



**Annual Financial
Report**

**Fiscal Year Ended
September 30, 2022**

CITY OF BIG SPRING, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

CITY OF BIG SPRING, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

CITY OF BIG SPRING, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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FINANCIAL SECTION

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Independent Auditor's Report

Mayor and City Council
City of Big Spring, Texas
Big Spring, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Big Spring, Texas' basic financial statements as listed in the table of contents.

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Big Spring, Texas, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Big Spring, Texas (the City) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 changes in the total OPEB liability and related ratios, and budgetary information as listed in the table of contents 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.

Supplementary 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 combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2023, 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

January 9, 2023

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, 2022. We encourage readers to consider the information presented here in conjunction with 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, 2022, by \$155,803 (net position). Of this amount, the unrestricted net position increased by \$14,607 from (\$3,674) to \$10,933. At the same time, the Net Position Invested in Capital Assets increased by \$425 to a total \$143,050.
- The City's total net position increased by \$15,088. Net Pension Liability had an overall decrease of \$3,291. At the end of calendar year 2021 - the fiscal year-end of both TMRS (Non-Fire Employees) and BSFRRF (Firemen's) retirement funds - the City's combined Net Pension Liability is \$15,184.
- The City's governmental funds combined ending fund balance is \$17,292, of which \$15,235 (an increase of \$3,385), is available for spending at the City's discretion.
- The ending unassigned fund balance for the General Fund was \$15,235, or 65.1% of total general fund revenues and 72.6% of total expenditures.
- The City has reduced Bond and Capital Lease Debt by \$2,972 from \$17,226 at 9/30/2021 to \$14,254 at 9/30/2022, a 18% reduction.

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 considered 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 Texas 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) provides 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, accompanying notes, and supplementary information, 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 of resources exceeded deferred inflows of resources and liabilities by \$155,803 on September 30, 2022.

The largest portion of the City's net position \$143,050 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)

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Assets:						
Cash and Cash Equivalents	\$ 13,705	\$ 9,868	\$ 35,251	\$ 22,782	\$ 48,956	\$ 32,650
Receivables	2,220	2,104	2,124	2,420	4,344	4,524
Internal Balances	5,679	6,110	(5,679)	(6,110)	0	0
Due from Other Governments	74		84		158	0
Capital Assets	84,316	84,748	73,860	75,784	158,176	160,532
Other Assets	10	6	730	541	740	547
Total Assets	\$ 106,004	\$ 102,836	\$ 106,370	\$ 95,417	\$ 212,374	\$ 198,253
Deferred Outflows of Resources	\$ 2,693	\$ 2,416	\$ 1,187	\$ 1,080	\$ 3,880	\$ 3,496
Liabilities:						
Accounts Payable and Other Current Liabilities	\$ 1,829	\$ 2,491	\$ 9,056	\$ 6,161	\$ 10,885	\$ 8,652
Current Portion of Long-term Liabilities	1,898	1,898	717	1,524	2,615	3,422
Long-term Liabilities	22,447	25,691	18,393	19,799	40,840	45,490
Total Liabilities	\$ 26,174	\$ 30,080	\$ 28,166	\$ 27,484	\$ 54,340	\$ 57,564
Deferred Inflows of Resources	\$ 4,008	\$ 2,364	\$ 2,103	\$ 1,106	\$ 6,111	\$ 3,470
Net Position:						
Invested in Capital Assets	\$ 77,055	\$ 76,049	\$ 65,995	\$ 66,576	\$ 143,050	\$ 142,625
Restricted	1,820	1,764			1,820	1,764
Unrestricted	(360)	(5,005)	11,293	1,331	10,933	(3,674)
Total Net Position	\$ 78,515	\$ 72,808	\$ 77,288	\$ 67,907	\$ 155,803	\$ 140,715

The City has restricted net position totaling 1.16% of total net position, which represents 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 \$10,933.

There was an overall increase of \$425 in net investment in capital assets, with capital assets in governmental activities increasing by \$1,006 and capital assets in business-type activities decreasing by (\$581). The net investment in capital assets for the primary government has increased due to more capital additions compared to depreciation being taken.

Table II
City of Big Spring, Texas

CHANGES IN NET POSITION
(in thousands)

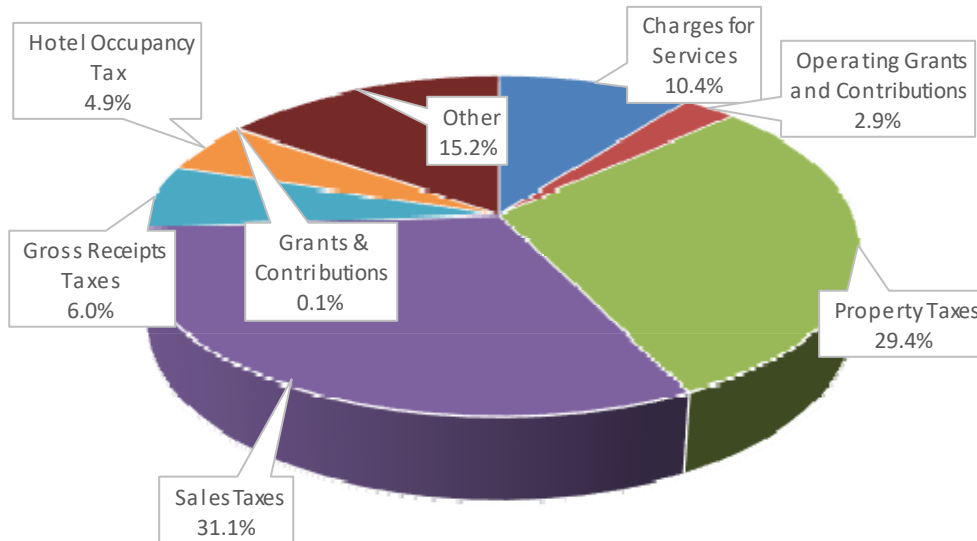
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues						
Charges for Services	\$ 2,749	\$ 3,387	\$ 22,714	\$ 22,883	\$ 25,463	\$ 26,270
Operating Grants and Contributions	755	1,675	1,214	1,210	1,969	2,885
Capital Grants and Contributions			364	222	364	222
General Revenues						
Property Taxes	7,794	7,950			7,794	7,950
Sales Taxes	8,244	7,936			8,244	7,936
Gross Receipts Taxes	1,589	1,618			1,589	1,618
Hotel Occupancy Tax	1,290	1,086			1,290	1,086
Grants and Contributions Not						
Restricted to Specific Programs	31	23	61	4,261	92	4,284
Unrestricted Investment Earnings	35	27	89	33	124	60
Miscellaneous	3,995	1,347	9,474	1,344	13,469	2,691
Total Revenues	\$ 26,482	\$ 25,049	\$ 33,916	\$ 29,953	\$ 60,398	\$ 55,002
Expenses:						
Water and Sewer	\$	\$	\$ 12,587	\$ 12,055	\$ 12,587	\$ 12,055
Airport/Industrial Park			2,686	2,651	2,686	2,651
Emergency Medical Services			3,446	3,638	3,446	3,638
Landfill			1,641	1,636	1,641	1,636
Sanitation			3,146	3,008	3,146	3,008
General Government	2,358	2,986			2,358	2,986
Public Safety	12,457	12,138			12,457	12,138
Highways and Streets	2,800	2,890			2,800	2,890
Recreation and Parks	2,267	2,273			2,267	2,273
Economic Development	1,184	1,431			1,184	1,431
Other	738	804			738	804
Total Expenses	\$ 21,804	\$ 22,522	\$ 23,506	\$ 22,988	\$ 45,310	\$ 45,510
Increase in Net Position Before Transfers	\$ 4,678	\$ 2,527	\$ 10,410	\$ 6,965	\$ 15,088	\$ 9,492
Transfers	1,029	766	(1,029)	(766)	0	0
Increase (Decrease) in Net Position	\$ 5,707	\$ 3,293	\$ 9,381	\$ 6,199	\$ 15,088	\$ 9,492
Net Position-Beginning	72,808	69,515	67,907	61,708	140,715	129,658
Net Position-Ending	\$ 78,515	\$ 72,808	\$ 77,288	\$ 67,907	\$ 155,803	\$ 140,715

Governmental Activities - Governmental activities resulted in an increase of \$5,707 in the City's net position. The net position of the City's governmental revenues increased by 7.84%. The careful budget controls and reducing expenditures from the previous year by \$718, added significantly to the increased Net Position.

Key elements of this increase are as follows:

- Sales tax collections became the largest source of general revenues this year and rose by 3.9% to \$8,244.
- Property taxes became the second largest source of revenue this year at 29.4% of general revenues. Property tax decreased by 1.96%, from \$7,950 in 2020-21 to \$7,794 in 2021-22. This category includes collections and penalties/interest for both the current year and delinquent taxes.
- The Hotel Occupancy Tax is beginning to recover from the pandemic, with an increase in revenue from \$1,086 in 2020-21 to \$1,290 in 2021-22, an increase of 18.78%.

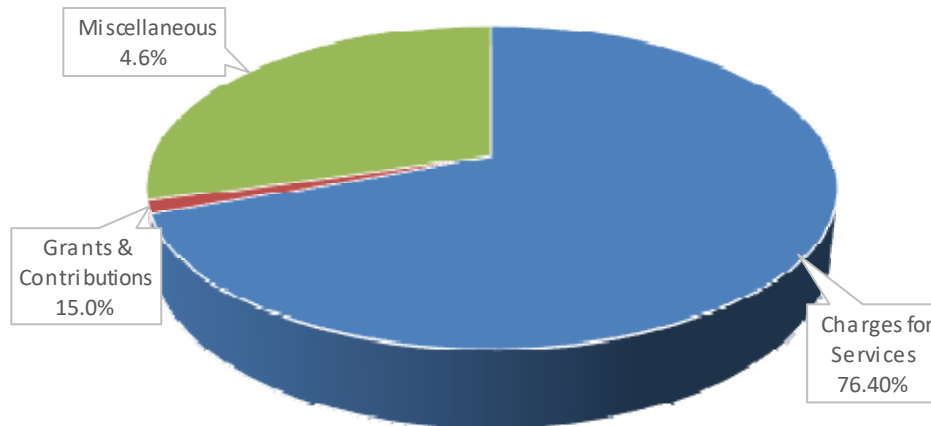
**Revenues by Source
Governmental Activities
Fiscal Year 2021-22**



Business-Type Activities - Business-type activities increased the City of Big Spring's total net position by \$9,381 in the current fiscal year. Key elements of this increase are as follows:

- Total business-type revenues increased \$3,963 in 2021-22, mainly due to the increase in mineral royalty income at the Airpark from the prior year.
- Charges for services – the major class of revenues in the business-type activities – decreased by (\$169) to \$22,714.
- Total expenses for the City's business-type activities increased by \$518 from \$22,988 for the year ended September 30, 2021, to \$23,506 for the year ended September 30, 2022.

**Revenues by Source
Business-Type Activities
Fiscal Year 2021-22**



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 four categories of fund balance.

As the City completed the 2021-22 year, its governmental funds reported combined ending fund balances of \$17,292, representing an increase of \$3,576 from the prior year's balance of \$13,715. This is mostly attributed to the increased revenues in sales taxes and mineral royalties.

The General Fund is the major operating fund of the City. Unassigned fund balance represents 72.6% of total General Fund expenditures.

Total fund balance in the City's General Fund increased by \$3,391 a 28.6% increase during fiscal year 2021-22. The other governmental funds realized a net increase to fund balance of \$185 or 10%.

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:

	2022	2021	Change
Water and Sewer Fund	\$ 4,823	\$ 4,537	\$ 286
Airport/Industrial Park	14,622	5,447	9,175
Emergency Medical Services	(3,965)	(4,200)	235
Landfill	(4,862)	(4,930)	68
Sanitation	675	477	198
	<u>\$ 11,293</u>	<u>\$ 1,331</u>	<u>\$ 9,962</u>

Unrestricted net position increased by \$286 in the Water and Sewer Fund and increased by \$9,175 in the Airport/Industrial Park. The Emergency Medical Services Fund increased from a negative (\$4,200) to a negative (\$3,965) in 2021-22 by \$235. The Landfill Fund’s unrestricted net position increased by \$67. The Sanitation Fund increased unrestricted net position by \$198.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget review this year resulted in an increase in revenue of \$4,024, above original budget. Because of COVID, a very conservative budgeting approach was taken for revenue, and after a review, it was noted that actual revenue had exceeded our original budget. As a result of this review, the revenue budget was increased 11.68% and appropriations decreased (\$1,111) between the original and final amended budget. Due to the increased revenues and fiscal management, the General Fund had a net increase of fund balance of \$3,391 at 9/30/2022. The following are some of the highlights that contributed to the increase in fund balance.

- Final revenue totals had a combined positive variance with the final revised budget of \$1,968. This is primarily due to the increased sales taxes and mineral revenues exceeding the revised budgeted projections by 3.4%.
- Unfilled positions enabled departments to control their expenditures which contributed to the increase in the net fund balance.
- Mineral royalties were up considerably over the projected budget, which significantly contributed to the General and Airpark funds.

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, 2022, amounts to \$158,176 (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 \$2,355 or 1.47%.

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

- Infrastructure and improvements increased by a net of \$4,583 as projects in business-type activities were completed and put into operation.
- Buildings and systems decreased by a net of \$1,485 mainly because of the completion of the new landfill.
- In addition, construction in progress of Business-Type Activities decreased by \$3,285 because of the completion of the landfill and governmental activities decreased \$773 as the City has completed various projects for infrastructure and facilities.
- Machinery and equipment decreased by (\$1,395) mainly because of supply chain issues and the unavailability of vehicles and heavy equipment.

Table III
City of Big Spring, Texas

CAPITAL ASSETS AT SEPTEMBER 30, 2022
(Net of Depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 72,972	\$ 72,972	\$ 6,313	\$ 6,313	\$ 79,285	\$ 79,285
Historical Works of Arts			426	426	426	426
Buildings and Systems	1,586	1,901	19,786	20,956	21,372	22,857
Infrastructure and Improvements	6,027	4,861	39,679	36,262	45,706	41,123
Machinery and Equipment	2,476	2,985	4,313	5,199	6,789	8,184
Construction in Progress	1,255	2,028	3,343	6,628	4,598	8,656
	<u>\$ 84,316</u>	<u>\$ 84,747</u>	<u>\$ 73,860</u>	<u>\$ 75,784</u>	<u>\$ 158,176</u>	<u>\$ 160,531</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 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 the 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+ Stable", which was obtained on February 15, 2022.

In 2020, the City took advantage of favorable market conditions to refinance \$2,715 in callable certificates of obligation. The issues that were refunded were the Series 2010 Combination Tax & Surplus Revenue Certificates of Obligation (\$2,515 refunded) and the Series 2007 Certificates of Obligation (\$200 refunded). The Series 2020 Refunding Bonds have par value of \$2,455,000 and average interest rate of 4%. However, because of the combined debt service savings of \$323,996.92 over the remaining 10-year lifetime of the outstanding COs, the true interest cost is 1.539%.

In 2022, the City again took advantage of the favorable market conditions and refinanced \$6,390 in callable certificates of obligation. The issues that were refunded were the Series 2012 Combination Tax and Surplus Revenue Certificates of Obligation. The Series 2022 General Obligation Refunding Bond have par value of \$6,390,000 and an average interest rate of 3.5%. Due to the combined debt service savings of \$797,872.94 over the remaining 10 year lifetime of the outstanding CO's, the true interest cost is 1.749%.

At the end of the current fiscal year, the City of Big Spring had total bonded debt outstanding of \$12,865. The total outstanding debt is backed by the full faith and credit of the government, while a tax levy has been established for \$6,335 of the total and the remaining \$6,530 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, pension, and retiree health insurance is \$40,256.

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, 2022
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Serviced by Tax Revenues						
General Obligation Bonds	\$ 6,335	\$ 7,350	\$	\$	\$ 6,335	\$ 7,350
Serviced by Enterprise Funds						
Certificates of Obligation Bonds			<u>6,530</u>	<u>7,335</u>	<u>6,530</u>	<u>7,335</u>
	<u>\$ 6,335</u>	<u>\$ 7,350</u>	<u>\$ 6,530</u>	<u>\$ 7,335</u>	<u>\$ 12,865</u>	<u>\$ 14,685</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 29.4% and 31.1%, at \$7,794 and \$8,244, respectively. Due to an increase in the local economy, post COVID pandemic sales tax rose for the year ending September 30, 2022, by 3.9%.

One of the main driving forces in the local economy is both the price and the exploration of oil since Big Spring sits on the Cline Shale oil formation. Mineral revenues in fiscal 2022 totaled \$13,145, an increase from \$1,756 at the end of fiscal 2021. This gain in mineral revenues is a direct result of increased drilling where the City owns minerals and the spike in crude oil – from \$74.83/barrel at the end of September 2021 to \$102.63/barrel in June, then back down to \$83.63 as of the end of September 2022. New drilling and exploration in Big Spring, boosts local economy with more oil field workers in Big Spring’s hotels, restaurants, and retail stores. The City has also increased revenue by entering into right-of-way agreements with oil and gas producers.

Unemployment was 5.9% as of September 2021, but rose to 6.6% in February 2022, but as of September 2022, is down to 4.4% which is still above the state’s unemployment rate of 4.0% and the national rate of 3.5% for September 2022. Median household income grew 5.0% from \$54,988 to \$57,761.

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.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 13,704,741	\$ 30,807,730	\$ 44,512,471	\$ 6,699,279
Cash and Cash Equivalents - Restricted		4,442,819	4,442,819	
Receivables (Net of Allowances for Uncollectibles)	2,219,899	2,123,526	4,343,425	
Internal Balances	5,678,517	(5,678,517)		
Due from Other Governments	74,018	83,432	157,450	544,606
Inventories		721,487	721,487	
Prepaid Items	10,412	9,277	19,689	10,859
Notes Receivable				
Other Assets				67,980
Capital Assets, Not Being Depreciated	74,227,216	10,082,061	84,309,277	25,000
Capital Assets, Net of Accumulated Depreciation	10,089,081	63,777,949	73,867,030	90,556
Total Assets	\$ 106,003,884	\$ 106,369,764	\$ 212,373,648	\$ 7,438,280
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Outflows - Pension Plan - TMRS	\$ 1,177,032	\$ 584,018	\$ 1,761,050	\$ 35,430
Deferred Outflows - Pension Plan - BSFRRF	713,963	315,919	1,029,882	
Deferred Outflows - OPEB - TMRS	83,468	41,673	125,141	2,450
Deferred Outflows - OPEB - Health Insurance	507,293	244,963	752,256	
Deferred Outflows - Loss on Refunding	211,393		211,393	
Total Deferred Outflows of Resources	\$ 2,693,149	\$ 1,186,573	\$ 3,879,722	\$ 37,880
LIABILITIES:				
Accounts Payable	\$ 982,637	\$ 1,476,211	\$ 2,458,848	\$ 73,105
Claims and Judgments Payable	311,647		311,647	
Accrued Interest Payable	25,050	28,238	53,288	4,873
Accrued Wages	411,214	153,952	565,166	
Unearned Revenue	83,162		83,162	
Customer Deposits	15,954	360,954	376,908	
Unclaimed Property		37,854	37,854	
Unearned Funds - Grants		6,998,146	6,998,146	
Noncurrent Liabilities				
Due Within One Year	1,898,107	1,300,255	3,198,362	550,000
Due In More Than One Year	22,446,613	17,809,840	40,256,453	3,998,330
Total Liabilities	\$ 26,174,384	\$ 28,165,450	\$ 54,339,834	\$ 4,626,308
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflows - Pension Plan - TMRS	\$ 2,323,916	\$ 1,162,087	\$ 3,486,003	\$ 67,788
Deferred Inflows - Pension Plan - BSFRRF	960,540	437,029	1,397,569	
Deferred Inflows - OPEB - TMRS	60,354	30,180	90,534	1,760
Deferred Inflows - OPEB - Health Insurance	663,233	320,263	983,496	
Deferred Inflows - Gain on Refunding		153,317	153,317	
Total Deferred Inflows of Resources	\$ 4,008,043	\$ 2,102,876	\$ 6,110,919	\$ 69,548
NET POSITION				
Net Investment in Capital Assets	\$ 77,054,928	\$ 65,995,306	\$ 143,050,234	\$
Restricted For:				
Cemetery Permanent Care (Nonexpendable)	351,519		351,519	
Public, Educational and Governmental				
Television Access	229,990		229,990	
Economic Development				2,780,304
Advertising and Promotions	1,063,077		1,063,077	
Debt Service	154,322		154,322	
Court Technology	5,040		5,040	
Court Security	16,054		16,054	
Unrestricted	(360,324)	11,292,705	10,932,381	
Total Net Position	\$ 78,514,606	\$ 77,288,011	\$ 155,802,617	\$ 2,780,304

The accompanying notes are an integral part of this statement.

**GOVERNMENT-WIDE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	\$ 2,357,932	\$ 681,428	\$ 57,286	\$	\$ (1,619,218)	\$	\$ (1,619,218)	\$
Public Safety	12,456,860	550,576	609,917		(11,296,367)		(11,296,367)	
Highways and Streets	2,799,612	200,000			(2,599,612)		(2,599,612)	
Community Service	386,679	58,896	88,262		(239,521)		(239,521)	
Recreation and Parks	2,267,054	1,089,011			(1,178,043)		(1,178,043)	
Cemetery	142,437	168,405			25,968		25,968	
Economic Development	1,184,414	400			(1,184,014)		(1,184,014)	
Interest on Long-Term Debt	208,952				(208,952)		(208,952)	
Total Governmental Activities	\$ 21,803,940	\$ 2,748,716	\$ 755,465	\$ 0	\$ (18,299,759)	\$ 0	\$ (18,299,759)	\$ 0
Business-Type Activities:								
Water and Sewer	\$ 12,527,276	\$ 13,496,742	\$ 750,000	\$ 213,801	\$	\$ 1,933,267	\$ 1,933,267	\$
Airport/Industrial Park	2,686,252	1,451,721				(1,234,531)	(1,234,531)	
Emergency Medical Services	3,445,703	2,185,948	463,988			(795,767)	(795,767)	
Landfill	1,640,877	1,776,820				135,943	135,943	
Sanitation	3,145,521	3,802,342				656,821	656,821	
Total Business-Type Activities	\$ 23,445,629	\$ 22,713,573	\$ 1,213,988	\$ 213,801	\$ 0	\$ 695,733	\$ 695,733	\$ 0
Total Primary Government	\$ 45,249,569	\$ 25,462,289	\$ 1,969,453	\$ 213,801	\$ (18,299,759)	\$ 695,733	\$ (17,604,026)	\$ 0
COMPONENT UNIT:								
Economic Development Corporation	\$ 1,449,576	\$ 0	\$ 0	\$ 0				\$ (1,449,576)
General Revenues:								
Property Taxes					\$ 7,793,769	\$	\$ 7,793,769	\$
Sales Taxes					8,243,593		8,243,593	2,774,566
Gross Receipts Taxes					1,589,036		1,589,036	
Motel Occupancy Taxes					1,290,466		1,290,466	
Grants and Contributions Not Restricted to Specific Programs					30,505	61,202	91,707	
Unrestricted Investment Earnings					35,131	89,373	124,504	27,144
Oil Royalties					3,665,371	9,480,029	13,145,400	
Miscellaneous					329,710	83,419	413,129	68,435
Transfers					1,028,359	(1,028,359)		
Total General Revenue and Transfers					\$ 24,005,940	\$ 8,685,664	\$ 32,691,604	\$ 2,870,145
Change in Net Position					\$ 5,706,181	\$ 9,381,397	\$ 15,087,578	\$ 1,420,569
Net Position - Beginning					72,808,425	67,906,614	140,715,039	1,359,735
Net Position - Ending					\$ 78,514,606	\$ 77,288,011	\$ 155,802,617	\$ 2,780,304

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$ 8,445,392	\$ 2,476,137	\$ 10,921,529
Receivables (Net of Allowances for Uncollectibles)	2,022,409	197,490	2,219,899
Due from Other Funds	6,285,370		6,285,370
Due from Other Governments	74,018		74,018
Prepaid Items	<u>10,067</u>	<u>345</u>	<u>10,412</u>
Total Assets	<u>\$ 16,837,256</u>	<u>\$ 2,673,972</u>	<u>\$ 19,511,228</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:			
LIABILITIES:			
Accounts Payable	\$ 921,235	\$ 52,509	\$ 973,744
Accrued Wages	395,603	15,611	411,214
Unearned Revenue	37,960	45,202	83,162
Due to Other Funds		28,259	28,259
Customer Deposits	1,759	14,195	15,954
Advances from Other Funds		<u>429,939</u>	<u>429,939</u>
Total Liabilities	<u>\$ 1,356,557</u>	<u>\$ 585,715</u>	<u>\$ 1,942,272</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue	<u>\$ 235,405</u>	<u>\$ 42,000</u>	<u>\$ 277,405</u>
Total Deferred Inflows of Resources	<u>\$ 235,405</u>	<u>\$ 42,000</u>	<u>\$ 277,405</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
Prepays	\$ 10,067	\$ 345	\$ 10,412
Cemetery Permanent Care		351,519	351,519
Restricted Fund Balances:			
Restricted for Advertising and Promotions		1,063,077	1,063,077
Restricted for Court Security		16,054	16,054
Restricted for Court Technology		5,040	5,040
Restricted for Public, Educational and Governmental Television Access		229,990	229,990
Restricted for Public Safety Improvements		117,166	117,166
Restricted for Debt Service		154,322	154,322
Restricted for Senior Citizen's Center		98,363	98,363
Committed Fund Balances:			
Committed for Employee Education		85,840	85,840
Committed for Cemetery Operations		(75,459)	(75,459)
Unassigned Fund Balance	<u>15,235,227</u>		<u>15,235,227</u>
Total Fund Balances	<u>\$ 15,245,294</u>	<u>\$ 2,046,257</u>	<u>\$ 17,291,551</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,837,256</u>	<u>\$ 2,673,972</u>	<u>\$ 19,511,228</u>

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds Balance Sheet	\$	17,291,551
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.		84,306,297
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		277,405
Deferred outflows and inflows of resources related to pensions and OPEB are not reported in the funds.		(1,526,287)
The assets and liabilities of internal service funds are included in governmental activities in the SNP.		2,323,594
Payables for long-term debt principal which are not due in the current period are not reported in the funds.		(6,839,648)
Payables for bond interest which are not due in the current period are not reported in the funds.		(25,050)
Bond Premiums are not recorded in the funds.		(421,298)
Deferred Outflows of Resources - Loss on Refundings are not recorded in the funds.		211,393
Net pension liabilities are not reported in the funds.		(10,325,226)
Total OPEB Liabilities are not reported in the funds.		(4,552,773)
Payables for compensated absences which are not reported in the funds.		<u>(2,205,352)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>78,514,606</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, 2022

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenue:			
Taxes:			
General Property Taxes	\$ 6,668,794	\$ 1,184,205	\$ 7,852,999
General Sales Taxes	8,243,593		8,243,593
Gross Receipts Business Taxes	1,547,142	41,894	1,589,036
Motel Occupancy Taxes		1,290,466	1,290,466
License and Permits	568,693		568,693
Intergovernmental	566,779	188,685	755,464
Charges for Services	1,300	51,555	52,855
Fines	279,208	19,278	298,486
Recreation	1,089,011		1,089,011
Investment Earnings	23,669	7,369	31,038
Rents and Royalties	4,195,898	209,145	4,405,043
Miscellaneous	204,110	2,556	206,666
Contributions and Donations	10,305	20,200	30,505
Total Revenues	<u>\$ 23,398,502</u>	<u>\$ 3,015,353</u>	<u>\$ 26,413,855</u>
Expenditures:			
Current:			
General Government	\$ 2,897,697	\$ 37,808	\$ 2,935,505
Public Safety	12,271,739	10,448	12,282,187
Highways and Streets	3,293,193		3,293,193
Community Service		429,044	429,044
Recreation and Parks	2,074,071		2,074,071
Economic Development		1,180,559	1,180,559
Cemetery		140,229	140,229
Debt Service:			
Principal	438,782	1,025,756	1,464,538
Interest	19,706	218,335	238,041
Total Expenditures	<u>\$ 20,995,188</u>	<u>\$ 3,042,179</u>	<u>\$ 24,037,367</u>
Excess of Revenues Over Expenditures	<u>\$ 2,403,314</u>	<u>\$ (26,826)</u>	<u>\$ 2,376,488</u>
Other Financing Sources:			
Transfers In (Out)	\$ 890,573	\$ 212,113	\$ 1,102,686
Capital Lease Obligation	96,959		96,959
Total Other Financing Sources (Uses)	<u>\$ 987,532</u>	<u>\$ 212,113</u>	<u>\$ 1,199,645</u>
Net Change in Fund Balances	<u>\$ 3,390,846</u>	<u>\$ 185,287</u>	<u>\$ 3,576,133</u>
Fund Balances - Beginning	<u>11,854,448</u>	<u>1,860,970</u>	<u>13,715,418</u>
Fund Balances - Ending	<u>\$ 15,245,294</u>	<u>\$ 2,046,257</u>	<u>\$ 17,291,551</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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	3,576,133
Amounts reported for governmental activities in the Statement Of Activities (SOA) are different because:		
Capital assets are not reported as expenses in the SOA.		1,975,846
Losses on the retirement of capital assets are not recorded in the funds.		(176,998)
The depreciation of capital assets used in governmental activities is not reported in the funds.		(2,228,624)
Proceeds of capital leases do not provide revenue in the SOA, but are reported as current resources in the funds.		(96,959)
Certain revenues are deferred in the funds. This is the change in these amounts this year.		(59,230)
Repayment of long-term debt principal is an expenditure in the funds but is not an expense in the SOA.		1,464,538
Bond Premiums and Losses on Refundings' related amortization is not recorded in the funds.		26,041
Change in accrued interest from beginning of period to end of period.		3,075
The net revenue of internal service funds is reported with governmental activities.		739,606
Change related to pension and total OPEB liabilities and the related deferred outflows and inflows of resources is not recorded in the funds.		764,734
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		<u>(281,981)</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$	<u><u>5,706,181</u></u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022**

	Major Proprietary Funds					Total Proprietary Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Landfill	Sanitation		
ASSETS:							
Current Assets							
Cash and Cash Equivalents	\$ 13,886,258	\$ 15,089,248	\$ 120,404	\$ 646,676	\$ 1,065,144	\$ 30,807,730	\$ 2,783,212
Cash and Cash Equivalents - Restricted				4,442,819		4,442,819	
Receivables (Net of Allowances for Uncollectibles)	1,377,169	148,672	139,126	57,694	400,865	2,123,526	
Due from Other Governments	36,000	47,432				83,432	
Inventories	665,198		56,289			721,487	
Prepaid Items		345	879	75	7,978	9,277	
Advances to Other Funds	429,939					429,939	
Total Current Assets	<u>\$ 16,394,564</u>	<u>\$ 15,285,697</u>	<u>\$ 316,698</u>	<u>\$ 5,147,264</u>	<u>\$ 1,473,987</u>	<u>\$ 38,618,210</u>	<u>\$ 2,783,212</u>
NONCURRENT ASSETS							
Capital Assets (Net of Accumulated Depreciation)							
Land	\$ 5,036	\$ 5,671,290	\$	\$ 636,265	\$	\$ 6,312,591	\$ 10,000
Historical Planes - Display Collection		426,000				426,000	
Buildings and Systems	13,227,648	4,549,931		1,852,470		19,630,049	
Infrastructure and Improvements	13,124,401	18,403,861		8,306,987		39,835,249	
Machinery and Equipment	408,348	581,863	510,931	1,419,392	1,392,117	4,312,651	
Construction in Progress	3,330,778	12,692				3,343,470	
Total Noncurrent Assets	<u>\$ 30,096,211</u>	<u>\$ 29,645,637</u>	<u>\$ 510,931</u>	<u>\$ 12,215,114</u>	<u>\$ 1,392,117</u>	<u>\$ 73,860,010</u>	<u>\$ 10,000</u>
Total Assets	<u>\$ 46,490,775</u>	<u>\$ 44,931,334</u>	<u>\$ 827,629</u>	<u>\$ 17,362,378</u>	<u>\$ 2,866,104</u>	<u>\$ 112,478,220</u>	<u>\$ 2,793,212</u>
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows - Pension Plan - TMRS	\$ 347,388	\$ 64,980	\$	\$ 79,072	\$ 92,578	\$ 584,018	\$
Deferred Outflows - Pension Plan - BSFRRF			315,919			315,919	
Deferred Outflows - OPEB - TMRS	24,788	4,637		5,642	6,606	41,673	
Deferred Outflows - OPEB - Health Insurance	118,139	20,476	54,653	26,745	24,950	244,963	
Total Deferred Outflows of Resources	<u>\$ 490,315</u>	<u>\$ 90,093</u>	<u>\$ 370,572</u>	<u>\$ 111,459</u>	<u>\$ 124,134</u>	<u>\$ 1,186,573</u>	<u>\$ 0</u>
LIABILITIES:							
Current Liabilities							
Accounts Payable	\$ 1,207,399	\$ 120,378	\$ 25,388	\$ 22,211	\$ 100,835	\$ 1,476,211	\$ 8,893
Claims and Judgments Payable							311,647
Accrued Wages	63,801	10,091	46,446	16,930	16,684	153,952	
Due to Other Funds			62,977	6,045,479		6,108,456	148,655
Customer Deposits	313,270	47,184			500	360,954	
Unclaimed Property	37,854					37,854	
Accrued Interest Payable	28,238					28,238	
Unearned Funds - Grants	6,998,146					6,998,146	
Accrued Compensated Absences - Current	58,708	6,160	127,625	23,782	14,584	230,859	
Long Term Debt - Current	676,083	80,951	28,219	157,732	126,411	1,069,396	423
Total Current Liabilities	<u>\$ 9,383,499</u>	<u>\$ 264,764</u>	<u>\$ 290,655</u>	<u>\$ 6,266,134</u>	<u>\$ 259,014</u>	<u>\$ 16,464,066</u>	<u>\$ 469,618</u>
NONCURRENT LIABILITIES							
Accrued Compensated Absences	\$ 176,123	\$ 18,479	\$ 382,873	\$ 71,344	\$ 43,752	\$ 692,571	\$
Net Pension Liability - TMRS	1,062,694	198,780		241,888	283,204	1,786,566	
Net Pension Liability - BSFRRF			3,072,267			3,072,267	
Total OPEB Liability - TMRS	177,163	33,139		40,325	47,213	297,840	
Total OPEB Liability - Health Insurance	921,544	159,722	426,325	208,624	194,622	1,910,837	
Long-Term Debt	6,460,951	21,079	26,769	58,912	227,597	6,795,308	
Closure/Post-closure Landfill Obligation				3,254,451		3,254,451	
Total Noncurrent Liabilities	<u>\$ 8,798,475</u>	<u>\$ 431,199</u>	<u>\$ 3,908,234</u>	<u>\$ 3,875,544</u>	<u>\$ 796,388</u>	<u>\$ 17,809,840</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 18,181,974</u>	<u>\$ 695,963</u>	<u>\$ 4,198,889</u>	<u>\$ 10,141,678</u>	<u>\$ 1,055,402</u>	<u>\$ 34,273,906</u>	<u>\$ 469,618</u>
DEFERRED INFLOWS OF RESOURCES:							
Deferred Inflows - Pension Plan - TMRS	\$ 691,239	\$ 129,298	\$	\$ 157,338	\$ 184,212	\$ 1,162,087	\$
Deferred Inflows - Pension Plan - BSFRRF			437,029			437,029	
Deferred Inflows - OPEB - TMRS	17,952	3,358		4,086	4,784	30,180	
Deferred Inflows - OPEB - Health Insurance	154,454	26,770	71,454	34,966	32,619	320,263	
Deferred Inflows - Gain on Refunding	153,317					153,317	
Total Deferred Inflows of Resources	<u>\$ 1,016,962</u>	<u>\$ 159,426</u>	<u>\$ 508,483</u>	<u>\$ 196,390</u>	<u>\$ 221,615</u>	<u>\$ 2,102,876</u>	<u>\$ 0</u>
NET POSITION:							
Net Investment in Capital Assets	\$ 22,959,177	\$ 29,543,607	\$ 455,943	\$ 11,998,470	\$ 1,038,109	\$ 65,995,306	\$ 9,577
Unrestricted	<u>4,822,977</u>	<u>14,622,431</u>	<u>(3,965,114)</u>	<u>(4,862,701)</u>	<u>675,112</u>	<u>11,292,705</u>	<u>2,314,017</u>
Total Net Position	<u>\$ 27,782,154</u>	<u>\$ 44,166,038</u>	<u>\$ (3,509,171)</u>	<u>\$ 7,135,769</u>	<u>\$ 1,713,221</u>	<u>\$ 77,288,011</u>	<u>\$ 2,323,594</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, 2022**

	Major Proprietary Funds					Total Proprietary Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Landfill	Sanitation		
OPERATING REVENUES:							
Charges for Services:							
Water Sales	\$ 10,563,685					\$ 10,563,685	
Sewer Charges	2,639,519					2,639,519	
Landfill Fees				1,662,098		1,662,098	
Sanitation Revenue					3,534,337	3,534,337	
Emergency Medical Services			2,185,948			2,185,948	
Commercial Rentals and Fees		1,451,721				1,451,721	
Billings to Departments and Employees							3,612,239
Other Services	293,538			114,722	268,005	676,265	
Total Operating Revenues	<u>\$ 13,496,742</u>	<u>\$ 1,451,721</u>	<u>\$ 2,185,948</u>	<u>\$ 1,776,820</u>	<u>\$ 3,802,342</u>	<u>\$ 22,713,573</u>	<u>\$ 3,612,239</u>
OPERATING EXPENSES:							
Personnel Services	\$ 2,760,530	\$ 471,047	\$ 1,823,067	\$ 792,084	\$ 730,607	\$ 6,577,335	
Supplies and Materials	4,948,474	49,677	142,942	34,998	244,993	5,421,084	15,149
Contractual Services	1,410,892	309,675	81,586	190,778	1,137,957	3,130,888	2,912,319
Maintenance	1,383,856	398,712	61,331	199,999	635,672	2,679,570	12,161
Depreciation	1,671,382	1,427,122	174,207	363,956	328,708	3,965,375	1,113
Other Expense	66,985	25,473	1,160,956	50,288	60,570	1,364,272	161,672
Total Operating Expenses	<u>\$ 12,242,119</u>	<u>\$ 2,681,706</u>	<u>\$ 3,444,089</u>	<u>\$ 1,632,103</u>	<u>\$ 3,138,507</u>	<u>\$ 23,138,524</u>	<u>\$ 3,102,414</u>
Operating Income (Loss)	<u>\$ 1,254,623</u>	<u>\$ (1,229,985)</u>	<u>\$ (1,258,141)</u>	<u>\$ 144,717</u>	<u>\$ 663,835</u>	<u>\$ (424,951)</u>	<u>\$ 509,825</u>
NON-OPERATING REVENUES (EXPENSES)							
Intergovernmental Revenue	\$ 963,801	\$ 57,744	\$ 463,988	\$ 3,458		\$ 1,488,991	
Interest Revenue	26,761	26,782		33,348	2,482	89,373	4,093
Other Income (Expense)	(12,936)	9,483,408	2,147	36	930	9,473,585	300,052
Interest Expense and Paying Agent Fees	(285,157)	(4,546)	(1,614)	(8,774)	(7,014)	(307,105)	(27)
Total Non-Operating Revenues (Expenses)	<u>\$ 692,469</u>	<u>\$ 9,563,388</u>	<u>\$ 464,521</u>	<u>\$ 28,068</u>	<u>\$ (3,602)</u>	<u>\$ 10,744,844</u>	<u>\$ 304,118</u>
Income (Loss) Before Capital Contributions and Transfers	<u>\$ 1,947,092</u>	<u>\$ 8,333,403</u>	<u>\$ (793,620)</u>	<u>\$ 172,785</u>	<u>\$ 660,233</u>	<u>\$ 10,319,893</u>	<u>\$ 813,943</u>
Capital and Operating Contributions Transfers In (Out)	89,863					89,863	
	<u>(771,988)</u>	<u>(379,319)</u>	<u>910,010</u>	<u>(269,486)</u>	<u>(517,576)</u>	<u>(1,028,359)</u>	<u>(74,337)</u>
Change in Net Position	<u>\$ 1,264,967</u>	<u>\$ 7,954,084</u>	<u>\$ 116,390</u>	<u>\$ (96,701)</u>	<u>\$ 142,657</u>	<u>\$ 9,381,397</u>	<u>\$ 739,606</u>
Total Net Position - Beginning	<u>26,517,187</u>	<u>36,211,954</u>	<u>(3,625,561)</u>	<u>7,232,470</u>	<u>1,570,564</u>	<u>67,906,614</u>	<u>1,583,988</u>
Total Net Position - Ending	<u>\$ 27,782,154</u>	<u>\$ 44,166,038</u>	<u>\$ (3,509,171)</u>	<u>\$ 7,135,769</u>	<u>\$ 1,713,221</u>	<u>\$ 77,288,011</u>	<u>\$ 2,323,594</u>

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Major Proprietary Funds					Total Proprietary Funds	Internal Service Funds
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Landfill	Sanitation		
Cash Flows from Operating Activities:							
Cash Received from Customers	\$ 13,680,240	\$ 10,913,886	\$ 2,319,285	\$ 1,770,565	\$ 3,802,347	\$ 32,486,323	\$
Cash Receipts from Interfund Services Provided							3,612,239
Cash Payments to Employees for Services	(2,707,756)	(482,752)	(2,059,714)	(674,848)	(771,958)	(6,697,028)	
Cash Payments to Other Suppliers for Goods and Services	(7,971,064)	(1,060,462)	(1,454,088)	(839,962)	(2,079,939)	(13,405,515)	(3,229,161)
Net Cash from Operating Activities	\$ 3,001,420	\$ 9,370,672	\$ (1,194,517)	\$ 255,755	\$ 950,450	\$ 12,383,780	\$ 383,078
Cash Flows from Non-Capital Financing Activities:							
Cash Received from Intergovernmental Grants	\$ 4,433,776	\$ 10,312	\$ 463,988	\$ 3,458	\$	\$ 4,911,534	\$
Various Reimbursements							300,052
Cash Transfers from (to) Other Funds	(771,988)	(379,319)	907,989	(269,486)	(517,576)	(1,030,380)	1,731
Net Cash from Non-Capital Financing Activities	\$ 3,661,788	\$ (369,007)	\$ 1,371,977	\$ (266,028)	\$ (517,576)	\$ 3,881,154	\$ 301,783
Cash Flows from Capital and Related Financing Activities:							
Principal and Interest Paid	\$ (1,171,851)	\$ (138,061)	\$ (57,056)	\$ (208,243)	\$ (209,189)	\$ (1,784,400)	\$ (1,489)
Acquisition or Construction of Capital Assets	(1,958,211)	(71,831)		0	(71,256)	(2,101,298)	
Net Cash from Capital and Related Financing Activities	\$ (3,130,062)	\$ (209,892)	\$ (57,056)	\$ (208,243)	\$ (280,445)	\$ (3,885,698)	\$ (1,489)
Cash Flows from Investing Activities:							
Interest and Dividends on Investments	\$ 26,761	\$ 26,782	\$	\$ 33,348	\$ 2,482	\$ 89,373	\$ 4,093
Net Cash from Investing Activities	\$ 26,761	\$ 26,782	\$ 0	\$ 33,348	\$ 2,482	\$ 89,373	\$ 4,093
Increase (Decrease) in Cash and Cash Equivalents	\$ 3,559,907	\$ 8,818,555	\$ 120,404	\$ (185,168)	\$ 154,911	\$ 12,468,609	\$ 687,465
Cash and Cash Equivalents - Beginning of Year	10,326,351	6,270,693	0	5,274,663	910,233	22,781,940	2,095,747
Cash and Cash Equivalents - End of Year	\$ 13,886,258	\$ 15,089,248	\$ 120,404	\$ 5,089,495	\$ 1,065,144	\$ 35,250,549	\$ 2,783,212
Reconciliation of Operating Income to Net Cash							
from Operating Activities:							
Operating Income (Loss)	\$ 1,254,623	\$ (1,229,985)	\$ (1,258,141)	\$ 144,717	\$ 663,835	\$ (424,951)	\$ 509,825
Adjustments to Reconcile Operating Income to Net Cash							
from Operating Activities:							
Depreciation	\$ 1,671,382	\$ 1,427,122	\$ 174,207	\$ 363,956	\$ 328,708	\$ 3,965,375	\$ 1,113
Other	(12,936)	9,483,408	2,147	36	930	9,473,585	
Change in Assets and Liabilities:							
Decrease (Increase) in Receivables	198,630	(26,015)	131,190	(6,291)	(925)	296,589	
Decrease (Increase) in Inventories	(186,291)		(5,395)			(191,686)	
Decrease (Increase) in Prepaid Expenses	643	0	0	1,933	0	2,576	
Decrease (Increase) in Deferred Outflows	(72,815)	(9,173)	25,571	(28,327)	(21,828)	(106,572)	
Increase (Decrease) in Accounts Payable	24,791	(276,925)	(1,878)	(365,832)	(747)	(620,591)	(85,236)
Increase (Decrease) in Claims and Judgements Payable							(42,624)
Increase (Decrease) in Accrued Wages	2,808	2,145	5,830	2,271	1,062	14,116	
Increase (Decrease) in Customer Deposits	(7,147)	4,772			0	(2,375)	
Increase (Decrease) in Unclaimed Property	4,951					4,951	
Increase (Decrease) in Accrued Compensated Absences	26,061	(9,812)	(50,657)	22,754	15,029	3,375	
Increase (Decrease) in Closure/Post-closure Landfill Obligation				33,891		33,891	
Increase (Decrease) in Net Pension Liability - TMRS	(381,071)	(95,578)		(87,681)	(172,670)	(737,000)	
Increase (Decrease) in Net Pension Liability - BSFRF			(295,193)			(295,193)	
Increase (Decrease) in Total OPEB Liability - TMRS	17,685	624		3,921	(3,143)	19,087	
Increase (Decrease) in Total OPEB Liability - Health Insurance	2,164	16,483	2,185	57,391	27,266	105,489	
Increase (Decrease) in Deferred Inflows	457,942	83,606	75,617	113,016	112,933	843,114	
Total Adjustments	\$ 1,746,797	\$ 10,600,657	\$ 63,624	\$ 111,038	\$ 286,615	\$ 12,808,731	\$ (126,747)
Net Cash from Operating Activities	\$ 3,001,420	\$ 9,370,672	\$ (1,194,517)	\$ 255,755	\$ 950,450	\$ 12,383,780	\$ 383,078
Supplemental Cash Flow Information:							
Non-Cash Related Financing Activities:							
Refunding of 2012 Certificates of Obligation (\$6,770,000) with 2022 General Obligation Refunding Bonds - Water and Sewer Fund							
Capital Lease Proceeds and Capital Assets of \$47,179 - Water and Sewer Fund							
Capital Contributions and Capital Assets of \$149,772 - Water and Sewer 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 fund:

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

The City reports the following non-major 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).

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.

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 services to the citizens of the City.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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	\$ 4,442,819

b. Property Taxes

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

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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

c. Inventories and Prepaid Items

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, 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	\$ 2,511,330	\$	\$	\$	\$	\$	\$ 2,511,330
Municipal Court	2,456,380						2,456,380
Other	163,174			37,500	6,543		207,217
Accounts	153,150	1,438,663	252,508	768,457	55,875	458,467	3,127,120
Gross Receivables	\$ 5,284,034	\$ 1,438,663	\$ 252,508	\$ 805,957	\$ 62,418	\$ 458,467	\$ 8,302,047
Less: Allowance for Uncollectibles	(3,064,135)	(61,494)	(103,836)	(666,831)	(4,724)	(57,602)	(3,958,622)
Net Total Receivables	\$ 2,219,899	\$ 1,377,169	\$ 148,672	\$ 139,126	\$ 57,694	\$ 400,865	\$ 4,343,425

Intergovernmental receivables are classified separately in the accompanying financial statements.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

f. Interfund Activity

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

g. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the balance sheet/statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

B. Compliance and Accountability

Deficit Fund Balance or Fund Net Position of Individual Funds

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

Fund Name	Deficit Amount	Remarks
Emergency Medical Services Fund	\$ 3,513,385	This fund incurred additional costs that will be recaptured. Deficit will be recaptured through subsidies from the General Fund.

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 City 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, 2022, the carrying amount of the City's deposits, including investments, restricted cash, and cash on hand was \$48,955,290. At year end, the City had \$8,620 in cash on hand. The City's cash in bank deposits at year end were \$26,342,042 with a bank balance of \$25,764,210. The City's cash in bank deposits at September 30, 2022 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 City 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, 2022 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
Tex-Pool Investment Pool	34 Days Average	AAAm	\$ 8,440,467
Certificates of Deposit (CD)	Various		5,584,523
Government Securities	2023-2026		1,815,667
Money Market Fund	N/A		6,763,972

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, 2022, 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, 2022, TexPool's portfolio maintained a weighted average maturity of approximately 34 days.
- e. Foreign Currency Risk – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. While the City's policy does not address this risk, the City has no foreign currency risk as of year-end.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Investment Accounting Policy

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

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

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, 2022 the City considered TexPool, CD's, and Money Market Fund investments level 1 and the government securities as level 2 in the hierarchy and they are 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, 2022, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Net Transfers</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 72,971,666	\$	\$	\$	\$ 72,971,666
Construction in Progress	2,028,011	(772,461)			1,255,550
Total Capital Assets Not Being Depreciated	<u>\$ 74,999,677</u>	<u>\$ (772,461)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,227,216</u>
Capital Assets Being Depreciated:					
Buildings and Systems	\$ 31,555,408	\$	\$ (149,772)	\$	\$ 31,405,636
Infrastructure and Improvements	31,584,852	2,590,528		93,252	34,082,128
Machinery and Equipment	12,201,043	157,778			12,358,821
Total Capital Assets Being Depreciated	<u>\$ 75,341,303</u>	<u>\$ 2,748,306</u>	<u>\$ (149,772)</u>	<u>\$ 93,252</u>	<u>\$ 77,846,585</u>
Less Accumulated Depreciation for:					
Buildings and Systems	\$ 29,653,621	\$ 225,607	\$ (59,909)	\$	\$ 29,819,319
Improvements Other Than Buildings	26,724,300	1,336,813		6,117	28,054,996
Machinery and Equipment	9,215,870	667,319			9,883,189
Total Accumulated Depreciation	<u>\$ 65,593,791</u>	<u>\$ 2,229,739</u>	<u>\$ (59,909)</u>	<u>\$ 6,117</u>	<u>\$ 67,757,504</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 9,747,512</u>	<u>\$ 518,567</u>	<u>\$ (89,863)</u>	<u>\$ 87,135</u>	<u>\$ 10,089,081</u>
Governmental Activities Capital Assets, Net	<u>\$ 84,747,189</u>	<u>\$ (253,894)</u>	<u>\$ (89,863)</u>	<u>\$ 87,135</u>	<u>\$ 84,316,297</u>

Depreciation was charged to governmental activities as follows:

General Government	\$ 62,739
Public Safety	400,013
Highways and Streets	836,751
Community Service	1,164
Recreation and Parks	388,879
Cemetery	11,809
Economic Development	527,271
	<u>\$ 2,228,626</u>
Depreciation Charged to Internal Service Funds	1,113
Total Depreciation Charged to Governmental Activities	<u>\$ 2,229,739</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Net Transfers</u>	<u>Ending Balances</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 6,312,590	\$	\$	\$ 6,312,590
Historical Works of Art	426,000			426,000
Construction in Progress	<u>6,628,064</u>	<u>(3,284,593)</u>		<u>3,343,471</u>
Total Capital Assets Not Being Depreciated	<u>\$ 13,366,654</u>	<u>\$ (3,284,593)</u>	<u>\$ 0</u>	<u>\$ 10,082,061</u>
Capital Assets Being Depreciated:				
Buildings and Systems	\$ 86,173,498	\$ 251,878	\$ 149,772	\$ 86,575,148
Infrastructure and Improvements	70,710,070	4,865,807		75,575,877
Machinery and Equipment	<u>13,561,630</u>	<u>118,435</u>		<u>13,680,065</u>
Total Capital Assets Being Depreciated	<u>\$ 170,445,198</u>	<u>\$ 5,236,120</u>	<u>\$ 149,772</u>	<u>\$ 175,831,090</u>
Less Accumulated Depreciation for:				
Buildings and Systems	\$ 65,217,012	\$ 1,512,070	\$ 59,909	\$ 66,788,991
Infrastructure and Improvements	34,447,860	1,448,877		35,896,737
Machinery and Equipment	<u>8,362,985</u>	<u>1,004,428</u>		<u>9,367,413</u>
Total Accumulated Depreciation	<u>\$ 108,027,857</u>	<u>\$ 3,965,375</u>	<u>\$ 59,909</u>	<u>\$ 112,053,141</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 62,417,341</u>	<u>\$ 1,270,745</u>	<u>\$ 89,863</u>	<u>\$ 63,777,949</u>
Business-Type Activities Capital Assets, Net	<u>\$ 75,783,995</u>	<u>\$ (2,013,848)</u>	<u>\$ 89,863</u>	<u>\$ 73,860,010</u>
Depreciation Expense		<u>\$ 3,965,375</u>		

E. Internal Balances

1. Due To and From Balances

Internal Balances at September 30, 2022, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Proprietary Funds	\$ 6,108,456	Short-Term Loans
Proprietary Funds	Hotel Motel Fund	<u>(429,939)</u>	Long-Term Loan
Net Internal Balances		<u>\$ 5,678,517</u>	

All short-term loans are scheduled to be repaid within one year. The long-term loan is being paid in annual installments of \$50,000.

2. Transfers To and From Other Funds

Transfers at September 30, 2022, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	EMS Fund	\$ (1,060,000)	Annual Subsidy
Proprietary Funds	General Fund	<u>2,088,359</u>	Administrative Fees
		<u>\$ 1,028,359</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, accrued compensated absences, and OPEB and Net Pension liability amounts. Changes in long-term obligations for the year ended September 30, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Refunding Bonds	\$ 7,350,000	\$	\$ 1,015,000	\$ 6,335,000	\$ 1,050,000
Capital Leases	859,112	96,959	451,000	505,071	296,769
Compensated Absences	1,923,371	281,981		2,205,352	551,338
Unamortized Bond Premiums	488,703		67,405	421,298	
Total OPEB Liability - Health Insurance	3,763,939	193,219		3,957,158	
Total OPEB Liability - TMRS	618,928		23,313	595,615	
Net Pension Liability - TMRS	5,603,187		2,030,453	3,572,734	
Net Pension Liability - BSFRRF	6,981,587		229,095	6,752,492	
Total Governmental Activities	\$ <u>27,588,827</u>	\$ <u>572,159</u>	\$ <u>3,816,266</u>	\$ <u>24,344,720</u>	\$ <u>1,898,107</u>

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Certificate of Obligation Bonds	\$ 7,335,000	\$ (380,000)	\$ 565,000	\$ 6,390,000	\$ 535,000
General Obligation Refunding Bonds	160,000		20,000	140,000	15,000
Capital Leases	1,522,189	47,179	685,406	883,962	519,396
Compensated Absences	920,055	3,375		923,430	230,859
Closure/Postclosure Landfill	3,220,560	33,891		3,254,451	
Unamortized Bond Premiums	190,629	289,297	29,185	450,741	
Total OPEB Liability - TMRS	278,753	19,087		297,840	
Total OPEB Liability - Health Insurance	1,805,348	105,489		1,910,837	
Net Pension Liability - TMRS	2,523,566		737,000	1,786,566	
Net Pension Liability - BSFRRF	3,367,460		295,192	3,072,268	
Total Business-Type Activities	\$ <u>21,323,560</u>	\$ <u>118,318</u>	\$ <u>2,331,783</u>	\$ <u>19,110,095</u>	\$ <u>1,300,255</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
Total OPEB Liabilities	Governmental	General
Total OPEB Liabilities	Business-Type	Proprietary

2. Debt Service Requirements

Debt service requirements on general obligation bonds and certificates of obligation bonds at September 30, 2022, are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2023	\$ 1,050,000	\$ 187,600	\$ 1,237,600
2024	1,070,000	157,600	1,227,600
2025	1,100,000	122,700	1,222,700
2026	1,180,000	87,725	1,267,725
2027	1,215,000	43,125	1,258,125
2028-2030	720,000	47,500	767,500
Totals	<u>\$ 6,335,000</u>	<u>\$ 646,250</u>	<u>\$ 6,981,250</u>

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>	<u>Purpose of Issue</u>
G.O. Refunding Bonds	3/3/2020	\$ 2,275,000	4.0%	2/15/2030	\$ 1,855,000	Refunding of C.O. Bonds
G.O. Refunding Bonds	3/1/2016	7,980,000	2.0% - 3.0%	2/15/2027	4,480,000	Refunding of G.O and C.O. Bonds
		<u>\$ 24,540,000</u>			<u>\$ 6,335,000</u>	

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2023	\$ 550,000	\$ 215,500	\$ 765,500
2024	575,000	193,000	768,000
2025	605,000	169,400	774,400
2026	625,000	143,300	768,300
2027	650,000	124,300	774,300
2028-2032	3,525,000	266,850	3,791,850
Totals	<u>\$ 6,530,000</u>	<u>\$ 1,112,350</u>	<u>\$ 7,642,350</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>	<u>Purpose of Issue</u>
G.O. Refunding Bonds	3/8/2022	\$ 6,390,000	3.0% - 4.0%	2/15/2032	\$ 6,390,000	Water Improvements
G.O. Refunding Bonds	3/3/2020	180,000	4.0%	2/15/2030	140,000	Elevated Reservoir Repair
		<u>\$ 6,570,000</u>			<u>\$ 6,530,000</u>	

3. Capital Leases

The City uses annual capital lease packages to buy various pieces of machinery, equipment, and vehicles for various departments within the City. In the fiscal year 21-22, the City started leasing vehicles through Enterprise. These leases are reported under the new lease standard (GASB 87) and are recorded as financing leases with the present value of the lease payments recorded as assets and liabilities in the government-wide and proprietary financial statements. Below are the related costs and accumulated depreciation of the lease assets as of September 30, 2022:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and Equipment	\$ 8,463,708	\$ 7,096,571
Less: Accumulated Depreciation	<u>(6,123,928)</u>	<u>(5,114,005)</u>
Totals	<u>\$ 2,339,780</u>	<u>\$ 1,982,566</u>

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2022, as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2023	\$ 296,769	\$ 9,864	\$ 306,633
2024	120,586	4,093	124,679
2025	58,520	2,040	60,560
2026	25,345	762	26,107
2027	<u>3,851</u>	<u>96</u>	<u>3,947</u>
Total Minimum Rentals	<u>\$ 505,071</u>	<u>\$ 16,855</u>	<u>\$ 521,926</u>

The effective interest rate on capital leases is 2.130% to 7.600%.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 519,396	\$ 17,264	\$ 536,660
2024	211,046	7,163	218,209
2025	102,420	3,570	105,990
2026	44,358	1,334	45,692
2027	6,742	168	6,910
Total Minimum Rentals	\$ 883,962	\$ 29,499	\$ 913,461

The effective interest rate on capital leases is 1.320% to 8.88%.

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 2022, 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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

H. Pension Plans

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 901 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 annual comprehensive financial report (ACFR) that can be obtained at 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.

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, 2021</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

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	170
Inactive Employees Entitled to but not Yet Receiving Benefits	83
Active Employees	<u>170</u>
Total Plan Employees	<u><u>423</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 7.00% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 17.98% and 17.38% in calendar years 2021 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2022 were \$1,710,151 and were equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2021, 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	2.05% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Amortization Period	24 years

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females

CITY OF BIG SPRING, TEXAS

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respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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>
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%

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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance 12/31/2020	\$ 60,681,940	\$ 52,555,187	\$ 8,126,753
Service Cost	1,486,702		1,486,702
Interest (on the Total Pension Liability)	4,012,059		4,012,059
Difference Between Expected and Actual Experience	873,700		873,700
Contributions - Employer		1,706,956	(1,706,956)
Contributions - Employee		664,554	(664,554)
Net Investment Income		6,795,075	(6,795,075)
Benefit Payments	(3,200,207)	(3,200,207)	
Administrative Expense		(31,470)	31,470
Proportionate Share Adjustment	(4,582)		(4,582)
Other		216	(216)
Balance 12/31/2021	<u>\$ 63,849,612</u>	<u>\$ 58,490,311</u>	<u>\$ 5,359,301</u>

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

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:

1% Decrease	Current Rate Assumption	1% Increase
\$ 14,133,938	\$ 5,359,301	\$ (1,819,769)

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.tMrs.com.

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NOTES TO FINANCIAL STATEMENTS

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

For the year ended September 30, 2022, the City recognized pension expense of \$521,974 and calculated as shown below:

Total Service Cost	\$ 1,486,702
Interest on the Total Pension Liability	4,012,058
Employee Contributions (Reduction of Expense)	(664,554)
Projected Earnings on Plan Investments (Reduction of Expense)	(3,521,642)
Administrative Expense	31,470
Other Changes in Fiduciary Net Position	(216)
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	353,646
Recognition of Current Year Outflow (Inflow) of Resources-Assets	<u>(1,175,490)</u>
Total Pension Expense	<u>\$ 521,974</u>

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows and Inflows of Resources - Pension Plan</u>	<u>Plan Year</u>	<u>Amount</u>	<u>Remaining Period (Years)</u>
Employer Contribution Deferrals	2021	\$ 1,215,983	1.000
Differences Between Projected and Actual Investment Earnings	2018	878,080	1.000
Differences Between Projected and Actual Investment Earnings	2019	(1,499,538)	2.000
Differences Between Projected and Actual Investment Earnings	2020	(245,800)	3.000
Differences Between Projected and Actual Investment Earnings	2021	(2,618,745)	4.000
Change in Assumptions	2019	2,369	0.070
Differences Between Expected and Actual Economic Experience	2019	8,370	0.070
Differences Between Expected and Actual Economic Experience	2020	(62,006)	1.200
Differences Between Expected and Actual Economic Experience	2021	596,334	2.150
Total Deferred Outflows and Inflows of Resources		<u>\$ (1,724,953)</u>	

Total amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan Year</u>	<u>Pension (Benefit) Expense</u>
2022	\$ 844,104
2023	(1,219,356)
2024	(695,016)
2025	<u>(654,685)</u>
	<u>\$ (1,724,953)</u>

CITY OF BIG SPRING, TEXAS

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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 15% 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.

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:

	December 31, 2021
Employee Deposit Rate	13.00%
Matching Ratio (City to Employee)	15.00%
Years Required for Vesting	10/50% + 5%/year to 20
Service Requirement Eligibility (Expressed as Age / Years of Service)	50/20

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At the December 31, 2021 valuation and measurement date, the following amounts represented employees covered by the benefit terms:

	<u>Total Pension Liability</u>
Retirees and Beneficiaries	\$ 14,529,620
Active Employees	<u>12,287,134</u>
Total Plan Employees - Pension Liability	<u>\$ 26,816,754</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.

Employees were required to contribute 13.00% of their annual gross earnings during the fiscal year. The contribution rate for the City was 15.00% in calendar years 2021 and 2022. The City's contributions to BSFRRF for the year ended September 30, 2022 were \$774,872 and were equal to the required contributions.

Net Pension Liability

The BSFRRF's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following assumptions:

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:

CITY OF BIG SPRING, TEXAS

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Asset Class	Target Allocation	Real Return
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%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. 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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance 12/31/2020	\$ 25,370,434	\$ 15,016,106	\$ 10,354,328
Service Cost	748,432		748,432
Interest (on the Total Pension Liability)	1,947,164		1,947,164
Contributions - Employee		633,573	(633,573)
Contributions - Employer		730,857	(730,857)
Net Investment Income		1,923,501	(1,923,501)
Benefit Payments	(1,249,276)	(1,249,276)	
Administrative Expense		(62,767)	62,767
Balance 12/31/2021	<u>\$ 26,816,754</u>	<u>\$ 16,991,994</u>	<u>\$ 9,824,760</u>

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

1% Decrease	Current Rate Assumption	1% Increase
\$ 13,203,840	\$ 9,824,760	\$ 7,061,505

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CITY OF BIG SPRING, TEXAS

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Pension Expense and Deferred Outflows and Inflows of Resources

Pension Expense for the year ended September 30, 2022 is as follows:

Total Service Cost	\$	748,432
Interest on the Total Pension Liability		1,947,164
Employee Contributions (Reduction of Expense)		(633,573)
Projected Earnings on Plan Investments (Reduction of Expense)		(1,169,114)
Administrative Expense		62,767
Amortization of Deferred Inflows and Outflows		<u>(426,767)</u>
Total Pension Expense	\$	<u><u>528,909</u></u>

Deferred Outflows and Inflows of Resources related to the pension plan at September 30, 2022 were made up of as follows and will be amortized according to the table below:

<u>Deferred Outflows and Inflows of Resources - Pension Plan</u>	<u>Plan Year</u>	<u>Amount</u>
Employer Contribution Deferrals	2021	\$ 560,523
Differences Between Projected and Actual Investment Earnings	2018	315,431
Differences Between Projected and Actual Investment Earnings	2019	(609,379)
Differences Between Projected and Actual Investment Earnings	2020	(500,111)
Differences Between Projected and Actual Investment Earnings	2021	(603,510)
Changes in Assumptions	2017	58,688
Changes in Assumptions	2018	151,684
Changes in Assumptions	2020	(49,387)
Experience Differences	2018	(175,198)
Experience Differences	2020	<u>483,572</u>
Total Deferred Outflows of Resources		<u><u>\$ (367,687)</u></u>

Total amounts will be amortized as follows:

<u>Plan Year</u>	<u>Pension (Benefit) Expense</u>
2023	\$ 407,732
2024	(526,909)
2025	(210,990)
2026	(43,937)
2027 and thereafter	<u>6,417</u>
	<u><u>\$ (367,687)</u></u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 10-01-21	Change in Claims and Estimates	Claim Payments	Liability Balance at 9-30-22	Total ISF Funds
Health Insurance Claims	\$ 179,306	\$ 1,795,194	\$ 1,771,073	\$ 203,427	\$
Workers' Compensation Claims	174,966	(63,624)	3,122	108,220	311,647

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. Estimated liability on claims that have been incurred but not reported are accrued at year end. Estimated liability for health insurance claims is \$203,427 at September 30, 2022.

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. Estimated liability on claims that have been incurred but not reported are accrued at year-end. The estimated liability for workers' compensation claims is \$108,220 at September 30, 2022.

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CITY OF BIG SPRING, TEXAS
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J. Other Post-Employment Benefits (OPEB)

Big Spring Retiree Health Insurance Plan

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-go financing method.

Employees Covered by Benefit Terms

Inactive Employees or Beneficiaries Currently Receiving Benefits	18
Inactive Employees Entitled to but not Yet Receiving Benefits	0
Active Employees	<u>219</u>
Total Plan Employees	<u><u>237</u></u>

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CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

Total OPEB Liability

The City's total OPEB liability of \$5,867,995 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Balance as of December 31, 2020	\$ 5,569,287
Changes for the year:	
Service Cost	380,228
Interest on Total OPEB Liability	115,348
Experience Differences	(286,093)
Effect of Assumptions Changes or Inputs	73,211
Benefit Payments	<u>16,014</u>
Balance as of December 31, 2021	<u>\$ 5,867,995</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age
Discount Rate	1.84% as of December 31, 2021
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation - General 4.50% to 9.50% including inflation - Firefighters
Demographic Assumptions	General: Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). Firefighters: Based on the assumptions disclosed in the Big Spring Firemen's Relief and Retirement Fund actuarial valuation report as of January 1, 2021.
Mortality rates – General	General: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements
Mortality rates – Firefighters	Firefighters: For healthy retirees, the gender-distinct PubS-2010 Healthy Retiree Mortality Tables. The rates are projected on a fully generational basis by scale MP-2018 to account for future mortality improvements.
Health Care Trend Rates	Initial Rate of 7.00% declining to an ultimate rate of 4.25% after 13 years.
Participation Rates	It was assumed that 35% of general employees and 80% of firefighters would choose to participate in the retiree medical plan after retirement, if eligible. The participation assumption was assumed to be 10% for non-disability related retirements prior to the age of 50. All retirees are assumed to discontinue coverage at the age of 65.

CITY OF BIG SPRING, TEXAS

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Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 1.84%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate. It also show how increasing or decreasing the Healthcare Cost Trend (HCT) Rate over the life of the plan would affect the liability.

	<u>1% Decrease in Discount Rate (0.84%)</u>	<u>Discount Rate (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
Total OPEB Liability	\$ <u>6,492,824</u>	\$ <u>5,867,995</u>	\$ <u>5,306,255</u>
	<u>1% Decrease in HCT Rate</u>	<u>Current HCT Rate Assumption</u>	<u>1% Increase in HCT Rate</u>
Total OPEB Liability	\$ <u>5,087,405</u>	\$ <u>5,867,995</u>	\$ <u>6,817,141</u>

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$469,571. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
ER Contributions Deferral	\$ (18,870)	\$
Experience Differences		983,496
Changes in Assumptions	<u>771,126</u>	<u></u>
	<u>\$ 752,256</u>	<u>\$ 983,496</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

	<u>OPEB (Benefit) Expense</u>
2023	\$ (44,875)
2024	(26,005)
2025	(28,744)
2026	(42,407)
2027	(12,742)
Thereafter	<u>(76,467)</u>
	<u>\$ (231,240)</u>

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TMRS – Supplemental Death Benefit Fund

Plan Description

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Benefits Provided

The plan provides a \$7,500 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the SDBF. The OPEB benefit is a fixed \$7,500 lump-sum benefit, and no future increases are assumed in the benefit amount.

The SDBF fund does not meet the requirements of a trust under Paragraph 4b of GASB No. 75, as the assets of the SDBF can be used to pay active SDBF benefits which are not part of the OPEB plan. The contributions for retiree SDBF coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown in the changes in the total OPEB liability.

Benefit terms are established under the TMRS Act. Participation in the retiree SDBF is optional, and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The City’s contribution rate for the retiree SDBF program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$7,500.

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	119
Inactive Employees Entitled to but not Yet Receiving Benefits	24
Active Employees	170
Total Plan Employees	<u>313</u>

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Total OPEB Liability

The City's total OPEB liability of \$893,455 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Balance as of December 31, 2020	\$ 897,681
Changes for the year:	
Service Cost	31,329
Interest on Total OPEB Liability	17,963
Effect of Assumptions Changes or Inputs	24,898
Benefit Payments	(29,431)
Other	(507)
Experience Differences	(48,478)
Balance as of December 31, 2021	<u>\$ 893,455</u>

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains and Losses and Assumptions Changes or Inputs	Straight-Line Amortization over Expected Working Life
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Discount Rate	1.84%
Retirees' Share of Benefit-Related Costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. As of December 31, 2021, the rate of 1.84% is based on the Fidelity Index's "20 Year Municipal GO AA Index" rate.

Annuity Purchase Rates

Annuity purchase rates are used to determine the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates (APRs) for 2014 are based on the UP-1984 Table with an age setback of two years for retirees and an age setback of eight years for beneficiaries. Beginning in 2027, the APRs will be based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB. For members, a unisex blend of 70% of the males table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries. From 2015 through 2026, the fully generational APRs will be phased into.

Experience Studies

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the APRs until 2027 are based on a mortality study performed in 2013. TMRS uses the experience studies as a basis for determining assumptions, except where required to be treated different by GASB 75.

Factors Affecting the Total OPEB Liability

Changes of assumptions or other inputs reflect a change in the discount rate from 2019 to 2020.

There were no changes of benefit terms that affected measurement during the measurement period.

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 1.84%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	<u>1% Decrease in Discount Rate (0.84%)</u>	<u>Discount Rate (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
Total OPEB Liability	\$ <u>1,073,455</u>	\$ <u>893,455</u>	\$ <u>752,097</u>

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$73,314. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions Difference in Expected and Actual Experience	\$ 107,650	\$
Contributions Made Subsequent to Measurement Date	<u>17,491</u>	90,534
	<u>\$ 125,141</u>	<u>\$ 90,534</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

	<u>OPEB (Benefit) Expense</u>
2022	\$ 29,447
2023	7,741
2024	(939)
2025	<u>(1,642)</u>
	<u>\$ 34,607</u>

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 trustees, 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.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 is defined by the Internal Revenue Service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

L. Commitments, Contingencies, and Litigation

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.

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 \$3,254,451 reported as landfill closure and post-closure care liability at September 30, 2022, represents the cumulative amount reported to date based on the use of 91.47% of the estimated capacity of the landfill permit 288A and .58% of estimated capacity of the landfill permit 2395. The City will recognize the remaining estimated cost of closure and post-closure care of \$4,827,671 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 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

CITY OF BIG SPRING, TEXAS

NOTES TO FINANCIAL STATEMENTS

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, 2022 the City has designated an investment in the amount of \$4,442,819 for this purpose.

N. Bond Refunding – 2022 General Obligation Refunding Bonds

The City refunded the Series 2012 Certificates of Obligation with General Obligation Refunding Bonds, Series 2022 in the amount of \$6,390,000. The City used \$6,770,000 of the proceeds to retire the old bonds. The refunding was undertaken to reduce debt service payments over the next 10 years by \$709,297 and resulted in an economic gain of \$797,873.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2022
REQUIRED SUPPLEMENTARY INFORMATION**

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability
Service Cost	\$ 1,070,609	\$ 1,344,489	\$ 1,396,530	\$ 1,389,056	\$ 1,428,366	\$ 1,463,236	\$ 1,583,383	\$ 1,486,702
Interest	3,098,627	3,234,983	3,282,390	3,431,109	3,568,366	3,697,686	3,875,148	4,012,059
Benefit Payments	(2,456,762)	(2,715,237)	(2,440,732)	(2,443,510)	(2,776,793)	(2,772,308)	(3,162,037)	(3,200,207)
Changes in Assumptions		144,503				104,120		
Differences between Expected and Actual Experience	212,542	485,843	257,450	(457,245)	(299,019)	367,915	(165,449)	873,700
Other	15,116		(3,284)	(106,349)	40,647	(5,463)	(15,136)	(4,582)
Net Change	\$ 1,940,132	\$ 2,494,581	\$ 2,492,354	\$ 1,813,061	\$ 1,961,567	\$ 2,855,186	\$ 2,115,909	\$ 3,167,672
Beginning Balance	44,944,061	46,884,193	49,378,774	51,871,128	53,684,189	55,645,756	58,500,942	60,616,851
Ending Balance	\$ 46,884,193	\$ 49,378,774	\$ 51,871,128	\$ 53,684,189	\$ 55,645,756	\$ 58,500,942	\$ 60,616,851	\$ 63,784,523
	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position
Employee Contributions	\$ 621,774	\$ 621,181	\$ 614,825	\$ 614,208	\$ 628,446	\$ 645,817	\$ 703,726	\$ 664,554
Employer Contributions	1,513,350	1,463,901	1,414,975	1,485,185	1,560,343	1,585,939	1,753,283	1,706,956
Net Investment Income	2,114,041	56,638	2,562,669	5,517,900	(1,352,712)	6,672,658	3,731,053	6,795,075
Benefit Payments	(2,456,762)	(2,715,237)	(2,440,732)	(2,443,510)	(2,776,793)	(2,772,308)	(3,162,037)	(3,200,207)
Administration Expenses	(22,073)	(33,192)	(28,947)	(28,605)	(26,155)	(37,730)	(24,166)	(31,470)
Other	10,616	32,233	(1,561)	(54,123)	(1,366)	(1,134)	(944)	216
Net Change	\$ 1,780,946	\$ (574,476)	\$ 2,121,229	\$ 5,091,055	\$ (1,968,237)	\$ 6,093,242	\$ 3,000,915	\$ 5,935,124
Beginning Balance	36,945,424	38,726,370	38,151,894	40,273,123	45,364,178	43,395,941	49,489,183	52,490,098
Ending Balance	\$ 38,726,370	\$ 38,151,894	\$ 40,273,123	\$ 45,364,178	\$ 43,395,941	\$ 49,489,183	\$ 52,490,098	\$ 58,425,222
Net Pension Liability	\$ 8,157,823	\$ 11,226,880	\$ 11,598,005	\$ 8,320,011	\$ 12,249,815	\$ 9,011,759	\$ 8,126,753	\$ 5,359,301
Fiduciary Net Position as a Percentage of Total Pension Liability	82.60%	77.26%	77.64%	84.50%	77.99%	84.60%	86.59%	91.60%
Covered Payroll	\$ 8,616,222	\$ 8,972,306	\$ 8,790,799	\$ 8,774,404	\$ 8,977,789	\$ 9,225,942	\$ 10,053,002	\$ 9,493,663
Net Pension Liability as a Percentage of Covered Payroll	94.68%	125.13%	131.93%	94.82%	136.45%	97.68%	80.84%	56.45%

Note: Only eight years of GASB 68 data available as of 12/31/2021. The remaining two years of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

REQUIRED SUPPLEMENTARY INFORMATION

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>
Actuarially Determined Contribution	\$ 1,508,017	\$ 2,066,989	\$ 1,466,109	\$ 2,136,581	\$ 1,602,352	\$ 1,656,458	\$ 1,721,951	\$ 1,710,151
Actual Contributions	<u>1,508,017</u>	<u>2,066,989</u>	<u>1,466,109</u>	<u>2,136,581</u>	<u>1,602,352</u>	<u>1,656,458</u>	<u>1,721,951</u>	<u>1,710,151</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 8,942,080	\$ 9,282,783	\$ 8,778,847	\$ 8,774,404	\$ 9,141,737	\$ 9,532,428	\$ 9,664,715	\$ 9,744,883
Contributions as a Percentage of Covered Payroll	16.86%	22.27%	16.70%	24.35%	17.53%	17.38%	17.82%	17.55%

Note: Only eight years of GASB 68 data available as of 09/30/2022. The remaining two 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, 2022**

REQUIRED SUPPLEMENTARY INFORMATION

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability
Service Cost	\$ 453,334	\$ 453,334	\$ 506,260	\$ 545,439	\$ 569,984	\$ 696,787	\$ 728,142	\$ 748,432
Interest	1,447,905	1,564,936	1,598,125	1,562,997	1,633,082	1,710,324	1,800,220	1,947,164
Differences between Expected and Actual Experience			(736,630)		(520,414)		721,784	
Changes in Assumptions				392,133	450,572		(73,715)	
Benefit Payments	<u>(1,277,131)</u>	<u>(1,339,860)</u>	<u>(1,930,220)</u>	<u>(1,231,846)</u>	<u>(1,199,873)</u>	<u>(1,197,642)</u>	<u>(1,329,918)</u>	<u>(1,249,276)</u>
Net Change	\$ 624,108	\$ 678,410	\$ (562,465)	\$ 1,268,723	\$ 933,351	\$ 1,209,469	\$ 1,846,513	\$ 1,446,320
Beginning Balance	<u>19,372,325</u>	<u>19,996,433</u>	<u>20,674,843</u>	<u>20,112,378</u>	<u>21,381,101</u>	<u>22,314,452</u>	<u>23,523,921</u>	<u>25,370,434</u>
Ending Balance	\$ <u>19,996,433</u>	\$ <u>20,674,843</u>	\$ <u>20,112,378</u>	\$ <u>21,381,101</u>	\$ <u>22,314,452</u>	\$ <u>23,523,921</u>	\$ <u>25,370,434</u>	\$ <u>26,816,754</u>
	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>
Employee Contributions	\$ 496,045	\$ 525,572	\$ 519,916	\$ 488,555	\$ 549,091	\$ 650,969	\$ 615,342	\$ 633,573
Employer Contributions	496,046	525,572	519,916	488,555	633,568	565,707	710,010	730,857
Net Investment Income	594,840	(107,469)	691,060	1,655,622	(670,805)	2,370,032	1,861,015	1,923,501
Benefit Payments	(1,277,131)	(1,339,860)	(1,930,220)	(1,231,846)	(1,199,873)	(1,197,642)	(1,329,918)	(1,249,276)
Administration Expenses	<u>(80,057)</u>	<u>(61,331)</u>	<u>(100,928)</u>	<u>(107,814)</u>	<u>(101,346)</u>	<u>(44,109)</u>	<u>(88,258)</u>	<u>(62,767)</u>
Net Change	\$ 229,743	\$ (457,516)	\$ (300,256)	\$ 1,293,072	\$ (789,365)	\$ 2,344,957	\$ 1,768,191	\$ 1,975,888
Beginning Balance	<u>10,927,280</u>	<u>11,157,023</u>	<u>10,699,507</u>	<u>10,399,251</u>	<u>11,692,323</u>	<u>10,902,958</u>	<u>13,247,915</u>	<u>15,016,106</u>
Ending Balance	\$ <u>11,157,023</u>	\$ <u>10,699,507</u>	\$ <u>10,399,251</u>	\$ <u>11,692,323</u>	\$ <u>10,902,958</u>	\$ <u>13,247,915</u>	\$ <u>15,016,106</u>	\$ <u>16,991,994</u>
Net Pension Liability	\$ <u><u>8,839,410</u></u>	\$ <u><u>9,975,336</u></u>	\$ <u><u>9,713,127</u></u>	\$ <u><u>9,688,778</u></u>	\$ <u><u>11,411,494</u></u>	\$ <u><u>10,276,006</u></u>	\$ <u><u>10,354,328</u></u>	\$ <u><u>9,824,760</u></u>
Fiduciary Net Position as a Percentage of Total Pension Liability	55.80%	51.75%	51.71%	54.69%	48.86%	56.32%	59.19%	63.36%
Covered Payroll	\$ 3,634,001	\$ 4,042,862	\$ 3,766,262	\$ 3,758,115	\$ 4,259,859	\$ 4,259,859	\$ 4,501,839	\$ 4,501,839
Net Pension Liability as a Percentage of Covered Payroll	243.24%	246.74%	257.90%	257.81%	267.88%	241.23%	230.00%	218.24%

Note: Only eight years of GASB 68 data available as of 12/31/2021. The remaining two 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, 2022**

REQUIRED SUPPLEMENTARY INFORMATION

	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Actuarially Determined Contribution	\$ 511,584	\$ 546,693	\$ 491,271	\$ 578,137	\$ 662,471	\$ 671,934	\$ 724,202	\$ 774,872
Actual Contributions	511,584	546,693	491,271	578,137	662,471	671,934	724,202	774,872
Contribution Deficiency (Excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered Payroll	\$ 3,935,256	\$ 4,205,336	\$ 3,779,008	\$ 3,410,923	\$ 4,416,470	\$ 4,479,559	\$ 4,828,013	\$ 5,165,809
Contributions as a Percentage of Covered Payroll	13.00%	13.00%	13.00%	16.95%	15.00%	15.00%	15.00%	15.00%

Note: Only eight years of GASB 68 data available as of 09/30/2022. The remaining two years of data will be built on a go forward basis.

CITY OF BIG SPRING, TEXAS

EXHIBIT B-5

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 TMRS - SUPPLEMENTAL DEATH BENEFIT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

REQUIRED SUPPLEMENTARY INFORMATION

	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
Service Cost	\$ 20,080	\$ 24,240	\$ 21,220	\$ 29,154	\$ 31,329
Interest	22,350	22,472	28,716	22,187	17,963
Benefit Payments	(6,985)	(8,080)	(9,226)	(11,059)	(29,431)
Differences Between Expected and Actual Experience		101,508	(126,874)	(49,366)	(48,478)
Changes in Assumption	47,404	(42,596)	117,216	109,031	24,898
Other		3,262	(342)	(1,345)	(507)
Net Change	\$ 82,849	\$ 100,806	\$ 30,710	\$ 98,602	\$ (4,226)
Beginning Balance	<u>584,714</u>	<u>667,563</u>	<u>768,369</u>	<u>799,079</u>	<u>897,681</u>
Ending Balance	\$ <u>667,563</u>	\$ <u>768,369</u>	\$ <u>799,079</u>	\$ <u>897,681</u>	\$ <u>893,455</u>
Total OPEB Liability	\$ <u><u>667,563</u></u>	\$ <u><u>768,369</u></u>	\$ <u><u>799,079</u></u>	\$ <u><u>897,681</u></u>	\$ <u><u>893,455</u></u>
Covered Payroll	\$ 8,774,404	\$ 8,977,789	\$ 9,225,942	\$ 10,053,002	\$ 9,493,663
Total OPEB Liability as a Percentage of Covered Payroll	7.61%	8.56%	8.66%	8.93%	9.41%

Note: Only five years of GASB 75 data available as of 12/31/2021. The remaining five years of data will be built on a go forward basis.

Notes to RSI:

1. This plan does not have assets accumulated in a trust that meets the criteria in GASBS No. 75.
2. Changes in Assumptions are due to updating discount rate based on the requirements of GASBS No. 75.

The accompanying notes are an integral part of this statement.

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
BIG SPRING RETIREE HEALTH INSURANCE PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
Service Cost	\$ 234,314	\$ 275,511	\$ 270,360	\$ 352,626	\$ 380,228
Interest	151,828	146,777	170,727	145,871	115,348
Differences between Expected and Actual Experience	(49,191)	(360,876)	(245,245)	(500,097)	(286,093)
Benefit Payments	194,116	17,670	5,114	55,226	16,014
Changes in Assumptions	(222,312)	97,236	435,451	415,188	73,211
Net Change	\$ 308,755	\$ 176,318	\$ 636,407	\$ 468,814	\$ 298,708
Beginning Balance	3,978,993	4,287,748	4,464,066	5,100,473	5,569,287
Ending Balance	\$ 4,287,748	\$ 4,464,066	\$ 5,100,473	\$ 5,569,287	\$ 5,867,995
Total OPEB Liability	\$ 4,287,748	\$ 4,464,066	\$ 5,100,473	\$ 5,569,287	\$ 5,867,995
Covered Payroll	\$ 10,106,139	\$ 13,237,648	\$ 13,680,635	\$ 14,966,152	\$ 12,775,370
Total OPEB Liability as a Percentage of Covered Payroll	42.43%	33.72%	37.28%	37.21%	45.93%

Note: Only five years of GASB 75 data available as of 12/31/2021. The remaining five years of data will be built on a go forward basis.

Notes to RSI:

1. This plan does not have assets accumulated in a trust that meets the criteria in GASBS No. 75.
2. Changes in Assumptions are due to updating discount rate based on the requirements of GASBS No. 75.

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT B-7

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

REQUIRED SUPPLEMENTARY INFORMATION

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes	\$ 7,021,566	\$ 7,021,566	\$ 6,668,794	\$ (352,772)
General Sales Taxes	7,500,000	7,500,000	8,243,593	743,593
Gross Receipts Business Taxes	1,442,800	1,442,800	1,547,142	104,342
License and Permits	418,630	418,630	568,693	150,063
Intergovernmental	950,950	949,650	566,779	(382,871)
Charges for Services			1,300	1,300
Fines	193,085	193,085	279,208	86,123
Recreation	913,850	913,850	1,089,011	175,161
Investment Earnings	15,000	15,000	23,669	8,669
Rents and Royalties	853,750	853,750	4,195,898	3,342,148
Miscellaneous	64,450	64,450	204,110	139,660
Contributions and Donations			10,305	10,305
Total Revenues	\$ 19,374,081	\$ 19,372,781	\$ 23,398,502	\$ 4,025,721
Expenditures:				
Current:				
General Government				
Non-Departmental (000)	\$ 532,039	\$ 532,139	\$ 573,084	\$ (40,945)
City Council (110)	163,619	163,619	152,535	11,084
Finance (120)	665,637	665,637	678,611	(12,974)
City Manager (130)	311,086	311,086	288,406	22,680
Information Technology (140)	286,026	286,026	270,138	15,888
Legal (150)	383,046	383,046	337,132	45,914
Human Resources (160)	471,933	471,933	527,580	(55,647)
Special Projects (170)	50,000	50,000	15,000	35,000
Planning Department (190)	164,664	164,664	55,211	109,453
Public Safety				
Police (200)	6,252,908	6,252,908	5,564,651	688,257
Narcotics Task Force (201)	564,606	564,606	379,889	184,717
Fire (210)	5,398,043	5,398,043	5,523,366	(125,323)
Municipal Court (220)	341,015	341,015	362,012	(20,997)
Fire Marshal (230)	149,737	149,737	159,645	(9,908)
Animal Control (240)	385,031	385,031	282,176	102,855
Highways and Streets				
Code Enforcement (300)	449,767	449,767	415,722	34,045
General Maintenance (310)	125,853	125,853	81,243	44,610
Streets (320)	2,506,405	2,506,405	2,796,228	(289,823)
Recreation and Parks				
Parks (370)	465,397	465,397	441,698	23,699
Sports Complex (375)	320,543	320,543	425,198	(104,655)
Swimming Pool (380)	280,335	280,335	312,600	(32,265)
Golf Course (390)	788,089	788,089	769,338	18,751
Lake (410)	26,075	26,075	23,322	2,753
City Hall (420)	78,800	78,800	101,915	(23,115)
Debt Service:				
Principal	430,866	430,866	438,782	(7,916)
Interest			19,706	(19,706)
Total Expenditures	\$ 21,591,520	\$ 21,591,620	\$ 20,995,188	\$ 596,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,217,439)	\$ (2,218,839)	\$ 2,403,314	\$ 4,622,153
Other Financing Sources (Uses):				
Transfers In (Out)	\$ 804,125	\$ 804,125	\$ 890,573	\$ 86,448
Capital Lease Obligation	0	0	96,959	96,959
Total Other Financing Sources	\$ 804,125	\$ 804,125	\$ 987,532	\$ 183,407
Net Change in Fund Balances	\$ (1,413,314)	\$ (1,414,714)	\$ 3,390,846	\$ 4,805,560
Fund Balances - Beginning	11,854,448	11,854,448	11,854,448	
Fund Balances - Ending	\$ 10,441,134	\$ 10,439,734	\$ 15,245,294	

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	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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	Individual Entry-Age Normal
Discount Rate	1.84% as of December 31, 2021
Inflation	2.50%
Salary Increases	General: 3.50% to 11.50%, including inflation Firefighters: 4.50% to 9.50%, including inflation
Demographic Assumptions	General: Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). Firefighters: Based on the assumptions disclosed in the Big Spring Firemen's Relief and Retirement Fund actuarial valuation report as of January 1, 2021.
Mortality	General: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. Firefighters: For healthy retirees, the gender-distinct PubS-2010 Healthy Retiree Mortality Tables. The rates are projected on a fully generational basis by scale MP-2020 to account for future mortality improvements.
Participation Rates	It was assumed that 35% of general employees and 80% of firefighters would choose to participate in the retiree medical plan after retirement, if eligible. The participation assumption was assumed to be 10% for non-disability related retirements prior to the age of 50. All retirees are assumed to discontinue coverage at the age of 65.

Other Information:

Notes The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the period of service used for the allocation of service costs was changed to only reflect service with the City of Big Spring.

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CITY OF BIG SPRING, TEXAS
GENERAL FUND BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

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).

EXCESS EXPENDITURES OVER APPROPRIATIONS

The excess expenditures over appropriations for the General Fund were covered by available unassigned fund balance.

COMBINING STATEMENTS

CITY OF BIG SPRING, TEXAS

EXHIBIT C-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	Special Revenue Funds	Debt Service Fund 2020 G.O. Refunding Bonds	Debt Service Fund 2016 G.O. Refunding Bonds	Permanent Fund Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS					
Assets:					
Cash and Cash Equivalents	\$ 1,972,989	\$ 151,629	\$	\$ 351,519	\$ 2,476,137
Receivables (Net of Allowance for Uncollectibles)	152,797	12,732	31,961		197,490
Prepaid Items	345				345
Total Assets	<u>\$ 2,126,131</u>	<u>\$ 164,361</u>	<u>\$ 31,961</u>	<u>\$ 351,519</u>	<u>\$ 2,673,972</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 52,509	\$	\$	\$	\$ 52,509
Accrued Wages	15,611				15,611
Due to Other Funds	28,259				28,259
Unearned Revenue	45,202				45,202
Customer Deposits	14,195				14,195
Advances from Other Funds	429,939				429,939
Total Liabilities	<u>\$ 585,715</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 585,715</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Property Taxes	\$	\$ 12,095	\$ 29,905	\$	\$ 42,000
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 12,095</u>	<u>\$ 29,905</u>	<u>\$ 0</u>	<u>\$ 42,000</u>
Fund Balances:					
Nonspendable Fund Balances:					
Prepays	\$ 345	\$	\$	\$	\$ 345
Cemetery Permanent Care				351,519	351,519
Restricted Fund Balances:					
Restricted for Advertising and Promotions	1,063,077				1,063,077
Restricted for Court Security	16,054				16,054
Restricted for Court Technology	5,040				5,040
Restricted for Public, Educational and Governmental Television Access	229,990				229,990
Restricted for Public Safety Improvements	117,166				117,166
Restricted for Debt Service		152,266	2,056		154,322
Restricted for Senior Citizen's Center	98,363				98,363
Committed Fund Balances:					
Committed for Employee Education	85,840				85,840
Committed for Cemetery Operations	(75,459)				(75,459)
Total Fund Balances	<u>\$ 1,540,416</u>	<u>\$ 152,266</u>	<u>\$ 2,056</u>	<u>\$ 351,519</u>	<u>\$ 2,046,257</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,126,131</u>	<u>\$ 164,361</u>	<u>\$ 31,961</u>	<u>\$ 351,519</u>	<u>\$ 2,673,972</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, 2022**

		Debt Service Fund	Debt Service Fund	Permanent Fund	
	Special Revenue Funds	2020 G.O. Refunding Bonds	2016 G.O. Refunding Bonds	Cemetery Permanent Care	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:					
Taxes					
General Property Taxes	\$	\$ 338,924	\$ 845,281	\$	\$ 1,184,205
Gross Receipts Business Tax	41,894				41,894
Motel Occupancy Taxes	1,290,466				1,290,466
Intergovernmental	188,685				188,685
Charges for Services	51,555				51,555
Fines	19,278				19,278
Investment Earnings	4,382	240	128	2,619	7,369
Rents and Royalties	209,145				209,145
Miscellaneous	2,556				2,556
Contributions and Donations	20,200				20,200
Total Revenue	<u>\$ 1,828,161</u>	<u>\$ 339,164</u>	<u>\$ 845,409</u>	<u>\$ 2,619</u>	<u>\$ 3,015,353</u>
Expenditures:					
Current					
General Government	\$ 37,808	\$	\$	\$	\$ 37,808
Public Safety	10,448				10,448
Community Service	429,044				429,044
Economic Development	1,180,559				1,180,559
Cemetery	140,229				140,229
Debt Service					
Principal	10,756	215,000	800,000		1,025,756
Interest	1,935	81,300	135,100		218,335
Total Expenditures	<u>\$ 1,810,779</u>	<u>\$ 296,300</u>	<u>\$ 935,100</u>	<u>\$ 0</u>	<u>\$ 3,042,179</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 17,382</u>	<u>\$ 42,864</u>	<u>\$ (89,691)</u>	<u>\$ 2,619</u>	<u>\$ (26,826)</u>
Other Financing Sources (Uses):					
Transfers In (Out)	\$ 204,180	\$	\$ 10,552	\$ (2,619)	\$ 212,113
Total Other Financing Sources (Uses)	<u>\$ 204,180</u>	<u>\$ 0</u>	<u>\$ 10,552</u>	<u>\$ (2,619)</u>	<u>\$ 212,113</u>
Net Change in Fund Balances	\$ 221,562	\$ 42,864	\$ (79,139)	\$ 0	\$ 185,287
Fund Balances - Beginning	<u>1,318,854</u>	<u>109,402</u>	<u>81,195</u>	<u>351,519</u>	<u>1,860,970</u>
Fund Balances - Ending	<u>\$ 1,540,416</u>	<u>\$ 152,266</u>	<u>\$ 2,056</u>	<u>\$ 351,519</u>	<u>\$ 2,046,257</u>

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-3

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2022**

ASSETS	Employee's College Education	Municipal Court Security	Municipal Court Technology	Cemetery	Senior Center	P.E.G.	Hotel Occupancy	State Forfeiture	Police Department Seizure	Total Nonmajor-Special Revenue Funds (See Exhibit C-1)
Assets:										
Cash and Cash Equivalents	\$ 89,560	\$ 14,323	\$ 5,040	\$ 1,588	\$ 113,949	\$ 229,990	\$ 1,401,373	\$ 19,948	\$ 97,218	\$ 1,972,989
Receivables (Net of Allowance for Uncollectibles)		1,731		2,758			148,308			152,797
Prepaid Items							345			345
Total Assets	\$ 89,560	\$ 16,054	\$ 5,040	\$ 4,346	\$ 113,949	\$ 229,990	\$ 1,550,026	\$ 19,948	\$ 97,218	\$ 2,126,131
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	\$ 3,720			\$ 4,141	\$ 9,490		\$ 35,158			\$ 52,509
Accrued Wages				2,203	6,096		7,312			15,611
Due to Other Funds				28,259						28,259
Unearned Revenue				45,202						45,202
Customer Deposits							14,195			14,195
Advances from Other Funds							429,939			429,939
Total Liabilities	\$ 3,720	\$ 0	\$ 0	\$ 79,805	\$ 15,586	\$ 0	\$ 486,604	\$ 0	\$ 0	\$ 585,715
Fund Balances:										
Nonspendable Fund Balances:										
Prepays				\$ 0			\$ 345			\$ 345
Restricted Fund Balances:										
Restricted for Advertising and Promotions							1,063,077			1,063,077
Restricted for Court Security		16,054								16,054
Restricted for Court Technology			5,040							5,040
Restricted for Public, Educational and Governmental Television Access						229,990				229,990
Restricted for Public Safety Improvements								19,948	97,218	117,166
Restricted for Senior Citizen's Center					98,363					98,363
Committed Fund Balances:										
Committed for Employee Education	85,840									85,840
Committed for Cemetery Operations				(75,459)						(75,459)
Total Fund Balances	\$ 85,840	\$ 16,054	\$ 5,040	\$ (75,459)	\$ 98,363	\$ 229,990	\$ 1,063,422	\$ 19,948	\$ 97,218	\$ 1,540,416
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 89,560	\$ 16,054	\$ 5,040	\$ 4,346	\$ 113,949	\$ 229,990	\$ 1,550,026	\$ 19,948	\$ 97,218	\$ 2,126,131

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CITY OF BIG SPRING, TEXAS

EXHIBIT C-4

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Employee's College Education	Municipal Court Security	Municipal Court Technology	Cemetery	Senior Center	P.E.G.	Hotel Occupancy	State Forfeiture	Police Department Seizure	Total Nonmajor-Special Revenue Funds (See Exhibit C-2)
Revenue:										
Taxes										
Gross Receipts Business Tax	\$	\$	\$	\$	\$	\$ 41,894	\$	\$	\$	\$ 41,894
Motel Occupancy Taxes							1,290,466			1,290,466
Intergovernmental					88,262			3,688	96,735	188,685
Charges for Services	32,999				18,556					51,555
Fines		12,547	6,731							19,278
Investment Earnings	192	46	8	1,218	250	531	1,863	46	228	4,382
Rents and Royalties				168,405			40,740			209,145
Miscellaneous				125	100		2,331			2,556
Contributions and Donations					20,200					20,200
Total Revenue	\$ 33,191	\$ 12,593	\$ 6,739	\$ 169,748	\$ 127,368	\$ 42,425	\$ 1,335,400	\$ 3,734	\$ 96,963	\$ 1,828,161
Expenditures:										
Current										
General Government	\$ 6,976	\$	\$	\$	\$	\$ 30,832	\$	\$	\$	\$ 37,808
Public Safety		8,288	2,160							10,448
Community Service					429,044					429,044
Economic Development							1,180,559			1,180,559
Cemetery				140,229						140,229
Debt Service										
Principal				10,756						10,756
Interest				1,935						1,935
Total Expenditures	\$ 6,976	\$ 8,288	\$ 2,160	\$ 152,920	\$ 429,044	\$ 30,832	\$ 1,180,559	\$ 0	\$ 0	\$ 1,810,779
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 26,215	\$ 4,305	\$ 4,579	\$ 16,828	\$ (301,676)	\$ 11,593	\$ 154,841	\$ 3,734	\$ 96,963	\$ 17,382
Other Financing Sources (Uses):										
Transfers In (Out)	\$ (4,158)	\$	\$	\$ 2,619	\$ 288,000	\$ (5,451)	\$ (76,830)	\$	\$	\$ 204,180
Total Other Financing Sources (Uses)	\$ (4,158)	\$ 0	\$ 0	\$ 2,619	\$ 288,000	\$ (5,451)	\$ (76,830)	\$ 0	\$ 0	\$ 204,180
Net Change in Fund Balances	\$ 22,057	\$ 4,305	\$ 4,579	\$ 19,447	\$ (13,676)	\$ 6,142	\$ 78,011	\$ 3,734	\$ 96,963	\$ 221,562
Fund Balances - Beginning	63,783	11,749	461	(94,906)	112,039	223,848	985,411	16,214	255	1,318,854
Fund Balances - Ending	\$ 85,840	\$ 16,054	\$ 5,040	\$ (75,459)	\$ 98,363	\$ 229,990	\$ 1,063,422	\$ 19,948	\$ 97,218	\$ 1,540,416

CITY OF BIG SPRING, TEXAS

EXHIBIT C-5

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2022

	<u>Garage</u>	<u>Health Insurance</u>	<u>Occupational Accident Insurance</u>	<u>Payroll Fund</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
ASSETS:					
Current Assets					
Cash and Cash Equivalents	\$ 60,280	\$ 1,070,847	\$ 1,650,874	\$ 1,211	\$ 2,783,212
Total Current Assets	<u>\$ 60,280</u>	<u>\$ 1,070,847</u>	<u>\$ 1,650,874</u>	<u>\$ 1,211</u>	<u>\$ 2,783,212</u>
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	\$ 10,000	\$	\$	\$	\$ 10,000
Total Noncurrent Assets	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,000</u>
Total Assets	<u>\$ 70,280</u>	<u>\$ 1,070,847</u>	<u>\$ 1,650,874</u>	<u>\$ 1,211</u>	<u>\$ 2,793,212</u>
LIABILITIES:					
Current Liabilities					
Accounts Payable	\$ 1,756	\$	\$ 5,500	\$ 1,637	\$ 8,893
Claims and Judgments Payable		203,427	108,220		311,647
Due to Other Funds		123,295	25,360		148,655
Long Term Debt - Current	423				423
Total Current Liabilities	<u>\$ 2,179</u>	<u>\$ 326,722</u>	<u>\$ 139,080</u>	<u>\$ 1,637</u>	<u>\$ 469,618</u>
Total Liabilities	<u>\$ 2,179</u>	<u>\$ 326,722</u>	<u>\$ 139,080</u>	<u>\$ 1,637</u>	<u>\$ 469,618</u>
NET POSITION:					
Net Investment in Capital Assets	\$ 9,577	\$	\$	\$	\$ 9,577
Unrestricted Net Position	<u>58,524</u>	<u>744,125</u>	<u>1,511,794</u>	<u>(426)</u>	<u>2,314,017</u>
Total Net Position	<u>\$ 68,101</u>	<u>\$ 744,125</u>	<u>\$ 1,511,794</u>	<u>\$ (426)</u>	<u>\$ 2,323,594</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-6

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Garage</u>	<u>Health Insurance</u>	<u>Occupational Accident Insurance</u>	<u>Payroll Fund</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
OPERATING REVENUES:					
Billings to Departments and Employees	\$ 72,625	\$ 2,918,082	\$ 621,532	\$ 0	\$ 3,612,239
Total Operating Revenues	<u>\$ 72,625</u>	<u>\$ 2,918,082</u>	<u>\$ 621,532</u>	<u>\$ 0</u>	<u>\$ 3,612,239</u>
OPERATING EXPENSES:					
Supplies and Materials	\$ 15,149	\$	\$	\$	\$ 15,149
Contractual Services	12,105	2,897,092	3,122		2,912,319
Maintenance	12,161				12,161
Depreciation	1,113				1,113
Other Expense		129,100	32,572		161,672
Total Operating Expenses	<u>\$ 40,528</u>	<u>\$ 3,026,192</u>	<u>\$ 35,694</u>	<u>\$ 0</u>	<u>\$ 3,102,414</u>
Operating Income (Loss)	<u>\$ 32,097</u>	<u>\$ (108,110)</u>	<u>\$ 585,838</u>	<u>\$ 0</u>	<u>\$ 509,825</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest Revenue	\$	\$ 1,758	\$ 2,335	\$	\$ 4,093
Other Income		300,478		(426)	300,052
Interest Expense and Paying Agent Fees	(27)				(27)
Total Non-Operating Revenues (Expenses)	<u>\$ (27)</u>	<u>\$ 302,236</u>	<u>\$ 2,335</u>	<u>\$ (426)</u>	<u>\$ 304,118</u>
Income (Loss) Before Transfers	\$ 32,070	\$ 194,126	\$ 588,173	\$ (426)	\$ 813,943
Transfers In (Out)	<u></u>	<u>(61,647)</u>	<u>(12,690)</u>	<u></u>	<u>(74,337)</u>
Change in Net Position	\$ 32,070	\$ 132,479	\$ 575,483	\$ (426)	\$ 739,606
Total Net Position - Beginning	<u>36,031</u>	<u>611,646</u>	<u>936,311</u>	<u></u>	<u>1,583,988</u>
Total Net Position - Ending	<u>\$ 68,101</u>	<u>\$ 744,125</u>	<u>\$ 1,511,794</u>	<u>\$ (426)</u>	<u>\$ 2,323,594</u>

CITY OF BIG SPRING, TEXAS

EXHIBIT C-7

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	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	\$ 72,625	\$ 2,918,082	\$ 621,532	\$ (64,390)	\$ 3,612,239
Cash Payments to Suppliers for Goods and Services	(40,224)	(3,003,970)	(120,577)	(64,390)	(3,229,161)
Net Cash from Operating Activities	<u>\$ 32,401</u>	<u>\$ (85,888)</u>	<u>\$ 500,955</u>	<u>\$ (64,390)</u>	<u>\$ 383,078</u>
Cash Flows from Non-Capital Financing Activities					
Cash Transfers from (to) Other Funds	\$	\$ (131)	\$ (10)	\$ 1,872	\$ 1,731
Various Reimbursements		300,478		(426)	300,052
Net Cash from Non-Capital Financing Activities	<u>\$ 0</u>	<u>\$ 300,347</u>	<u>\$ (10)</u>	<u>\$ 1,446</u>	<u>\$ 301,783</u>
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid	\$ (1,489)	\$	\$	\$	\$ (1,489)
Net Cash from Capital and Related Financing Activities	<u>\$ (1,489)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,489)</u>
Cash Flows from Investing Activities					
Interest and Dividends on Investments	\$ 0	\$ 1,758	\$ 2,335	\$	\$ 4,093
Net Cash from Investing Activities	<u>\$ 0</u>	<u>\$ 1,758</u>	<u>\$ 2,335</u>	<u>\$ 0</u>	<u>\$ 4,093</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 30,912	\$ 216,217	\$ 503,280	\$ (62,944)	\$ 687,465
Cash and Cash Equivalents at Beginning of Year	29,368	854,630	1,147,594	64,155	2,095,747
Cash and Cash Equivalents at End of Year	<u>\$ 60,280</u>	<u>\$ 1,070,847</u>	<u>\$ 1,650,874</u>	<u>\$ 1,211</u>	<u>\$ 2,783,212</u>
Reconciliation of Operating Income to Net Cash from Operating Activities					
Operating Income (Loss)	<u>\$ 32,097</u>	<u>\$ (108,110)</u>	<u>\$ 585,838</u>	<u>\$ 0</u>	<u>\$ 509,825</u>
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities					
Depreciation	\$ 1,113	\$	\$	\$	\$ 1,113
Change in Assets and Liabilities					
Increase (Decrease) in Accounts Payable	(809)	(1,900)	(18,137)	(64,390)	(85,236)
Increase (Decrease) in Claims and Judgements Payable		24,122	(66,746)		(42,624)
Total Adjustments	<u>\$ 304</u>	<u>\$ 22,222</u>	<u>\$ (84,883)</u>	<u>\$ (64,390)</u>	<u>\$ (126,747)</u>
Net Cash from Operating Activities	<u>\$ 32,401</u>	<u>\$ (85,888)</u>	<u>\$ 500,955</u>	<u>\$ (64,390)</u>	<u>\$ 383,078</u>

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

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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, 2022, 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 January 9, 2023. 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 the City's internal control over financial reporting (internal control) as a basis for designing 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' internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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' 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 financial statements. 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

January 9, 2023

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

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8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

January 9, 2023

Mayor and City Council
City of Big Spring, Texas
Big Spring, Texas

We have audited the financial statements of City of Big Spring, Texas (the City) for the year ended September 30, 2022, and have issued our report thereon dated January 9, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 3, 2022. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in the notes to the financial statements. The City adopted GASB 87 – Leases during the year ended September 30, 2022. The application of existing policies did not change. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements was were:

Management's estimate of the allowance for doubtful accounts and lives used to calculate depreciation on distribution plant in service. Management's estimate for the allowance for doubtful accounts is based on an evaluation of past due accounts. Management's estimate of the net pension and total OPEB liabilities.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are disclosed in notes and relate to pension liabilities and total OPEB liabilities.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. All misstatements detected as a result of the audit were corrected by management except for one proposed entry which was not considered material to the financial statements. All adjusted journal entries are attached to this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 9, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, budgetary comparison schedule for the General Fund, schedule of changes in net pension liability and related ratios for the TMRS and BSFRRF plans, schedule of employer contributions for the TMRS and BSFRRF plans, and the schedule of changes in the total OPEB liability for the TMRS SDBF and retiree health insurance plans, which are (is) required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Client: **06565 - City of Big Spring**
Engagement: **2022 City of Big Spring**
Period Ending: **9/30/2022**
Trial Balance: **017 W - Trial Balance**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
Adjust Misc AR for EDC Sales Tax revenues to match payable for November			
002-1102	ACCOUNTS RECEIVABLE - OTHER	26,701.46	
002-4020	CITY SALES TAXES		26,701.46
Total		26,701.46	26,701.46

Adjusting Journal Entries JE # 2			
To adjust Misc AR for receipt of PY CDBG grant funds and to book current grant receivables for Downtown Revitalization and			
409-1102	ACCOUNTS RECEIVABLE - OTHER	36,000.00	
409-4201-01	CDBG GRANT #7220039	96,844.23	
410-1250	DUE FROM OTHER GOVERNMENTS	47,432.36	
409-1102	ACCOUNTS RECEIVABLE - OTHER		96,844.23
409-4201-01	CDBG GRANT #7220039		36,000.00
410-4931	CONTRIBUTIONS		47,432.36
Total		180,276.59	180,276.59

Adjusting Journal Entries JE # 3			
To reclass principal amount paid on Enterprise lease.			
405-2655	LONG TERM NOTES PAYABLE	3,507.40	
405-021-710-5515	HIRE OF EQUIPMENT		3,507.40
Total		3,507.40	3,507.40

Client: **06565 - City of Big Spring**
 Engagement: **2022 City of Big Spring**
 Period Ending: **9/30/2022**
 Trial Balance: **017 W - Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 4			
To adjust accrued interest on the 2022 refunding bonds.			
483-070-000-5703	DEBT SERVICE INTEREST	14,113.11	
483-2050	INTEREST PAYABLE		14,113.11
Total		<u>14,113.11</u>	<u>14,113.11</u>
Adjusting Journal Entries JE # 5			
To adjust Fireman's GASB 68 Liability and Deferred Outflows and Inflows of Resources.			
430-1807	DOR - ER CONTRIBUTIONS	7,128.98	
430-2906	NET PENSION LIABILITY - BSFRRF	295,192.40	
430-012-260-5050	RETIREMENT		208,863.75
430-1804	DEFERRED OUTFLOWS - BSFRRF		22,808.73
430-2806	DEFF INFLOWS - BSFRRF PENSION		70,648.90
Total		<u>302,321.38</u>	<u>302,321.38</u>

Client: **06565 - City of Big Spring**
Engagement: **2022 City of Big Spring**
Period Ending: **9/30/2022**
Trial Balance: **017 W - Trial Balance**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
To adjust Retiree Health Insurance OPEB liability and deferred outflows and inflows of resources.			
405-002-735-5060	GROUP INSURANCE	7,040.77	
405-021-705-5060	GROUP INSURANCE	7,834.07	
405-021-710-5060	GROUP INSURANCE	11,692.56	
405-021-740-5060	GROUP INSURANCE	6,028.15	
405-021-745-5060	GROUP INSURANCE	1,675.43	
410-021-610-5060	GROUP INSURANCE	22,120.59	
430-012-260-5060	GROUP INSURANCE	17,043.90	
440-025-350-5060	GROUP INSURANCE	64,919.84	
440-1809	DEFF OUTFLOWS - OPEB	3,730.61	
445-025-330-5060	GROUP INSURANCE	34,169.43	
405-1809	DEFF OUTFLOWS - OPEB		21,769.92
405-2060	POST EMPLOYMENT BENEFITS		2,164.10
405-2409	DEF INFLOWS OF RESOURCES-		10,336.96
410-1809	DEFF OUTFLOWS - OPEB		1,322.03
410-2060	POST EMPLOYMENT BENEFITS		16,482.12
410-2409	DEF INFLOWS OF RESOURCES-		4,316.44
430-1809	DEFF OUTFLOWS - OPEB		9,891.04
430-2060	POST EMPLOYMENT BENEFITS		2,185.17
430-2409	DEF INFLOWS OF RESOURCES-		4,967.69
440-2060	POST EMPLOYMENT BENEFITS		57,390.84
440-2409	DEF INFLOWS OF RESOURCES-		11,259.61
445-1809	DEFF OUTFLOWS - OPEB		517.91
445-2060	POST EMPLOYMENT BENEFITS		27,266.01
445-2409	DEF INFLOWS OF RESOURCES-		6,385.51
Total		176,255.35	176,255.35

Client: **06565 - City of Big Spring**
 Engagement: **2022 City of Big Spring**
 Period Ending: **9/30/2022**
 Trial Balance: **017 W - Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 7			
To defer ARPA funds until spent.			
405-4200-06	2021-22 ARP FUNDS	3,499,072.91	
405-2401-01	DEFERRED REVENUE-ARP FUNDS		3,499,072.91
Total		<u>3,499,072.91</u>	<u>3,499,072.91</u>
Adjusting Journal Entries JE # 8			
To reverse check number 004774 for vehicles not yet received at YE.			
002-2000	A/P PENDING	613,198.75	
002-011-200-6401	MOTOR VEHICLES		173,510.00
002-2010	ACCOUNTS PAYABLE - OTHER		439,688.75
Total		<u>613,198.75</u>	<u>613,198.75</u>
Adjusting Journal Entries JE # 9			
To record amortization on 2020 bond premium.			
405-2403	DEFERRED INFLOWS - 2020GO	2,099.39	
405-070-000-5701	DEBT SERVICE - PREM/DISC/INS		2,099.39
Total		<u>2,099.39</u>	<u>2,099.39</u>

Client: **06565 - City of Big Spring**
Engagement: **2022 City of Big Spring**
Period Ending: **9/30/2022**
Trial Balance: **017 W - Trial Balance**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 10			
To record additional accounts payable.			
002-001-000-5550	ELECTRICITY	288.49	
002-011-200-5582	EMERGENCY MANAGEMENT	50.37	
002-011-240-5550	ELECTRICITY	352.41	
002-012-210-5550	ELECTRICITY	1,000.24	
002-022-320-5550	ELECTRICITY	19,526.71	
002-027-370-5550	ELECTRICITY	1,527.60	
002-027-375-5550	ELECTRICITY	1,800.49	
002-027-380-5550	ELECTRICITY	2,898.61	
002-027-390-5550	ELECTRICITY	3,896.06	
002-027-410-5550	ELECTRICITY	469.62	
002-027-420-5550	ELECTRICITY	653.78	
110-040-510-5550	ELECTRICITY	634.65	
110-040-520-5550	ELECTRICITY	41.49	
110-040-530-5550	ELECTRICITY	866.63	
110-040-540-5550	ELECTRICITY	35.10	
110-040-560-5550	ELECTRICITY	382.72	
110-040-570-5550	ELECTRICITY	3,319.07	
160-050-910-5550	ELECTRICITY	646.56	
405-021-705-5550	ELECTRICITY	20,094.03	
405-021-740-5550	ELECTRICITY	10,798.28	
405-021-780-5550	ELECTRICITY	939.96	
410-021-610-5550	ELECTRICITY	6,051.76	
430-012-260-5550	ELECTRICITY	1,000.25	
440-025-350-5550	ELECTRICITY	330.98	
445-025-330-5550	ELECTRICITY	299.57	
505-021-810-5550	ELECTRICITY	362.67	
625-028-920-5550	ELECTRICITY	103.00	
002-2000	A/P PENDING		32,464.38

Client: **06565 - City of Big Spring**
 Engagement: **2022 City of Big Spring**
 Period Ending: **9/30/2022**
 Trial Balance: **017 W - Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	Debit	Credit
110-2000	A/P PENDING		5,279.66
160-2000	A/P PENDING		646.56
405-2000	A/P PENDING		31,832.27
410-2000	A/P PENDING		6,051.76
430-2000	A/P PENDING		1,000.25
440-2000	A/P PENDING		330.98
445-2000	A/P PENDING		299.57
505-2000	A/P PENDING		362.67
625-2000	A/P PENDING		103.00
Total		78,371.10	78,371.10

Adjusting Journal Entries JE # 11

To remove check number 4721. Item not shipped until November 2022.

405-2000	A/P PENDING	19,600.00	
405-021-710-5420	METERS AND SETTINGS		19,600.00
Total		19,600.00	19,600.00

Adjusting Journal Entries JE # 12

To clear account 405-1401. This a clearing account and this amount should clear out at YE. Will offset current year end

405-1401	INVENTORY CLEARING	39,015.55	
405-021-710-5419	MAINTENANCE OF PIPE LINES		39,015.55
Total		39,015.55	39,015.55

Client: **06565 - City of Big Spring**
 Engagement: **2022 City of Big Spring**
 Period Ending: **9/30/2022**
 Trial Balance: **017 W - Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 13			
To adjust negative cash balance in fund 258.			
002-080-000-5808	TRANSFER TO OTHER FUNDS	10,552.45	
258-1003	CLAIM ON CASH	10,552.45	
002-1003	CLAIM ON CASH		10,552.45
258-4811	Transfers from other funds		10,552.45
Total		21,104.90	21,104.90

Adjusting Journal Entries JE # 14

To correct accounts payable and related expenses related to revised Vector 9/30 invoice.

002-2000	A/P PENDING	106,064.11	
405-2000	A/P PENDING	22,316.63	
410-2000	A/P PENDING	12,288.33	
430-2000	A/P PENDING	4,214.06	
440-2000	A/P PENDING	10,535.41	
445-025-330-5412	VEHICLE MAINTENANCE	158,726.58	
505-021-810-5412	VEHICLE MAINTENANCE	906.27	
625-2000	A/P PENDING	4,214.31	
002-011-200-5412	VEHICLE MAINTENANCE		61,952.70
002-012-210-5412	VEHICLE MAINTENANCE		16,331.46
002-021-300-5412	VEHICLE MAINTENANCE		3,013.41
002-021-310-5412	VEHICLE MAINTENANCE		4,214.28
002-022-320-5412	VEHICLE MAINTENANCE		16,338.20
002-027-370-5412	VEHICLE MAINTENANCE		2,107.14
002-027-375-5412	VEHICLE MAINTENANCE		2,106.92
405-002-735-5412	VEHICLE MAINTENANCE		6,246.98
405-021-710-5412	VEHICLE MAINTENANCE		13,962.51
405-021-740-5412	VEHICLE MAINTENANCE		2,107.14
410-021-610-5412	VEHICLE MAINTENANCE		12,288.33

Client: **06565 - City of Big Spring**
Engagement: **2022 City of Big Spring**
Period Ending: **9/30/2022**
Trial Balance: **017 W - Trial Balance**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	Debit	Credit
430-012-260-5412	MAINTENANCE OF VEHICLES		4,214.06
440-025-350-5412	VEHICLE MAINTENANCE		10,535.41
445-2000	A/P PENDING		158,726.58
505-2000	A/P PENDING		906.27
625-028-920-5412	VEHICLE MAINTENANCE		4,214.31
Total		319,265.70	319,265.70