	19,994
Special Projects (170)		17,046	17,346	(300)
Planning Department (190)	195,117	171,718	149,027	22,691
Public Safety				
Police (200)	4,954,189	4,935,690	4,853,632	82,058
Narcotics Task Force (201)		296,279	323,888	(27,609)
Fire (210)	3,554,577	3,897,983	3,900,855	(2,872)
Municipal Court (220)	298,164	303,487	312,239	(8,752)
Fire Marshal (230)	138,068	138,274	142,791	(4,517)
Animal Control (240)	329,879	281,774	292,497	(10,723)
Highways and Streets				
Code Enforcement (300)	335,840	321,403	316,871	4,532
General Maintenance (310)	129,323	137,255	121,632	15,623
Streets (320)	2,007,733	2,175,302	2,178,032	(2,730)
Recreation and Parks				
Parks (370)	463,340	464,629	489,147	(24,518)
Sports Complex (375)	264,056	361,724	368,502	(6,778)
Swimming Pool (380)	238,118	252,936	285,304	(32,368)
Golf Course (390)	713,867	702,295	741,963	(39,668)
Lake (410)	28,874	27,016	25,136	1,880
City Hall (420)	96,778	121,988	134,406	(12,418)
Debt Service:				
Principal	810,375	811,051	803,344	7,707
Interest	40,848	40,848	40,848	0
Total Expenditures	<u>\$ 16,861,214</u>	<u>\$ 18,372,738</u>	<u>\$ 18,328,572</u>	<u>\$ 44,166</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (416,546)</u>	<u>\$ (2,074,010)</u>	<u>\$ (646,115)</u>	<u>\$ 1,427,895</u>
Other Financing Sources (Uses):				
Transfers In (Out)	\$ 735,010	\$ 867,963	\$ 854,543	\$ (13,420)
Proceeds from Capital Lease Financing	242,476	232,990	217,938	(15,052)
Total Other Financing Sources	<u>\$ 977,486</u>	<u>\$ 1,100,953</u>	<u>\$ 1,072,481</u>	<u>\$ (28,472)</u>
Net Change in Fund Balances	<u>\$ 560,940</u>	<u>\$ (973,057)</u>	<u>\$ 426,366</u>	<u>\$ 1,399,423</u>
Fund Balances - Beginning	<u>6,122,839</u>	<u>6,122,839</u>	<u>6,122,839</u>	
Fund Balances - Ending	<u>\$ 6,683,779</u>	<u>\$ 5,149,782</u>	<u>\$ 6,549,205</u>	

The accompanying notes are an integral part of this statement.

**CITY OF BIG SPRING, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31, and become effective in January, 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

Changes in Assumptions: There were no changes in assumptions during the year.

Benefits Changes: There were no benefit changes during the year.

**CITY OF BIG SPRING, TEXAS  
BIG SPRING FIREMEN'S RELIEF AND RETIREMENT FUND PENSION PLAN  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**Valuation Date:**

Notes

Actuarially determined contribution rates are calculated as of December 31, and become effective in January, 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	30 years (funding)
Asset Valuation Method	Market Value, GASB 67
Inflation	3.00%
Salary Increases	5.00%
Investment Rate of Return	8.00%
Retirement Age	Age and Service - Related
Mortality	RP2000 Projected

**Other Information:**

Notes

There were no benefit changes during the year.

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**CITY OF BIG SPRING, TEXAS**  
**GENERAL FUND BUDGETARY COMPARISON SCHEDULE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2017**

**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).

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

CITY OF BIG SPRING, TEXAS

EXHIBIT C-1

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017

	Special Revenue Funds	Debt Service Fund 2007 G.O. Bonds	Debt Service Fund 2007 C.O. Bonds	Debt Service Fund 2010 C.O. Bonds	Debt Service Fund 2016 G.O. Refunding Bonds	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>							
Assets:							
Cash and Cash Equivalents	\$ 386,775	\$ 39,585	\$ 1	\$ 377	\$ 98,569	\$ 355,519	\$ 880,826
Receivables (Net of Allowance for Uncollectibles)	<u>30,310</u>	<u>31,046</u>	<u>459</u>	<u>11,132</u>	<u>15,585</u>		<u>88,532</u>
Total Assets	<u>\$ 417,085</u>	<u>\$ 70,631</u>	<u>\$ 460</u>	<u>\$ 11,509</u>	<u>\$ 114,154</u>	<u>\$ 355,519</u>	<u>\$ 969,358</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>							
Liabilities:							
Accounts Payable	\$ 20,704	\$	\$	\$	\$	\$	\$ 20,704
Accrued Wages	29,092						29,092
Due to Other Funds	200			1,000	100,000	4,000	105,200
Unearned Revenue	<u>53,547</u>						<u>53,547</u>
Total Liabilities	<u>\$ 103,543</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 100,000</u>	<u>\$ 4,000</u>	<u>\$ 208,543</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue - Property Taxes	\$	\$ 28,195	\$ 416	\$ 10,109	\$ 14,154	\$	\$ 52,874
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 28,195</u>	<u>\$ 416</u>	<u>\$ 10,109</u>	<u>\$ 14,154</u>	<u>\$ 0</u>	<u>\$ 52,874</u>
Fund Balances:							
Nonspendable Fund Balances:							
Cemetery Permanent Care	\$	\$	\$	\$	\$	\$ 351,519	\$ 351,519
Restricted Fund Balances:							
Restricted for Court Security	1,676						1,676
Restricted for Public, Educational and Governmental Television Access	128,159						128,159
Restricted for Public Safety Improvements	25,184						25,184
Restricted for Debt Service		42,436	44	400			42,880
Committed Fund Balances:							
Committed for Employee Education	53,727						53,727
Committed for Cemetery Operations	<u>104,796</u>						<u>104,796</u>
Total Fund Balances	<u>\$ 313,542</u>	<u>\$ 42,436</u>	<u>\$ 44</u>	<u>\$ 400</u>	<u>\$ 0</u>	<u>\$ 351,519</u>	<u>\$ 707,941</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 417,085</u>	<u>\$ 70,631</u>	<u>\$ 460</u>	<u>\$ 11,509</u>	<u>\$ 114,154</u>	<u>\$ 355,519</u>	<u>\$ 969,358</u>

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds	Debt Service Fund 2007 G.O. Bonds	Debt Service Fund 2007 C.O. Bonds	Debt Service Fund 2010 C.O. Bonds	Debt Service Fund 2016 G.O. Refunding Bonds	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>Revenue:</b>							
Taxes							
General Property Taxes	\$	\$ 486,578	\$ 16,907	\$ 203,278	\$ 354,490	\$	\$ 1,061,253
Gross Receipts Business Tax	51,090						51,090
Intergovernmental	107,492						107,492
Charges for Services	43,113						43,113
Fines	6,902						6,902
Investment Earnings	2,162	787	16	232		2,448	5,645
Rents and Royalties	109,569						109,569
Miscellaneous	2						2
Contributions and Donations	87						87
<b>Total Revenue</b>	<b>\$ 320,417</b>	<b>\$ 487,365</b>	<b>\$ 16,923</b>	<b>\$ 203,510</b>	<b>\$ 354,490</b>	<b>\$ 2,448</b>	<b>\$ 1,385,153</b>
<b>Expenditures:</b>							
Current							
General Government	\$ 6,459	\$	\$	\$	\$ 54	\$	\$ 6,513
Public Safety	7,523						7,523
Community Service	409,539						409,539
Cemetery	131,738						131,738
Debt Service							
Principal	10,661	685,000	20,000	180,000	190,000		1,085,661
Interest	535	42,300	9,450	124,838	194,300		371,423
Fiscal Agent's Fees		1,050	580	400			2,030
<b>Total Expenditures</b>	<b>\$ 566,455</b>	<b>\$ 728,350</b>	<b>\$ 30,030</b>	<b>\$ 305,238</b>	<b>\$ 384,354</b>	<b>\$ 0</b>	<b>\$ 2,014,427</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>\$ (246,038)</b>	<b>\$ (240,985)</b>	<b>\$ (13,107)</b>	<b>\$ (101,728)</b>	<b>\$ (29,864)</b>	<b>\$ 2,448</b>	<b>\$ (629,274)</b>
<b>Other Financing Sources (Uses):</b>							
Transfers In (Out)	\$ 277,869	\$	\$	\$	\$	\$ (2,448)	\$ 275,421
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 277,869</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (2,448)</b>	<b>\$ 275,421</b>
<b>Net Change in Fund Balances</b>	<b>\$ 31,831</b>	<b>\$ (240,985)</b>	<b>\$ (13,107)</b>	<b>\$ (101,728)</b>	<b>\$ (29,864)</b>	<b>\$ 0</b>	<b>\$ (353,853)</b>
Fund Balances - Beginning	281,711	283,421	13,151	102,128	29,864	351,519	1,061,794
Fund Balances - Ending	<b>\$ 313,542</b>	<b>\$ 42,436</b>	<b>\$ 44</b>	<b>\$ 400</b>	<b>\$ 0</b>	<b>\$ 351,519</b>	<b>\$ 707,941</b>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-3

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2017

ASSETS	Employee's College Education	Municipal Court Security	Cemetery	Senior Center	P.E.G.	State Forfeiture	Total Nonmajor-Special Revenue Funds (See Exhibit C-1)
Assets:							
Cash and Cash Equivalents	\$ 53,727	\$ 146	\$ 144,878	\$ 34,681	\$ 128,159	\$ 25,184	\$ 386,775
Receivables (Net of Allowance for Uncollectibles)		1,730	28,580				30,310
Total Assets	<u>\$ 53,727</u>	<u>\$ 1,876</u>	<u>\$ 173,458</u>	<u>\$ 34,681</u>	<u>\$ 128,159</u>	<u>\$ 25,184</u>	<u>\$ 417,085</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$	\$	\$ 3,893	\$ 16,811	\$	\$	\$ 20,704
Accrued Wages			11,222	17,870			29,092
Due to Other Funds		200					200
Unearned Revenue			53,547				53,547
Customer Deposits							0
Total Liabilities	<u>\$ 0</u>	<u>\$ 200</u>	<u>\$ 68,662</u>	<u>\$ 34,681</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 103,543</u>
Fund Balances:							
Restricted Fund Balances:							
Restricted for Advertising and Promotions	\$	\$	\$	\$	\$	\$	\$ 0
Restricted for Court Security		1,676					1,676
Restricted for Public, Educational and Governmental Television Access					128,159		128,159
Restricted for Public Safety Improvements						25,184	25,184
Committed Fund Balances:							
Committed for Employee Education	53,727						53,727
Committed for Cemetery Operations			104,796				104,796
Committed for Senior Center Operations							0
Total Fund Balances	<u>\$ 53,727</u>	<u>\$ 1,676</u>	<u>\$ 104,796</u>	<u>\$ 0</u>	<u>\$ 128,159</u>	<u>\$ 25,184</u>	<u>\$ 313,542</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 53,727</u>	<u>\$ 1,876</u>	<u>\$ 173,458</u>	<u>\$ 34,681</u>	<u>\$ 128,159</u>	<u>\$ 25,184</u>	<u>\$ 417,085</u>

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, 2017

	Employee's College Education	Municipal Court Security	Cemetery	Senior Center	P.E.G.	State Forfeiture	Total Nonmajor-Special Revenue Funds (See Exhibit C-1)
Revenue:							
Taxes							
Gross Receipts Business Tax	\$	\$	\$	\$	\$ 51,090	\$	\$ 51,090
Intergovernmental				102,042		5,450	107,492
Charges for Services	18,343			24,770			43,113
Fines		6,902					6,902
Investment Earnings	140	6	1,458	157	338	63	2,162
Rents and Royalties			109,569				109,569
Miscellaneous				2			2
Contributions and Donations				87			87
Total Revenue	<u>\$ 18,483</u>	<u>\$ 6,908</u>	<u>\$ 111,027</u>	<u>\$ 127,058</u>	<u>\$ 51,428</u>	<u>\$ 5,513</u>	<u>\$ 320,417</u>
Expenditures:							
Current							
General Government	\$ 2,039	\$	\$	\$	\$ 4,420	\$	\$ 6,459
Public Safety		7,523					7,523
Community Service				409,539			409,539
Cemetery			131,738				131,738
Debt Service							
Principal			10,661				10,661
Interest			535				535
Total Expenditures	<u>\$ 2,039</u>	<u>\$ 7,523</u>	<u>\$ 142,934</u>	<u>\$ 409,539</u>	<u>\$ 4,420</u>	<u>\$ 0</u>	<u>\$ 566,455</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 16,444</u>	<u>\$ (615)</u>	<u>\$ (31,907)</u>	<u>\$ (282,481)</u>	<u>\$ 47,008</u>	<u>\$ 5,513</u>	<u>\$ (246,038)</u>
Other Financing Sources (Uses):							
Transfers In (Out)	\$	\$ 1,000	\$ 2,448	\$ 274,421	\$	\$	\$ 277,869
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 2,448</u>	<u>\$ 274,421</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 277,869</u>
Net Change in Fund Balances	\$ 16,444	\$ 385	\$ (29,459)	\$ (8,060)	\$ 47,008	\$ 5,513	\$ 31,831
Fund Balances - Beginning	<u>37,283</u>	<u>1,291</u>	<u>134,255</u>	<u>8,060</u>	<u>81,151</u>	<u>19,671</u>	<u>281,711</u>
Fund Balances - Ending	<u>\$ 53,727</u>	<u>\$ 1,676</u>	<u>\$ 104,796</u>	<u>\$ 0</u>	<u>\$ 128,159</u>	<u>\$ 25,184</u>	<u>\$ 313,542</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
Motel Occupancy Taxes	\$ 1,200,000	\$ 1,002,000	\$ 1,163,639	\$ 161,639
Investment Earnings	2,300	2,300	1,956	(344)
Rents and Royalties	47,625	39,800	34,075	(5,725)
Miscellaneous	3,035	43,629	43,058	(571)
Contributions and Donations		175,000	175,000	0
Total Revenues	<u>\$ 1,252,960</u>	<u>\$ 1,262,729</u>	<u>\$ 1,417,728</u>	<u>\$ 154,999</u>
Expenditures:				
Economic Development	\$ 1,691,317	\$ 2,377,845	\$ 2,265,602	\$ 112,243
Debt Service:				
Principal	4,796	4,796	4,796	0
Interest	1,092	1,092	1,093	(1)
Total Expenditures	<u>\$ 1,697,205</u>	<u>\$ 2,383,733</u>	<u>\$ 2,271,491</u>	<u>\$ 112,242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (444,245)</u>	<u>\$ (1,121,004)</u>	<u>\$ (853,763)</u>	<u>\$ 267,241</u>
Other Financing Uses:				
Transfers Out (Use)	<u>\$ 160,119</u>	<u>\$ 160,119</u>	<u>\$ 160,119</u>	<u>\$ 0</u>
Total Other Financing Uses	<u>\$ 160,119</u>	<u>\$ 160,119</u>	<u>\$ 160,119</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (284,126)	\$ (960,885)	\$ (693,644)	\$ 267,241
Fund Balances - Beginning	<u>1,026,244</u>	<u>1,026,244</u>	<u>1,026,244</u>	<u>0</u>
Fund Balances - Ending	<u><u>\$ 742,118</u></u>	<u><u>\$ 65,359</u></u>	<u><u>\$ 332,600</u></u>	<u><u>\$ 267,241</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-6

EMPLOYEE'S COLLEGE EDUCATION FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Charges for Services	\$ 8,000	\$ 18,000	\$ 18,343	\$ 343
Investment Earnings	65	70	140	70
Total Revenues	<u>\$ 8,065</u>	<u>\$ 18,070</u>	<u>\$ 18,483</u>	<u>\$ 413</u>
Expenditures:				
Current				
General Government	\$ 20,000	\$ 1,500	\$ 2,039	\$ (539)
Total Expenditures	<u>\$ 20,000</u>	<u>\$ 1,500</u>	<u>\$ 2,039</u>	<u>\$ (539)</u>
Excess of Revenues Over Expenditures	<u>\$ (11,935)</u>	<u>\$ 16,570</u>	<u>\$ 16,444</u>	<u>\$ (126)</u>
Net Change in Fund Balances	\$ (11,935)	\$ 16,570	\$ 16,444	\$ (126)
Fund Balances - Beginning	<u>37,283</u>	<u>37,283</u>	<u>37,283</u>	
Fund Balances - Ending	<u>\$ 25,348</u>	<u>\$ 53,853</u>	<u>\$ 53,727</u>	<u>\$ (126)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-7

MUNICIPAL COURT SECURITY FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Fines	\$ 7,500	\$ 7,200	\$ 6,902	\$ (298)
Investment Earnings	15	12	6	(6)
Total Revenues	<u>\$ 7,515</u>	<u>\$ 7,212</u>	<u>\$ 6,908</u>	<u>\$ (304)</u>
Expenditures:				
Current				
Public Safety	\$ 7,418	\$ 7,418	\$ 7,523	\$ (105)
Total Expenditures	<u>\$ 7,418</u>	<u>\$ 7,418</u>	<u>\$ 7,523</u>	<u>\$ (105)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 97</u>	<u>\$ (206)</u>	<u>\$ (615)</u>	<u>\$ (409)</u>
Other Financing Uses:				
Transfers Out	\$	\$	\$ 1,000	\$
Total Other Financing Uses	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 97	\$ (206)	\$ 385	\$ 591
Fund Balances - Beginning	<u>1,291</u>	<u>1,291</u>	<u>1,291</u>	
Fund Balances - Ending	<u>\$ 1,388</u>	<u>\$ 1,085</u>	<u>\$ 1,676</u>	<u>\$ 591</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-8

**CEMETERY FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ 700	\$ 935	\$ 1,458	\$ 523
Rents and Royalties	98,850	103,850	109,569	5,719
Total Revenues	<u>\$ 99,550</u>	<u>\$ 104,785</u>	<u>\$ 111,027</u>	<u>\$ 6,242</u>
Expenditures:				
Cemetery	\$ 144,028	\$ 143,513	\$ 131,738	\$ 11,775
Debt Service:				
Principal Payments	10,661	10,661	10,661	
Interest	918	536	535	1
Total Expenditures	<u>\$ 155,607</u>	<u>\$ 154,710</u>	<u>\$ 142,934</u>	<u>\$ 11,776</u>
Deficiency of Revenues Under Expenditures	<u>\$ (56,057)</u>	<u>\$ (49,925)</u>	<u>\$ (31,907)</u>	<u>\$ 18,018</u>
Other Financing Sources:				
Transfers In	\$ 650	\$ 1,800	\$ 2,448	\$ 648
Total Other Financing Sources	<u>\$ 650</u>	<u>\$ 1,800</u>	<u>\$ 2,448</u>	<u>\$ 648</u>
Net Change in Fund Balances	\$ (55,407)	\$ (48,125)	\$ (29,459)	\$ 18,666
Fund Balances - Beginning	<u>134,255</u>	<u>134,255</u>	<u>134,255</u>	
Fund Balances - Ending	<u>\$ 78,848</u>	<u>\$ 86,130</u>	<u>\$ 104,796</u>	<u>\$ 18,666</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-9

SENIOR CENTER  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Intergovernmental	\$ 111,500	\$ 104,000	\$ 102,042	\$ (1,958)
Charges for Services	20,040	22,225	24,770	2,545
Investment Earnings	270	150	157	7
Miscellaneous			2	2
Contributions and Donations	650	49	87	38
Total Revenues	<u>\$ 132,460</u>	<u>\$ 126,424</u>	<u>\$ 127,058</u>	<u>\$ 634</u>
Expenditures:				
Community Service	<u>\$ 420,242</u>	<u>\$ 389,543</u>	<u>\$ 409,539</u>	<u>\$ (19,996)</u>
Total Expenditures	<u>\$ 420,242</u>	<u>\$ 389,543</u>	<u>\$ 409,539</u>	<u>\$ (19,996)</u>
Deficiency of Revenues Under Expenditures	<u>\$ (287,782)</u>	<u>\$ (263,119)</u>	<u>\$ (282,481)</u>	<u>\$ (19,362)</u>
Other Financing Sources:				
Transfers In	<u>\$ 262,000</u>	<u>\$ 262,000</u>	<u>\$ 274,421</u>	<u>\$ 12,421</u>
Total Other Financing Sources	<u>\$ 262,000</u>	<u>\$ 262,000</u>	<u>\$ 274,421</u>	<u>\$ 12,421</u>
Net Change in Fund Balances	\$ (25,782)	\$ (1,119)	\$ (8,060)	\$ (6,941)
Fund Balances - Beginning	<u>8,060</u>	<u>8,060</u>	<u>8,060</u>	
Fund Balances - Ending	<u>\$ (17,722)</u>	<u>\$ 6,941</u>	<u>\$ 0</u>	<u>\$ (6,941)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-10

P.E.G. FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Gross Receipts Business Tax	\$ 52,000	\$ 52,000	\$ 51,090	\$ (910)
Investment Earnings	200	220	338	118
Total Revenues	<u>\$ 52,200</u>	<u>\$ 52,220</u>	<u>\$ 51,428</u>	<u>\$ (792)</u>
Expenditures:				
General Governmental	\$ 7,545	\$ 4,420	\$ 4,420	\$
Total Expenditures	<u>\$ 7,545</u>	<u>\$ 4,420</u>	<u>\$ 4,420</u>	<u>\$ 0</u>
Deficiency of Revenues Under Expenditures	<u>\$ 44,655</u>	<u>\$ 47,800</u>	<u>\$ 47,008</u>	<u>\$ (792)</u>
Net Change in Fund Balances	\$ 44,655	\$ 47,800	\$ 47,008	\$ (792)
Fund Balances - Beginning	<u>81,151</u>	<u>81,151</u>	<u>81,151</u>	
Fund Balances - Ending	<u>\$ 125,806</u>	<u>\$ 128,951</u>	<u>\$ 128,159</u>	<u>\$ (792)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-11

STATE FORFEITURE FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenue:				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 5,450	\$ (2,550)
Investment Earnings		26	63	37
Total Revenues	<u>\$ 8,000</u>	<u>\$ 8,026</u>	<u>\$ 5,513</u>	<u>\$ (2,513)</u>
Expenditures:				
General Governmental	\$	\$	\$	\$ 0
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deficiency of Revenues Under Expenditures	<u>\$ 8,000</u>	<u>\$ 8,026</u>	<u>\$ 5,513</u>	<u>\$ (2,513)</u>
Other Financing Sources:				
Proceeds from the Sale of Capital Assets	<u>\$ 10,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 0</u>
Total Other Financing Sources	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 18,000	\$ 8,026	\$ 5,513	\$ (2,513)
Fund Balances - Beginning	<u>19,671</u>	<u>19,671</u>	<u>19,671</u>	
Fund Balances - Ending	<u>\$ 37,671</u>	<u>\$ 27,697</u>	<u>\$ 25,184</u>	<u>\$ (2,513)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-12

2007 G.O. BONDS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
General Property Taxes	\$ 564,000	\$ 591,300	\$ 486,578	\$ (104,722)
Investment Earnings	200	850	787	(63)
Total Revenues	<u>\$ 564,200</u>	<u>\$ 592,150</u>	<u>\$ 487,365</u>	<u>\$ (104,785)</u>
Expenditures:				
Debt Service:				
Principal	\$ 685,000	\$ 685,000	\$ 685,000	\$
Interest	42,300	42,300	42,300	
Fiscal Agent's Fees	750	1,050	1,050	
Total Expenditures	<u>\$ 728,050</u>	<u>\$ 728,350</u>	<u>\$ 728,350</u>	<u>\$ 0</u>
Excess of Revenues Over Expenditures	<u>\$ (163,850)</u>	<u>\$ (136,200)</u>	<u>\$ (240,985)</u>	<u>\$ (104,785)</u>
Net Change in Fund Balances	\$ (163,850)	\$ (136,200)	\$ (240,985)	\$ (104,785)
Fund Balances - Beginning	<u>283,421</u>	<u>283,421</u>	<u>283,421</u>	
Fund Balances - Ending	<u>\$ 119,571</u>	<u>\$ 147,221</u>	<u>\$ 42,436</u>	<u>\$ (104,785)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-13

2007 C.O. BONDS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
General Property Taxes	\$ 21,100	\$ 25,950	\$ 16,907	\$ (9,043)
Investment Earnings	50	30	16	(14)
Total Revenues	<u>\$ 21,150</u>	<u>\$ 25,980</u>	<u>\$ 16,923</u>	<u>\$ (9,057)</u>
Expenditures:				
Debt Service:				
Principal	\$ 20,000	\$ 20,000	\$ 20,000	\$
Interest and Fiscal Charges	9,450	9,450	9,450	
Fiscal Agent's Fees	375	375	580	(205)
Total Expenditures	<u>\$ 29,825</u>	<u>\$ 29,825</u>	<u>\$ 30,030</u>	<u>\$ (205)</u>
Excess of Revenues Over Expenditures	<u>\$ (8,675)</u>	<u>\$ (3,845)</u>	<u>\$ (13,107)</u>	<u>\$ (9,262)</u>
Net Change in Fund Balances	\$ (8,675)	\$ (3,845)	\$ (13,107)	\$ (9,262)
Fund Balances - Beginning	<u>13,151</u>	<u>13,151</u>	<u>13,151</u>	
Fund Balances - Ending	<u><u>\$ 4,476</u></u>	<u><u>\$ 9,306</u></u>	<u><u>\$ 44</u></u>	<u><u>\$ (9,262)</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-14

2010 C.O. BONDS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes:				
General Property Taxes	\$ 309,800	\$ 230,100	\$ 203,278	\$ (26,822)
Investment Earnings	260	250	232	(18)
Total Revenues	<u>\$ 310,060</u>	<u>\$ 230,350</u>	<u>\$ 203,510</u>	<u>\$ (26,840)</u>
Expenditures:				
Debt Service:				
Principal	\$ 180,000	\$ 180,000	\$ 180,000	\$
Interest and Fiscal Charges	124,838	124,838	124,838	
Fiscal Agent's Fees	750	400	400	
Total Expenditures	<u>\$ 305,588</u>	<u>\$ 305,238</u>	<u>\$ 305,238</u>	<u>\$ 0</u>
Excess of Revenues Over Expenditures	<u>\$ 4,472</u>	<u>\$ (74,888)</u>	<u>\$ (101,728)</u>	<u>\$ (26,840)</u>
Net Change in Fund Balances	\$ 4,472	\$ (74,888)	\$ (101,728)	\$ (26,840)
Fund Balances - Beginning	<u>102,128</u>	<u>102,128</u>	<u>102,128</u>	
Fund Balances - Ending	<u>\$ 106,600</u>	<u>\$ 27,240</u>	<u>\$ 400</u>	<u>\$ (26,840)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-15

2016 G.O. REFUNDING BONDS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Taxes				
General Property Taxes	\$ 457,000	\$ 318,500	\$ 354,490	\$ 35,990
Investment Earnings	5			0
Total Revenues	<u>\$ 457,005</u>	<u>\$ 318,500</u>	<u>\$ 354,490</u>	<u>\$ 35,990</u>
Expenditures:				
General Governmental	\$	\$	\$ 54	\$ (54)
Debt Service:				
Principal	190,000	190,000	190,000	
Interest and Fiscal Charges	195,050	195,050	194,300	750
Total Expenditures	<u>\$ 385,050</u>	<u>\$ 385,050</u>	<u>\$ 384,354</u>	<u>\$ 696</u>
Excess of Revenues Over Expenditures	<u>\$ 71,955</u>	<u>\$ (66,550)</u>	<u>\$ (29,864)</u>	<u>\$ 36,686</u>
Net Change in Fund Balances	\$ 71,955	\$ (66,550)	\$ (29,864)	\$ 36,686
Fund Balances - Beginning	<u>29,864</u>	<u>29,864</u>	<u>29,864</u>	
Fund Balances - Ending	<u><u>\$ 101,819</u></u>	<u><u>\$ (36,686)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 36,686</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-16

CEMETERY PERMANENT CARE FUND  
PERMANENT FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Investment Earnings	\$ <u>1,900</u>	\$ <u>650</u>	\$ <u>2,448</u>	\$ <u>1,798</u>
Total Revenues	\$ <u>1,900</u>	\$ <u>650</u>	\$ <u>2,448</u>	\$ <u>1,798</u>
Expenditures:				
Total Expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Excess of Revenues Over Expenditures	\$ <u>1,900</u>	\$ <u>650</u>	\$ <u>2,448</u>	\$ <u>1,798</u>
Other Financing Uses:				
Transfers Out	\$ <u>(650)</u>	\$ <u>(650)</u>	\$ <u>(2,448)</u>	\$ <u>(1,798)</u>
Total Other Financing Uses	\$ <u>(650)</u>	\$ <u>(650)</u>	\$ <u>(2,448)</u>	\$ <u>(1,798)</u>
Net Change in Fund Balances	\$ <u>1,250</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances - Beginning	<u>351,519</u>	<u>351,519</u>	<u>351,519</u>	<u>          </u>
Fund Balances - Ending	<u><u>\$ 352,769</u></u>	<u><u>\$ 351,519</u></u>	<u><u>\$ 351,519</u></u>	<u><u>\$ 0</u></u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-17

WATER AND SEWER FUND  
 PROPRIETARY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>				
Water Sales	\$ 9,202,400	\$ 9,504,800	\$ 10,396,527	\$ 891,727
Sewer Charges	2,700,000	2,700,000	2,733,519	33,519
Other Services	332,020	333,120	342,400	9,280
Total Operating Revenues	<u>\$ 12,234,420</u>	<u>\$ 12,537,920</u>	<u>\$ 13,472,446</u>	<u>\$ 934,526</u>
<b>OPERATING EXPENSES:</b>				
Personnel Services	\$ 2,483,465	\$ 2,267,508	\$ 2,520,540	\$ (253,032)
Supplies and Materials	4,612,505	4,843,850	4,886,966	(43,116)
Contractual Services	857,200	919,906	988,144	(68,238)
Maintenance	860,909	999,153	1,451,549	(452,396)
Depreciation	1,966,000	2,632,725	1,817,690	815,035
Other	120,000	151,702	107,399	44,303
Total Operating Expenses	<u>\$ 10,900,079</u>	<u>\$ 11,814,844</u>	<u>\$ 11,772,288</u>	<u>\$ 42,556</u>
Operating Income	<u>\$ 1,334,341</u>	<u>\$ 723,076</u>	<u>\$ 1,700,158</u>	<u>\$ 977,082</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Intergovernmental Revenue	\$	\$ 11,900	\$ 11,900	\$
Interest Revenue	6,175	6,220	11,973	5,753
Other	300	187,199	191,709	4,510
Interest Expense and Paying Agent Fees	<u>(1,259,450)</u>	<u>(1,279,450)</u>	<u>(388,850)</u>	<u>890,600</u>
Total Non-Operating Expenses	<u>\$ (1,252,975)</u>	<u>\$ (1,074,131)</u>	<u>\$ (173,268)</u>	<u>\$ 900,863</u>
Income Before Transfers	\$ 81,366	\$ (351,055)	\$ 1,526,890	\$ 1,877,945
Capital Contributions	750,000	750,000	750,000	
Transfers Out	<u>(646,674)</u>	<u>(646,674)</u>	<u>(646,674)</u>	
Change in Net Position	\$ 184,692	\$ (247,729)	\$ 1,630,216	\$ 1,877,945
Total Net Position - Beginning	<u>17,562,394</u>	<u>17,562,394</u>	<u>17,562,394</u>	
Total Net Position - Ending	<u>\$ 17,747,086</u>	<u>\$ 17,314,665</u>	<u>\$ 19,192,610</u>	<u>\$ 1,877,945</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-18

AIRPORT/INDUSTRIAL PARK  
 PROPRIETARY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>				
Commercial Rentals and Fees	\$ 1,024,000	\$ 1,123,400	\$ 1,076,409	\$ (46,991)
Other Services			26,425	26,425
Total Operating Revenues	<u>\$ 1,024,000</u>	<u>\$ 1,123,400</u>	<u>\$ 1,102,834</u>	<u>\$ (20,566)</u>
<b>OPERATING EXPENSES:</b>				
Personnel Services	\$ 425,166	\$ 420,855	\$ 475,272	\$ (54,417)
Supplies and Materials	57,100	52,597	45,382	7,215
Contractual Services	161,175	166,752	191,014	(24,262)
Maintenance	228,450	284,124	185,011	99,113
Depreciation	206,500	831,500	1,365,420	(533,920)
Other	2,000	89,283		89,283
Total Operating Expenses	<u>\$ 1,080,391</u>	<u>\$ 1,845,111</u>	<u>\$ 2,262,099</u>	<u>\$ (416,988)</u>
Operating Income (Expense)	<u>\$ (56,391)</u>	<u>\$ (721,711)</u>	<u>\$ (1,159,265)</u>	<u>\$ (437,554)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Intergovernmental Revenue	\$ 50,000	\$ 24,064	\$ 24,064	\$
Interest Revenue	5,000	7,000	16,003	9,003
Rents and Royalties	100,200	1,402,275	1,393,425	(8,850)
Other	50,107	51,291	103,852	52,561
Interest Expense and Paying Agent Fees			(4,947)	(4,947)
Total Non-Operating Revenues	<u>\$ 205,307</u>	<u>\$ 1,484,630</u>	<u>\$ 1,532,397</u>	<u>\$ 47,767</u>
Income (Loss) Before Transfers	\$ 148,916	\$ 762,919	\$ 373,132	\$ (389,787)
Transfers Out	<u>(164,310)</u>	<u>(164,310)</u>	<u>(297,263)</u>	<u>(132,953)</u>
Change in Net Position	\$ (15,394)	\$ 598,609	\$ 75,869	\$ (522,740)
Total Net Position - Beginning	<u>29,063,137</u>	<u>29,063,137</u>	<u>29,063,137</u>	
Total Net Position - Ending	<u>\$ 29,047,743</u>	<u>\$ 29,661,746</u>	<u>\$ 29,139,006</u>	<u>\$ (522,740)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-19

EMERGENCY MEDICAL SERVICES FUND  
PROPRIETARY FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>				
Emergency Medical Services	\$ 1,445,600	\$ 1,702,200	\$ 1,784,060	\$ 81,860
Total Operating Revenues	<u>\$ 1,445,600</u>	<u>\$ 1,702,200</u>	<u>\$ 1,784,060</u>	<u>\$ 81,860</u>
<b>OPERATING EXPENSES:</b>				
Personnel Services	\$ 1,527,333	\$ 1,493,818	\$ 1,448,290	\$ 45,528
Supplies and Materials	129,650	103,750	98,060	5,690
Contractual Services	83,886	94,004	96,832	(2,828)
Maintenance	54,608	48,234	44,854	3,380
Depreciation	172,131	172,532	88,959	83,573
Other	652,000	652,000	654,399	(2,399)
Total Operating Expenses	<u>\$ 2,619,608</u>	<u>\$ 2,564,338</u>	<u>\$ 2,431,394</u>	<u>\$ 132,944</u>
Operating Loss	<u>\$ (1,174,008)</u>	<u>\$ (862,138)</u>	<u>\$ (647,334)</u>	<u>\$ 214,804</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Gain/(Loss) on Disposal of Assets	\$	\$ 3,000	\$ 3,000	\$
Other	(2,000)	11,000	2,243	(8,757)
Interest Expense and Paying Agent Fees	(138,675)	(132,891)	(6,003)	126,888
Total Non-Operating Revenues (Expenses)	<u>\$ (140,675)</u>	<u>\$ (118,891)</u>	<u>\$ (760)</u>	<u>\$ 118,131</u>
Loss Before Transfers	<u>\$ (1,314,683)</u>	<u>\$ (981,029)</u>	<u>\$ (648,094)</u>	<u>\$ 332,935</u>
Capital Contributions	469,000	460,000	460,000	
Transfers In	<u>810,086</u>	<u>850,000</u>	<u>810,086</u>	<u>(39,914)</u>
Change in Net Position	\$ (35,597)	\$ 328,971	\$ 621,992	\$ 293,021
Total Net Position - Beginning	<u>(3,357,831)</u>	<u>(3,357,831)</u>	<u>(3,357,831)</u>	
Total Net Position - Ending	<u>\$ (3,393,428)</u>	<u>\$ (3,028,860)</u>	<u>\$ (2,735,839)</u>	<u>\$ 293,021</u>

## CITY OF BIG SPRING, TEXAS

EXHIBIT C-20

**LANDFILL FUND  
 PROPRIETARY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>				
Landfill Fees	\$ 1,744,000	\$ 1,846,400	\$ 1,844,907	\$ (1,493)
Other Services	3,000	2,000	2,400	400
Total Operating Revenues	<u>\$ 1,747,000</u>	<u>\$ 1,848,400</u>	<u>\$ 1,847,307</u>	<u>\$ (1,093)</u>
<b>OPERATING EXPENSES:</b>				
Personnel Services	\$ 600,069	\$ 556,352	\$ 597,281	\$ (40,929)
Supplies and Materials	57,250	46,758	41,489	5,269
Contractual Services	139,100	156,909	187,660	(30,751)
Maintenance	48,800	49,635	55,016	(5,381)
Depreciation	500,000	144,466	142,710	1,756
Other	50,005	61,055	265,885	(204,830)
Total Operating Expenses	<u>\$ 1,395,224</u>	<u>\$ 1,015,175</u>	<u>\$ 1,290,041</u>	<u>\$ (274,866)</u>
Operating Income	<u>\$ 351,776</u>	<u>\$ 833,225</u>	<u>\$ 557,266</u>	<u>\$ (275,959)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest Revenue	\$ 10,000	\$ 17,400	\$ 25,407	\$ 8,007
Gain/(Loss) on Disposal of Assets			(7,265)	(7,265)
Other	125	140	819	679
Interest Expense and Paying Agent Fees	(124,200)	(110,447)	(4,547)	105,900
Total Non-Operating Expenses	<u>\$ (114,075)</u>	<u>\$ (92,907)</u>	<u>\$ 14,414</u>	<u>\$ 107,321</u>
Income Before Transfers	\$ 237,701	\$ 740,318	\$ 571,680	\$ (168,638)
Capital Contributions	250,000	250,000	279,325	29,325
Transfers Out	<u>(282,769)</u>	<u>(282,769)</u>	<u>(282,767)</u>	<u>2</u>
Change in Net Position	\$ 204,932	\$ 707,549	\$ 568,238	\$ (139,311)
Total Net Position - Beginning	<u>6,648,552</u>	<u>6,648,552</u>	<u>6,648,552</u>	
Total Net Position - Ending	<u>\$ 6,853,484</u>	<u>\$ 7,356,101</u>	<u>\$ 7,216,790</u>	<u>\$ (139,311)</u>

## CITY OF BIG SPRING, TEXAS

EXHIBIT C-21

**SANITATION FUND  
 PROPRIETARY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>OPERATING REVENUES:</b>				
Sanitation Revenue	\$ 3,155,000	\$ 3,060,000	\$ 3,100,088	\$ 40,088
Other Services	42,000	43,500	40,462	(3,038)
Total Operating Revenues	<u>\$ 3,197,000</u>	<u>\$ 3,103,500</u>	<u>\$ 3,140,550</u>	<u>\$ 37,050</u>
<b>OPERATING EXPENSES:</b>				
Personnel Services	\$ 623,769	\$ 592,552	\$ 636,520	\$ (43,968)
Supplies and Materials	297,050	347,129	332,896	14,233
Contractual Services	972,100	952,754	950,381	2,373
Maintenance	265,550	315,417	376,414	(60,997)
Depreciation	470,000	437,940	261,561	176,379
Other	32,500	51,641	106,865	(55,224)
Total Operating Expenses	<u>\$ 2,660,969</u>	<u>\$ 2,697,433</u>	<u>\$ 2,664,637</u>	<u>\$ 32,796</u>
Operating Income	<u>\$ 536,031</u>	<u>\$ 406,067</u>	<u>\$ 475,913</u>	<u>\$ 69,846</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest Revenue	\$ 1,800	\$ 1,800	\$ 2,410	\$ 610
Other	950	20,178	21,275	1,097
Interest Expense and Paying Agent Fees	(243,488)	(312,299)	(12,809)	299,490
Total Non-Operating Revenues (Expenses)	<u>\$ (240,738)</u>	<u>\$ (290,321)</u>	<u>\$ 10,876</u>	<u>\$ 301,197</u>
Income Before Transfers	\$ 295,293	\$ 115,746	\$ 486,789	\$ 371,043
Transfers Out	<u>(328,502)</u>	<u>(803,502)</u>	<u>(825,176)</u>	<u>(21,674)</u>
Change in Net Position	\$ (33,209)	\$ (687,756)	\$ (338,387)	\$ 349,369
Total Net Position - Beginning	<u>1,583,039</u>	<u>1,583,039</u>	<u>1,583,039</u>	
Total Net Position - Ending	<u>\$ 1,549,830</u>	<u>\$ 895,283</u>	<u>\$ 1,244,652</u>	<u>\$ 349,369</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-22

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
SEPTEMBER 30, 2017

	<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>
<b>ASSETS:</b>					
Current Assets					
Cash and Cash Equivalents	\$ 2,366	\$ 6,788	\$ 899,878	\$ 226,169	\$ 1,135,201
Due from Other Funds				1,286	1,286
Total Current Assets	<u>\$ 2,366</u>	<u>\$ 6,788</u>	<u>\$ 899,878</u>	<u>\$ 227,455</u>	<u>\$ 1,136,487</u>
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 10,000	\$	\$	\$	\$ 10,000
Machinery and Equipment	23,212				23,212
Total Noncurrent Assets	<u>\$ 33,212</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,212</u>
Total Assets	<u>\$ 35,578</u>	<u>\$ 6,788</u>	<u>\$ 899,878</u>	<u>\$ 227,455</u>	<u>\$ 1,169,699</u>
<b>LIABILITIES:</b>					
Current Liabilities					
Accounts Payable	\$ 1,556	\$	\$ 4,565	\$ 127,455	\$ 133,576
Claims and Judgments Payable		194,256	448,755		643,011
Due to Other Funds	20,000	643,504		100,000	763,504
Long Term Debt - Current	2,763				2,763
Total Current Liabilities	<u>\$ 24,319</u>	<u>\$ 837,760</u>	<u>\$ 453,320</u>	<u>\$ 227,455</u>	<u>\$ 1,542,854</u>
Noncurrent Liabilities					
Long Term Debt	\$ 9,288	\$	\$	\$	\$ 9,288
Total Noncurrent Liabilities	<u>\$ 9,288</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,288</u>
Total Liabilities	<u>\$ 33,607</u>	<u>\$ 837,760</u>	<u>\$ 453,320</u>	<u>\$ 227,455</u>	<u>\$ 1,552,142</u>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	\$ 21,161	\$	\$	\$	\$ 21,161
Unrestricted Net Position	(19,190)	(830,972)	446,558		(403,604)
Total Net Position	<u>\$ 1,971</u>	<u>\$ (830,972)</u>	<u>\$ 446,558</u>	<u>\$ 0</u>	<u>\$ (382,443)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-23

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Garage</u>	<u>Health Insurance</u>	<u>Occupational Accident Insurance</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
<b>OPERATING REVENUES:</b>				
Billings to Departments and Employees	\$ 20,000	\$ 2,734,094	\$ 460,976	\$ 3,215,070
Total Operating Revenues	<u>\$ 20,000</u>	<u>\$ 2,734,094</u>	<u>\$ 460,976</u>	<u>\$ 3,215,070</u>
<b>OPERATING EXPENSES:</b>				
Supplies and Materials	\$ 4,061	\$	\$	\$ 4,061
Contractual Services	10,989	3,488,770	129,225	3,628,984
Maintenance	17,640			17,640
Depreciation	9,044			9,044
Other Expense		459,758	30,122	489,880
Total Operating Expenses	<u>\$ 41,734</u>	<u>\$ 3,948,528</u>	<u>\$ 159,347</u>	<u>\$ 4,149,609</u>
Operating Income (Loss)	<u>\$ (21,734)</u>	<u>\$ (1,214,434)</u>	<u>\$ 301,629</u>	<u>\$ (934,539)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest Revenue	\$ 3	\$ 733	\$ 2,860	\$ 3,596
Other Income	9,998	343,621		353,619
Interest Expense and Paying Agent Fees	(401)			(401)
Total Non-Operating Revenues (Expenses)	<u>\$ 9,600</u>	<u>\$ 344,354</u>	<u>\$ 2,860</u>	<u>\$ 356,814</u>
Income (Loss) Before Transfers	\$ (12,134)	\$ (870,080)	\$ 304,489	\$ (577,725)
Transfers In (Out)	<u>21,674</u>	<u>334,315</u>	<u>(404,278)</u>	<u>(48,289)</u>
Change in Net Position	\$ 9,540	\$ (535,765)	\$ (99,789)	\$ (626,014)
Total Net Position - Beginning	<u>(7,569)</u>	<u>(295,207)</u>	<u>546,347</u>	<u>243,571</u>
Total Net Position - Ending	<u><u>\$ 1,971</u></u>	<u><u>\$ (830,972)</u></u>	<u><u>\$ 446,558</u></u>	<u><u>\$ (382,443)</u></u>

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-24

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	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	\$ 20,000	\$ 2,734,094	\$ 460,976	\$	\$ 3,215,070
Cash Payments to Suppliers for Goods and Services	(25,142)	(3,405,975)	(150,472)	2,765	(3,578,824)
Net Cash Provided by (Used in) Operating Activities	\$ (5,142)	\$ (671,881)	\$ 310,504	\$ 2,765	\$ (363,754)
Cash Flows from Non-Capital Financing Activities					
Cash Transfers	\$	\$ 334,315	\$ (404,278)	\$	\$ (69,963)
Various Reimbursements	9,998	343,621			353,619
Net Cash Provided by (Used in) Non-Capital Financing Activities	\$ 9,998	\$ 677,936	\$ (404,278)	\$ 0	\$ 283,656
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid	\$ (2,657)	\$	\$	\$	\$ (2,657)
Net Cash Used in Capital and Related Financing Activities	\$ (2,657)	\$ 0	\$ 0	\$ 0	\$ (2,657)
Cash Flows from Investing Activities					
Interest and Dividends on Investments	\$ 3	\$ 733	\$ 2,860	\$	\$ 3,596
Net Cash Provided by Investing Activities	\$ 3	\$ 733	\$ 2,860	\$ 0	\$ 3,596
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,202	\$ 6,788	\$ (90,914)	\$ 2,765	\$ (79,159)
Cash and Cash Equivalents at Beginning of Year	164	0	990,792	223,404	1,214,360
Cash and Cash Equivalents at End of Year	\$ 2,366	\$ 6,788	\$ 899,878	\$ 226,169	\$ 1,135,201
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ (21,734)	\$ (1,214,434)	\$ 301,629	\$ 0	\$ (934,539)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	\$ 9,044	\$	\$	\$	\$ 9,044
Change in Assets and Liabilities					
Decrease (Increase) in Interfund Receivables		4,028		(1,286)	2,742
Increase (Decrease) in Accounts Payable	48		(9,869)	(63,134)	(72,955)
Increase (Decrease) in Claims and Judgements Payable		58,401	19,766		78,167
Increase (Decrease) in Interfund Payables	7,500	480,124	(1,022)	67,185	553,787
Total Adjustments	\$ 16,592	\$ 542,553	\$ 8,875	\$ 2,765	\$ 570,785
Net Cash Provided by (Used in) Operating Activities	\$ (5,142)	\$ (671,881)	\$ 310,504	\$ 2,765	\$ (363,754)
Supplemental Cash Flow Information:					
Non-Cash Related Financing Activities:					
Capital Lease Proceeds and Capital Assets of \$6,677 - Garage Fund					
Transfers of Capital Assets of \$21,674 - From Sanitation Fund to Garage Fund					

CITY OF BIG SPRING, TEXAS

EXHIBIT C-25

GARAGE FUND  
INTERNAL SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES:</b>				
Billings to Departments and Employees	\$ 10,000	\$ 30,000	\$ 20,000	\$ (10,000)
Total Operating Revenues	<u>\$ 10,000</u>	<u>\$ 30,000</u>	<u>\$ 20,000</u>	<u>\$ (10,000)</u>
<b>OPERATING EXPENSES:</b>				
Supplies and Materials	\$ 7,150	\$ 3,950	\$ 4,061	\$ 111
Contractual Services	10,150	10,530	10,989	459
Maintenance	12,000	16,138	17,640	1,502
Depreciation	6,995	6,995	9,044	2,049
Total Operating Expenses	<u>\$ 36,295</u>	<u>\$ 37,613</u>	<u>\$ 41,734</u>	<u>\$ 4,121</u>
Operating Loss	<u>\$ (26,295)</u>	<u>\$ (7,613)</u>	<u>\$ (21,734)</u>	<u>\$ (14,121)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest Revenue	\$	\$	\$ 3	\$
Other Income	14,000	9,999	9,998	(1)
Interest Expense and Paying Agent Fees	3,873	4,293	(401)	(4,694)
Total Non-Operating Expenses	<u>\$ 17,873</u>	<u>\$ 14,292</u>	<u>\$ 9,600</u>	<u>\$ (4,695)</u>
Change in Net Position	\$ (8,422)	\$ 6,679	\$ 9,540	\$ 2,858
Total Net Position - Beginning	<u>(7,569)</u>	<u>(7,569)</u>	<u>(7,569)</u>	<u></u>
Total Net Position - Ending	<u>\$ (15,991)</u>	<u>\$ (890)</u>	<u>\$ 1,971</u>	<u>\$ 2,858</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-26

HEALTH INSURANCE FUND  
INTERNAL SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES:</b>				
Billings to Departments and Employees	\$ 2,637,000	\$ 2,766,492	\$ 2,734,094	\$ (32,398)
Total Operating Revenues	<u>\$ 2,637,000</u>	<u>\$ 2,766,492</u>	<u>\$ 2,734,094</u>	<u>\$ (32,398)</u>
<b>OPERATING EXPENSES:</b>				
Contractual Services	\$ 2,070,000	\$ 2,580,000	\$ 3,488,770	\$ (908,770)
Other	400,000	415,000	459,758	(44,758)
Total Operating Expenses	<u>\$ 2,470,000</u>	<u>\$ 2,995,000</u>	<u>\$ 3,948,528</u>	<u>\$ (953,528)</u>
Operating Loss	<u>\$ 167,000</u>	<u>\$ (228,508)</u>	<u>\$ (1,214,434)</u>	<u>\$ (985,926)</u>
<b>NON-OPERATING REVENUES :</b>				
Interest Revenue	\$ 400	\$ 400	\$ 733	\$ 333
Other Income	400	290,202	343,621	53,419
Total Non-Operating Revenues	<u>\$ 400</u>	<u>\$ 290,602</u>	<u>\$ 344,354</u>	<u>\$ 53,752</u>
Loss Before Transfers	\$ 167,400	\$ 62,094	\$ (870,080)	\$ (932,174)
Transfers In/(Out)	<u>(65,682)</u>	<u>334,318</u>	<u>334,315</u>	<u>(3)</u>
Change in Net Position	\$ 101,718	\$ 396,412	\$ (535,765)	\$ (932,177)
Total Net Position - Beginning	<u>(295,207)</u>	<u>(295,207)</u>	<u>(295,207)</u>	<u></u>
Total Net Position - Ending	<u>\$ (193,489)</u>	<u>\$ 101,205</u>	<u>\$ (830,972)</u>	<u>\$ (932,177)</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-27

OCCUPATIONAL ACCIDENT INSURANCE FUND  
INTERNAL SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<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	\$ 460,976	\$ 460,976	\$
Total Operating Revenues	<u>\$ 340,000</u>	<u>\$ 460,976</u>	<u>\$ 460,976</u>	<u>\$ 0</u>
OPERATING EXPENSES:				
Contractual Services	\$ 225,000	\$ 225,000	\$ 129,225	\$ 95,775
Other	31,000	31,000	30,122	878
Total Operating Expenses	<u>\$ 256,000</u>	<u>\$ 256,000</u>	<u>\$ 159,347</u>	<u>\$ 96,653</u>
Operating Income	<u>\$ 84,000</u>	<u>\$ 204,976</u>	<u>\$ 301,629</u>	<u>\$ 96,653</u>
NON-OPERATING REVENUES:				
Interest Revenue	\$ 2,000	\$ 2,300	\$ 2,860	\$ 560
Total Non-Operating Revenues	<u>\$ 2,000</u>	<u>\$ 2,300</u>	<u>\$ 2,860</u>	<u>\$ 560</u>
Income Before Transfers	\$ 86,000	\$ 207,276	\$ 304,489	\$ 97,213
Transfers Out	<u>(4,057)</u>	<u>(404,057)</u>	<u>(404,278)</u>	<u>(221)</u>
Change in Net Position	\$ 81,943	\$ (196,781)	\$ (99,789)	\$ 96,992
Total Net Position - Beginning	<u>546,347</u>	<u>546,347</u>	<u>546,347</u>	
Total Net Position - Ending	<u>\$ 628,290</u>	<u>\$ 349,566</u>	<u>\$ 446,558</u>	<u>\$ 96,992</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

<b>Financial Trends</b>	<b>Pages</b>
This segment contains information to help the reader understand how the City's financial performance and well-being have changed over time.	100-104
<b>Revenue Capacity</b>	
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.	105-110
<b>Debt Capacity</b>	
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.	111-114
<b>Economic and Demographic Information</b>	
This segment contains demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	115-116
<b>Operating Information</b>	
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.	117-119

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-2

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 1,793,992	\$ 1,824,360	\$ 2,036,771	\$ 2,208,403	\$ 1,465,600	\$ 2,271,190	\$ 2,949,162	\$ 2,827,225	\$ 3,610,242	\$ 4,319,516
Public Safety	7,500,329	8,224,479	8,959,484	8,858,090	10,206,784	9,169,573	10,019,614	9,793,329	8,121,985	11,108,472
Highways and Streets	1,851,028	2,142,249	2,004,963	2,166,500	2,818,290	2,856,428	3,241,167	2,752,555	3,074,989	2,603,386
Sanitation	1,776,428	2,260,078	1,843,457	1,971,841	1,917,764	2,245,954				
Community Service	367,619	498,303	158,615	541,643	488,382	544,265	445,156	388,350	485,436	428,628
Recreation and Parks	1,420,690	1,404,752	1,616,841	2,249,772	2,141,638	2,576,760	2,704,295	2,885,114	2,922,106	2,975,491
Cemetery	149,141	190,062	146,107	138,837	136,214	197,462	178,970	112,931	157,622	160,716
Economic Development	1,862,701	1,867,545	1,816,715	1,997,635	2,597,377	2,653,925	579,099	1,885,570	884,174	943,376
Interest on Long-Term Debt	796,014	771,681	814,498	864,355	820,539	775,200	731,792	721,634	545,700	406,966
Total Governmental Activities Expenses	\$ 17,517,942	\$ 19,183,509	\$ 19,757,451	\$ 20,997,076	\$ 22,592,588	\$ 23,290,757	\$ 20,849,255	\$ 21,366,708	\$ 19,802,254	\$ 22,946,551
Business-Type Activities										
Water and Sewer	\$ 9,133,088	\$ 9,959,780	\$ 10,851,962	\$ 10,285,767	\$ 10,276,144	\$ 10,619,316	\$ 11,017,032	\$ 11,630,379	\$ 12,870,168	\$ 12,161,138
Airport/Industrial Park	1,473,504	1,536,701	1,516,681	1,713,690	1,703,282	1,865,245		1,871,990	2,197,454	2,267,046
Emergency Medical Services	2,047,764	1,991,905	2,183,830	2,293,215	2,316,840	2,732,967	2,439,037	2,263,904	4,748,202	2,437,397
Landfill							786,699	956,719	911,517	1,294,588
Sanitation							2,375,412	2,604,324	2,510,088	2,677,446
Malone & Hogan Clinic						196,300	304,504	333,196	149,171	
Total Business-Type Activities Expenses	\$ 12,654,356	\$ 13,488,386	\$ 14,552,473	\$ 14,292,672	\$ 14,296,266	\$ 15,413,828	\$ 18,794,674	\$ 19,714,661	\$ 23,386,600	\$ 20,837,615
Total Primary Government Expenses	\$ 30,172,298	\$ 32,671,895	\$ 34,309,924	\$ 35,289,748	\$ 36,888,854	\$ 38,704,585	\$ 39,643,929	\$ 41,081,369	\$ 43,188,854	\$ 43,784,166
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services										
Public Safety	\$	\$	\$	\$	\$	\$	\$	\$ 383,893	\$ 463,439	\$ 735,710
Sanitation	2,408,181	2,789,526	2,735,430	2,860,676	2,914,021	2,905,146				
Community Service	95,691	53,727	50,740	37,848	40,464	26,867	25,095	20,015	21,532	58,245
Recreation and Parks	364,201	421,657	407,605	731,107	850,840	977,787	934,612	896,820	689,922	629,462
Cemetery								97,334	104,927	109,569
General Government	318,536	194,274	223,348	238,024	233,895	287,084	381,874	321,863	425,291	1,160,988
Economic Development									15,046	600
Operating Grants and Contributions	442,151	257,142	227,973	241,571	200,736	280,323	263,453	161,905	178,985	1,051,110
Capital Grants and Contributions	16,207	52,370	135,368	99,993						
Total Governmental Activities Program Revenues	\$ 3,644,967	\$ 3,768,696	\$ 3,780,464	\$ 4,209,219	\$ 4,239,956	\$ 4,477,207	\$ 1,605,034	\$ 1,881,830	\$ 1,899,142	\$ 3,745,684
Business-Type Activities										
Charges for Services										
Water and Sewer	\$ 9,313,289	\$ 9,594,378	\$ 9,702,905	\$ 10,399,803	\$ 12,510,503	\$ 12,139,757	\$ 11,887,981	\$ 12,818,098	\$ 13,328,561	\$ 13,472,446
Airport/Industrial Park	834,312	806,400	847,816	864,539	942,427	1,134,065	1,099,100	1,172,073	1,184,708	1,102,834
Emergency Medical Services	1,350,445	1,808,569	1,747,596	1,732,690	1,729,411	1,728,680	1,325,358	1,488,687	1,788,374	1,784,060
Landfill							1,437,172	1,629,385	1,883,292	1,847,307
Sanitation							2,653,868	3,380,689	3,203,951	3,140,550
Malone & Hogan Clinic						198,983	289,171	267,838	138,695	
Operating Grants and Contributions		203,042	163,875	181,052	156,348	173,337	966,157	456,771	453,867	
Capital Grants and Contributions		4,584,321			1,243,346	2,304,000	2,612,347	2,569,184	5,261,762	1,489,325
Total Business-Type Activities Program Revenues	\$ 11,498,046	\$ 16,996,710	\$ 12,462,192	\$ 13,178,084	\$ 16,582,035	\$ 17,678,822	\$ 22,271,154	\$ 23,782,725	\$ 27,243,210	\$ 22,836,522
Total Primary Government Program Revenues	\$ 15,143,013	\$ 20,765,406	\$ 16,242,656	\$ 17,387,303	\$ 20,821,991	\$ 22,156,029	\$ 23,876,188	\$ 25,664,555	\$ 29,142,352	\$ 26,582,206
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (13,872,975)	\$ (15,414,813)	\$ (15,976,987)	\$ (16,787,857)	\$ (18,352,632)	\$ (18,813,550)	\$ (19,244,221)	\$ (19,484,878)	\$ (17,903,112)	\$ (19,200,867)
Business-Type Activities	(1,156,310)	3,508,324	(2,090,281)	(1,114,588)	2,285,769	2,264,994	3,476,480	4,068,064	3,856,610	1,998,907
Total Primary Government Net Expense	\$ (15,029,285)	\$ (11,906,489)	\$ (18,067,268)	\$ (17,902,445)	\$ (16,066,863)	\$ (16,548,556)	\$ (15,767,741)	\$ (15,416,814)	\$ (14,046,502)	\$ (17,201,960)

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2012	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental Activities	\$ (11,901,459)	\$ (13,872,975)	\$ (15,414,813)	\$ (15,976,987)	\$ (16,787,857)	\$ (18,352,632)	\$ (18,813,550)	\$ (19,244,221)	\$ (17,903,112)	\$ (19,200,867)
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>	<u>2,285,769</u>	<u>2,264,994</u>	<u>3,476,480</u>	<u>3,856,610</u>	<u>1,998,907</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>	<u>\$ (16,066,863)</u>	<u>\$ (16,548,556)</u>	<u>\$ (15,767,741)</u>	<u>\$ (14,046,502)</u>	<u>\$ (17,201,960)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	\$ 3,252,311	\$ 5,068,566	\$ 5,400,654	\$ 5,558,497	\$ 5,542,990	\$ 5,261,553	\$ 5,161,268	\$ 5,566,502	\$ 6,575,360	\$ 6,980,635
Sales Taxes	5,369,792	6,047,491	5,778,812	5,734,386	6,479,539	7,721,480	8,915,307	6,347,971	6,354,361	6,638,741
Gross Receipts Taxes	1,477,481	1,522,960	1,414,058	1,428,017	1,468,738	1,530,152	1,553,002	1,631,818	1,392,071	1,560,892
Motel Occupancy Taxes	478,512	694,339	505,456	499,279	732,252	1,145,353	1,339,310	1,512,024	967,870	1,163,639
Unrestricted Grants and Contributions	942,137	1,053,729	1,182,689	1,126,704	1,144,321	1,077,560	992,900	1,200,350	756,762	295,017
Investment Earnings	1,023,253	844,532	186,464	71,567	51,606	38,154	33,510	17,681	33,262	29,960
Miscellaneous	1,236,171	1,364,251	1,450,330	1,265,495	1,383,766	1,469,698	1,284,148	1,805,292	1,320,595	457,779
Transfers	570,670	(296,038)	(215,821)	687,099	593,937	(1,447,344)	598,536	301,970	335,522	1,241,794
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>	<u>\$ 16,796,606</u>	<u>\$ 19,877,981</u>	<u>\$ 18,383,608</u>	<u>\$ 17,735,803</u>	<u>\$ 18,368,457</u>
Business-Type Activities										
Unrestricted Grants and Contributions	\$ 217,009	\$ 1,036,216	\$	\$	\$	\$	\$	\$	\$	\$ 35,964
Investment Earnings	276,256	106,972	20,005	1,646	1,252	2,374	12,897	7,819	37,572	55,793
Other	450	3,711	6,737	24,814	20,272	24,989	(5,816)	2,081,058	(500,275)	1,709,058
Transfers	(570,670)	296,038	215,821	(687,099)	(593,937)	1,447,344	(598,536)	(301,970)	(335,522)	(1,241,794)
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>	<u>\$ 1,474,707</u>	<u>\$ (591,455)</u>	<u>\$ 1,786,907</u>	<u>\$ (798,225)</u>	<u>\$ 559,021</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>	<u>\$ 18,271,313</u>	<u>\$ 19,286,526</u>	<u>\$ 20,170,515</u>	<u>\$ 16,937,578</u>	<u>\$ 18,927,478</u>
Change in Net Position										
Governmental Activities	\$ 2,448,868	\$ 2,426,855	\$ 287,829	\$ 394,057	\$ 609,292	\$ (1,556,026)	\$ 1,064,431	\$ (860,613)	\$ (167,309)	\$ (832,410)
Business-Type Activities	<u>(1,799,414)</u>	<u>286,627</u>	<u>3,750,887</u>	<u>(2,750,920)</u>	<u>(1,687,001)</u>	<u>3,760,476</u>	<u>1,673,539</u>	<u>5,263,387</u>	<u>3,058,385</u>	<u>2,557,928</u>
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>	<u>\$ 2,204,450</u>	<u>\$ 2,737,970</u>	<u>\$ 4,402,774</u>	<u>\$ 2,891,076</u>	<u>\$ 1,725,518</u>

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

	<b>Pre-GASB 54</b>			<b>Post-GASB 54</b>						
	Fiscal Year			Fiscal Year						
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 12,770	\$ 17,894	\$ 8,818							
Unreserved	<u>7,764,191</u>	<u>8,607,986</u>	<u>7,314,099</u>							
Total General Fund	<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							
Reserved for Debit Service Funds	225,862	263,432	236,291							
Reserved for Capital Projects	12,221,769	2,579,548	5,484,028							
Unreserved, Reported in:										
Special Revenue Funds	3,137,862	3,045,361	1,717,260							
Capital Projects Funds	<u>1,781,662</u>	<u>1,829,311</u>	<u>1,919,549</u>							
Total All Other Governmental Funds	<u>\$ 17,718,666</u>	<u>\$ 8,069,163</u>	<u>\$ 9,708,639</u>							
General Fund										
Nonspendable	\$ 30,344	\$ 40,815	\$ 48,631	\$ 24,125	\$ 23,737	\$ 22,240	\$ 13,290			
Restricted					19,248	10,773	9,573			
Committed	2,759,003	3,004,648	3,254,712							
Unassigned	<u>5,553,475</u>	<u>6,899,206</u>	<u>7,455,110</u>	<u>6,043,847</u>	<u>6,094,440</u>	<u>6,089,826</u>	<u>6,526,342</u>			
Total General Fund	<u>\$ 8,342,822</u>	<u>\$ 9,944,669</u>	<u>\$ 10,758,453</u>	<u>\$ 6,067,972</u>	<u>\$ 6,137,425</u>	<u>\$ 6,122,839</u>	<u>\$ 6,549,205</u>			
All Other Governmental Funds										
Nonspendable	\$ 353,324	\$ 353,370	\$ 351,511	\$ 351,519	\$ 351,519	\$ 351,519	\$ 351,519			
Restricted	5,466,336	2,425,192	2,957,202	2,992,841	2,994,729	1,556,921	530,499			
Committed	<u>591,464</u>	<u>322,535</u>	<u>184,558</u>	<u>880,997</u>	<u>423,555</u>	<u>179,598</u>	<u>158,523</u>			
Total All Other Governmental Funds	<u>\$ 6,411,124</u>	<u>\$ 3,101,097</u>	<u>\$ 3,493,271</u>	<u>\$ 4,225,357</u>	<u>\$ 3,769,803</u>	<u>\$ 2,088,038</u>	<u>\$ 1,040,541</u>			

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 13,321,348	\$ 13,059,530	\$ 13,203,041	\$ 14,228,655	\$ 15,689,578	\$ 16,976,475	\$ 14,999,605	\$ 16,798,695	\$ 15,234,110	\$ 16,272,566
License and Permits	311,572	186,062	213,509	229,314	225,050	279,026	373,964	314,981	378,798	554,169
Fines	317,535	361,425	451,300	464,054	485,534	402,604	402,282	352,406	422,150	354,784
Charges for Services	2,860,629	3,267,596	3,002,540	3,179,692	3,204,314	3,210,841	62,451	39,343	28,537	43,113
Recreation	364,201	421,657	407,605	731,107	850,840	977,787	934,612	896,820	689,922	629,462
Intergovernmental	1,512,088	1,492,201	1,492,007	1,386,686	1,278,297	1,273,084	1,462,302	1,107,031	1,066,092	1,051,110
Investment Earnings	844,532	186,464	71,567	49,298	35,385	28,833	14,382	15,781	29,907	26,364
Other Revenues	783,474	683,754	682,384	761,982	743,179	897,198	1,274,850	845,652	1,276,344	1,553,770
Total Revenues	\$ 20,315,379	\$ 19,658,689	\$ 19,523,953	\$ 21,030,788	\$ 22,512,177	\$ 24,045,848	\$ 19,524,448	\$ 20,370,709	\$ 19,125,860	\$ 20,485,338
<b>Expenditures</b>										
General Government	\$ 1,943,501	\$ 1,754,193	\$ 1,861,001	\$ 1,968,659	\$ 1,869,559	\$ 2,028,809	\$ 2,558,536	\$ 2,742,772	\$ 2,690,586	\$ 3,003,998
Public Safety	7,964,371	8,416,171	9,257,095	8,718,705	10,572,874	9,591,341	9,878,175	10,727,744	10,156,799	9,833,425
Highways and Streets	2,593,080	6,927,490	4,820,334	2,052,702	2,054,093	2,070,155	2,390,778	1,986,967	2,788,053	2,616,535
Sanitation	1,986,031	1,766,181	2,210,220	1,604,844	2,251,328	3,368,138				
Community Service	409,001	489,450	528,189	529,711	476,450	534,888	440,099	399,761	441,448	409,539
Recreation and Parks	2,815,726	5,141,208	2,216,615	4,559,619	1,412,645	1,738,664	1,812,530	1,823,242	1,929,483	2,044,458
Economic Development	1,931,752	1,825,613	1,832,712	2,047,073	2,583,829	2,611,025	575,969	1,706,224	1,443,657	2,265,602
Cemetery	166,209	215,888	125,424	116,176	115,531	195,940	189,728	97,332	179,392	131,738
Capital Outlay										
Debt Service										
Interest and Fees	1,058,840	774,219	750,003	908,500	816,451	777,180	734,474	698,954	543,544	415,394
Bond Issuance Costs									60,454	
Principal	1,062,767	1,511,564	1,349,565	1,432,358	1,513,830	1,562,698	1,410,909	1,498,335	1,651,655	1,893,801
Total Expenditures	\$ 21,931,278	\$ 28,821,977	\$ 24,951,158	\$ 23,938,347	\$ 23,666,590	\$ 24,478,838	\$ 19,991,198	\$ 21,681,331	\$ 21,885,071	\$ 22,614,490
Excess of Revenues Under Expenditures	\$ (1,615,899)	\$ (9,163,288)	\$ (5,427,205)	\$ (2,907,559)	\$ (1,154,413)	\$ (432,990)	\$ (466,750)	\$ (1,310,622)	\$ (2,759,211)	\$ (2,129,152)
<b>Other Financing Sources (Uses)</b>										
Capital Leases	\$ 928,222	\$ 578,525	\$ 955,949	\$	\$ 862,139	\$ 1,243,129	\$ 693,436	\$ 719,707	\$ 862,938	\$ 217,938
Payment to Escrow Agent									(8,639,736)	
Issuance of Debt			4,120,670						8,453,629	
Transfers In (Out)	(296,038)	(215,821)	687,099	629,949	(1,415,906)	406,819	340,399	204,814	386,029	1,290,083
Total Other Financing Sources	\$ 632,184	\$ 362,704	\$ 5,763,718	\$ 629,949	\$ (553,767)	\$ 1,649,948	\$ 1,033,835	\$ 924,521	\$ 1,062,860	\$ 1,508,021
Net Change in Fund Balances	\$ (983,715)	\$ (8,800,584)	\$ 336,513	\$ (2,277,610)	\$ (1,708,180)	\$ 1,216,958	\$ 567,085	\$ (386,101)	\$ (1,696,351)	\$ (621,131)
Debt Service as a Percentage of Noncapital Expenditures	11.8%	12.0%	10.8%	11.6%	10.4%	10.8%	11.2%	11.1%	11.1%	11.7%
Capital Outlay	\$ 3,986,263	\$ 9,778,973	\$ 5,423,093	\$ 3,687,953	\$ 1,287,045	\$ 2,798,369	\$ 889,527	\$ 1,824,349	\$ 2,028,020	\$ 2,881,984

CITY OF BIG SPRING, TEXAS

TABLE E-6

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Business Gross Receipts Tax</u>	<u>Motel Occupancy Tax</u>	<u>Total</u>
2013	\$ 5,168,855	\$ 6,686,480	\$ 1,476,216	\$ 1,339,310	\$ 14,670,861
2014	5,510,582	6,101,137	1,554,189	1,512,024	14,677,932
2015	6,156,161	7,652,209	1,529,246	1,413,372	16,750,988
2016	6,523,274	6,354,361	1,349,182	1,012,046	15,238,863
2017	6,909,294	6,638,741	1,560,892	1,163,639	16,272,566
Percent Change 2013-2017	33.7%	-0.7%	5.7%	-13.1%	

**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>
2007-08	1.50%	0.50%	2.00%	6.25%	8.25%
2008-09	1.50%	0.50%	2.00%	6.25%	8.25%
2009-10	1.50%	0.50%	2.00%	6.25%	8.25%
2010-11	1.50%	0.50%	2.00%	6.25%	8.25%
2011-12	1.50%	0.50%	2.00%	6.25%	8.25%
2012-13	1.50%	0.50%	2.00%	6.25%	8.25%
2013-14	1.50%	0.50%	2.00%	6.25%	8.25%
2014-15	1.50%	0.50%	2.00%	6.25%	8.25%
2015-16	1.50%	0.50%	2.00%	6.25%	8.25%
2016-17	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.

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		
2008	\$ 350,680,525	\$ 350,680,525	\$ 131,006,987	\$ 131,006,987	\$ 481,687,512	\$ 444,538,359	1.0228	100.00%
2009	456,352,869	456,352,869	67,359,290	67,359,290	523,712,159	481,687,512	1.0132	100.00%
2010	480,480,335	480,480,335	59,928,374	59,928,374	540,408,709	523,712,159	1.0132	100.00%
2011	486,149,592	486,149,592	59,926,475	59,926,475	546,076,067	546,076,067	0.9995	100.00%
2012	485,739,452	485,739,452	61,267,318	61,267,318	547,006,770	547,006,770	0.9495	100.00%
2013	515,418,056	515,418,056	59,925,347	59,925,347	575,343,403	575,343,403	0.8650	100.00%
2014	593,152,094	593,152,094	60,893,323	60,893,323	654,045,417	654,045,417	0.8566	100.00%
2015	670,060,823	670,060,823	59,789,702	59,789,702	729,850,525	729,850,525	0.8566	100.00%
2016	809,104,747	809,104,747	66,627,315	66,627,315	875,732,062	875,732,062	0.8566	100.00%
2017	831,024,412	831,024,412	72,971,760	72,971,760	903,996,172	903,996,172	0.7900	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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Western Container	\$ 16,036,530	1	1.77%	\$ 23,248,720	1	4.83%
Scenic Mountain Medical Center	13,243,145	2	1.46%			
BRP Leasing LLC	9,256,100	3	1.02%			
Kerr Management Inc.	9,241,478	4	1.02%			
Oncor Electric Delivery	8,960,291	5	0.99%			
Wal-Mart Real Estate	7,004,990	6	0.77%	6,554,000	5	1.36%
Wal-Mart Stores Texas LP	6,836,880	7	0.76%	5,859,065	6	1.22%
John Crane Production Sol Inc.	5,715,036	8	0.63%			
R&B Leasing Company LLC	5,163,703	9	0.57%			
Payal Hotel Enterprises Inc.	5,130,715	10	0.57%			
TXU Electric Delivery Co.				9,197,080	3	1.90%
Southwestern Bell Telephone				6,845,293	4	1.42%
General Electric Capital				4,150,350	7	0.86%
Fifth Third Leasing Co.				3,928,370	9	0.82%
Scenic Mountain Hospital				10,753,246	2	2.23%
Scenic Mountain Medical				3,910,980	8	0.82%
Suddenlink Communications				3,635,450	10	0.75%
<b>Total</b>	<b>\$ 86,588,868</b>		<b>11.86%</b>	<b>\$ 78,082,554</b>		<b>16.21%</b>

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 in Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 4,932,103	\$ 4,772,535	96.76%	\$ 132,889	\$ 4,905,424	99.46%
2009	5,319,488	5,124,334	96.33%	103,582	5,227,916	98.28%
2010	5,481,753	5,275,275	96.23%	118,517	5,393,792	98.40%
2011	5,461,889	5,271,162	96.51%	138,433	5,409,595	99.04%
2012	5,198,600	5,013,337	96.44%	147,470	5,160,807	99.27%
2013	4,983,657	4,903,121	98.38%	141,296	5,044,417	101.22%
2014	5,602,553	5,261,038	93.90%	125,421	5,386,459	96.14%
2015	6,251,900	5,936,236	94.95%	108,500	6,044,736	96.69%
2016	6,747,516	6,223,217	92.23%	137,190	6,360,407	94.26%
2017	7,141,569	6,578,840	92.12%	162,470	6,741,310	94.40%

Source: Howard County

CITY OF BIG SPRING, TEXAS

TABLE E-11

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

Taxpayer	2017			2008		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Gasoline Stations with Convenience Stores	\$ 616,849	1	17.97%	\$ 201,500	5	8.48%
Limited Service Restaurants	604,487	2	17.61%	269,726	2	11.35%
Support Activities for Oil and Gas Operations	320,370	3	9.33%			
Natural Gas Distributor	250,648	4	7.30%			
Electric Power Distribution	243,097	5	7.08%	378,402	1	15.92%
Supermarkets and Other Grocery (except Convenience St	237,177	7	6.91%	237,531	3	9.99%
Wireless Telecommunications Carriers (except Satellite)	219,880	6	6.41%	184,313	6	7.75%
Wired Telecommunications Carriers	213,259	8	6.21%	163,507	9	6.88%
Full Service Restaurants	185,924	9	5.42%	173,763	7	7.31%
Industrial Machinery and Equip Merchant Wholesalers	182,763	10	5.33%			0.00%
Other Building Material Dealers	179,130	11	5.22%			0.00%
Construct, Mining and Forestry Machine & Equip Rent & Lease	178,344	12	5.20%			0.00%
All Other Miscellaneous Manufacturers				212,406	4	8.94%
Eating Places				172,734	8	7.27%
Gasoline Service Stations				138,007	10	5.81%
Department Stores				130,246	11	5.48%
Cafeterias, Grill Buffets and Buffets				114,573	12	4.82%
Total	\$ <u>3,431,928</u>		<u>100.00%</u>	\$ <u>2,376,708</u>		<u>100.00%</u>

Source: Texas State Comptroller

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CITY OF BIG SPRING, TEXAS

TABLE E-12

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage Of Personal Income	Per Capita
	General Obligation Bonds	Certificate Of Obligation	Unamortized Bond Premiums	Capital Leases	Energy Conservation Loan	General Obligation Bonds	Certificate Of Obligation	Unamortized Bond Premiums	Capital Leases	Energy Conservation Loan			
2017	\$ 8,505,000	\$ 3,310,000	\$ 408,855	\$ 1,375,086	\$ 687,990	\$	\$ 9,730,000	\$ 237,304	\$ 1,956,745	\$ 1,160,515	\$ 27,371,495	2.16%	\$ 793
2016	9,380,000	3,510,000	449,717	1,864,372	843,051		10,245,000	253,811	1,848,606	1,422,072	29,816,629	2.68%	927
2015	10,190,000	3,775,000	70,927	1,602,707	991,876		10,835,000	270,315	1,765,570	1,673,111	31,174,506	2.72%	989
2014	10,825,000	3,965,000	76,218	1,418,435	1,134,719		11,611,820	286,820	1,282,096	1,914,055	32,514,163	2.71%	1057
2013	11,430,000	4,150,000	81,509	1,493,345	1,403,396	1,045,000	12,255,000	303,325	264,057	2,367,264	34,792,896	3.63%	1151
2012	12,015,000	4,335,000	86,800	1,493,345	1,403,396	1,045,000	12,255,000	291,090	264,057	2,367,264	35,555,952	3.63%	1151
2011	12,575,000	4,515,000	92,019	1,259,896	1,529,683	1,555,000	555,000	66,272	314,117	2,580,293	25,042,280	2.91%	799
2010	13,115,000	4,625,000	97,223	1,934,431	1,650,895	2,000,000	580,000	54,571	486,063	2,784,755	27,327,938	3.66%	1075
2009	13,635,000	440,000	21,455	1,573,741	1,767,233	2,450,000	605,000	64,466	568,551	2,980,993	24,106,439	3.37%	952
2008	14,335,000	455,000	22,689	1,711,579	1,861,886	2,885,000	630,000	73,673	295,732	3,169,341	25,439,900	3.77%	1005

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST FIVE FISCAL YEARS**

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Funds (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Net Debt Per Capita (4)
2013	\$ 29,264,834	\$ 563,025	\$ 28,701,809	4.99%	\$ 1,052
2014	26,764,858	424,448	26,340,410	4.03%	937
2015	25,141,242	521,309	24,619,933	3.37%	865
2016	23,838,528	558,426	23,280,102	2.66%	807
2017	22,191,159	487,799	21,703,360	2.40%	761

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.  
(2) This is the amount restricted for debt service principal payment.  
(3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 100 for property value data.  
(4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 108.

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*	\$ 52,220,000	*	50.65%	\$ 26,449,430
Forsan Independent School District*	18,910,000	*	0.96%	181,536
Coahoma Independent School District*	11,519,997	*	0.44%	50,688
Howard County*	8,985,000	*	29.89%	2,685,617
Howard College*	12,705,000	*	29.89%	3,797,525
Subtotal, Overlapping Debt				\$ <u>33,164,795</u>
City of Big Spring Direct Debt	\$ 14,286,931		100%	\$ <u>14,286,931</u>
Total Direct and Overlapping Debt				\$ <u><u>47,451,726</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

CITY OF BIG SPRING, TEXAS

TABLE E-15

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 7,225,313	\$ 7,855,682	\$ 8,106,131	\$ 8,191,141	\$ 8,205,102	\$ 8,630,151	\$ 9,810,681	\$ 10,947,758	\$ 13,135,981	\$ 13,559,943
Total Net Debt Applicable to Limit	<u>(144,137)</u>	<u>(435,167)</u>	<u>(290,975)</u>	<u>(355,151)</u>	<u>(227,024)</u>	<u>(306,144)</u>	<u>(358,296)</u>	<u>(285,314)</u>	<u>(276,162)</u>	<u>(538,868)</u>
Legal Debt Margin	<u>\$ 7,081,176</u>	<u>\$ 7,420,515</u>	<u>\$ 7,815,156</u>	<u>\$ 7,835,990</u>	<u>\$ 7,978,078</u>	<u>\$ 8,324,007</u>	<u>\$ 9,452,385</u>	<u>\$ 10,662,444</u>	<u>\$ 12,859,819</u>	<u>\$ 13,021,075</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	1.99%	5.54%	3.59%	4.34%	2.77%	3.55%	3.65%	2.61%	2.10%	3.97%

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ <u>903,996,172</u>
Debt Limit (1.5% Assessed Value) Assessed Value	\$ <u>13,559,943</u>
Debt Applicable to Limit:	
General Obligation Bonds	\$ 1,026,667
Less: Amount Set Aside for Repayment	<u>(487,799)</u>
Net Debt Applicable to Limit	\$ <u>538,868</u>
Legal Debt Margin	\$ <u>13,021,075</u>

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CITY OF BIG SPRING, TEXAS

TABLE E-16

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Population (1)	25,233	25,233	27,282	27,282	27,282	27,282	28,125	28,472	28,862	28,532
Total Personal Income	\$ 673,579,236	\$ 713,135,046	\$ 742,607,190	\$ 854,990,598	\$ 867,049,242	\$ 989,981,934	\$ 1,063,012,500	\$ 1,033,903,736	\$ 999,317,888	\$ 1,047,352,656
Per Capita Personal Income (1)	\$ 26,692	\$ 28,262	\$ 29,430	\$ 31,339	\$ 31,781	\$ 36,287	\$ 37,796	\$ 36,313	\$ 34,624	\$ 36,708
Median Age (1)	37	37	37	37	36	37	37	37	37	37
Unemployment (2)	4.4%	7.5%	7.3%	6.9%	5.7%	5.3%	5.4%	4.6%	4.6%	5.2%

Data Sources: (1) Bureau of Census  
(2) Bureau of Labor Statistics

CITY OF BIG SPRING, TEXAS

TABLE E-17

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Big Spring ISD	685	1	5.40%	597	2	4.63%
Big Spring State Hospital	576	2	4.54%	605	1	4.70%
Veterans Administration Hospital	564	3	4.45%	480	4	3.73%
GEO Group	550	4	4.34%			
Wal-Mart	330	5	2.60%	350	7	2.72%
Scenic Mountain Medical Center	288	6	2.27%	350	6	2.72%
City of Big Spring	248	7	1.96%	268	8	2.08%
Price Construction/Larado Paving	230	8	1.81%	450	5	3.49%
Basic Energy Services	220	9	1.74%			
Federal Bureau of Prisons	218	10	1.72%			
Howard College & SWICD	207	11	1.63%	255	9	1.98%
Alon USA	199	12	1.57%	204	11	1.59%
Cornell Corrections, Inc.				485	3	3.76%
U. S. Justice Department				250	10	1.94%
Howard County				170	12	1.32%
Total	<u>4,315</u>		<u>34.04%</u>	<u>4,464</u>		<u>34.66%</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Government</b>										
Management Services	8	8	8	9	9	9	9	9	9	9
Finance	5	5	5	5	5	5	5	5	5	5
Other	9	9	8.5	8.5	8.5	8	11	11	11	11
Information Technology	2	2	2	2	2	2	2	3	3	3
Convention and Visitors Bureau	1	1	2	2	2	2	1	3	3	3
<b>Police</b>										
Officers	54	58	54	54	49	48	52	52	51	51
Civilians	13	10	15	15	12	7	8	8	9	8
<b>Fire</b>										
Firefighters and Officers	45	45	45	45	45	44	44	44	44	44
Civilians	1	1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1
<b>EMS</b>										
EMS and Officers	16	16	16	16	16	16	16	16	16	16
Civilians	2	2	2	2	2	2	2	2	1	0
Refuse Collection (Landfill)	6	6	6	7	7	7	7	7	7	7
Other Public Works	17	21	21.5	17	18	18	17.5	17.5	19	19
Parks and Recreation	11	15	14	19	19	22	20.2	20.2	21	18
Service Center	8	8	8	8	8					
Streets	14	14	14	14	14	14	14	14	13	13
Sanitation	8	8	8	7	7	7	7	7	7	7
Airpark	7	5	7	7	6	6	7	7	6	6
Water	40	40	41	40	40	40	37	37	36	37
Wastewater	9	9	9	9	9	9	7	7	9	9
<b>Total</b>	<b>276</b>	<b>283</b>	<b>287</b>	<b>287</b>	<b>279</b>	<b>267</b>	<b>267</b>	<b>270</b>	<b>271</b>	<b>267</b>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Building Permits Issued	1,482	1,196	1,267	1,262	1,386	1,616	1,444	1,491	2,207	1,807
Police										
Physical Arrests	2,225	1,320	2,743	2,466	2,158	1,984	1,948	1,638	1,870	1,702
Number of Calls for Service	29,412	26,576	35,661	37,700	33,028	30,281	32,438	35,305	40,336	37,138
Alarm Responses	688	742	1,143	1,001	1,522	1,616	1,402	1,562	1,473	1,213
Fire										
Emergency Responses	411	442	409	424	607	1,952	1,971	1,998	1,849	1,592
EMS Service										
Number of Runs	3,660	3,088	3,275	4,057	4,272	4,815	4,732	3,768	3,837	4,844
Refuse Collection										
Collected (Tons per Day)	110	120	156	130	130	128	118	124	116	137
Water										
Active Accounts	8,727	8,600	8,579	8,687	8,693	8,754	8,847	8,733	8,537	8,470
Water Main Breaks	168	250	580	210	167	131	212	313	226	234
Average Daily Consumption (Thousands of Gallons)	5,091	5,317	5,320	4,991	3,467	4,967	5,034	5,171	4,776	5,056
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons)	2,646	2,629	2,576	2,176	2,176	3,282	2,945	2,490	3,216	3,453

Data Sources: Various City Departments

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units										
Marked	35	39	43	38	41	41	43	46	40	46
Unmarked	21	19	19	17	12	12	11	20	18	18
Fire Stations	5	5	5	5	5	5	5	5	5	5
Refuse Collection										
Collection Trucks	6	6	6	6	6	6	8	8	8	9
Other Public Works										
Streets										
Paved (Miles)	189	189	189	189	189	189	189	190	190	190
Unpaved (Miles)	0.5	0.5	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Street Lights	1,808	1,808	1,784	1,779	1,873	1,873	1,862	1,862	1,863	1,863
Parks and Recreation										
Acreage	1,069	1,069	1,069	1,211	1,211	1,211	1,211	1,211	1,211	1,211
Parks	8	8	8	8	8	8	8	8	8	8
Lakes	2	2	2	2	2	2	2	2	2	2
Baseball/Softball Fields	6	14	14	14	14	14	14	14	14	14
Soccer/Football Fields		6	6	6	6	6	6	6	6	6
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (Miles)	177	177	177	177	177	177	177	178	178	178
Fire Hydrants	722	722	722	722	722	722	722	722	722	722
System Capacity (Thousands of Gallons)	13,450	13,450	13,450	13,450	13,450	13,450	13,450	12,500	12,500	12,500
Wastewater										
Sanitary Sewers (Miles)	125	125	125	125	125	125	125	127	127	127
Treatment Capacity (Thousands of Gallons)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000

Sources: Various City Departments

**OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Big Spring, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise City of Big Spring, Texas' basic financial statements, and have issued our report thereon dated March 14, 2018. Our report includes a reference to other auditors who audited the financial statements of Big Spring Economic Development Corporation, as described in our report on the City of Big Spring, Texas' basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Balinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

March 14, 2018