BIG SPRING
TEXAS

CITY COUNCIL REGULAR AGENDA

Tuesday, April 28, 2026

Notice is hereby given that the City Council of the City of Big Spring, Texas will meet in Regular Session on Tuesday, April 28, 2026, at 5:30 PM at the City Council Chambers Located at 307 East 4th Street, Big Spring, Texas. **We welcome the public to attend the meeting via telecommunication. Citizens will be able to view the City Council Meeting on Our Local Channel 17 through Optimum or on Our Website http://mybigspring.com/224/Channel-17-Live.**

CITY COUNCIL MEETING ETIQUETTE
Gentlemen are requested to remove their hats inside the City Council Chambers. As a courtesy to those in attendance, please place your cell phone on "Silent" or "Vibrate." Please, no talking during the meetings. Take all conversations outside so that others can hear. Thank you!

Open Session

1. Call to Order — Moore
2. Pledge of Allegiance to the United States Flag and to the Texas State Flag — Moore
3. Invocation — Moore

Public Comment

Public Comment – Members of the public are entitled to speak on any topic. Additionally, members of the public may comment on any action item before or during its consideration. Speakers are Requested to Stand at the Podium and State Their Name and Address. Speakers Should Fill out the Form at the Podium and Turn it into the City Secretary. Please Do Not Exceed Five (5) Minutes.

4. **Public Comment** — Moore

Announcements, Presentations and Public Hearings

> **Public Hearings** – The Council will take Input on Items Requiring Public Hearing Items **Prior** to any Action.

5.	**Open Public Hearing & Presentations**		Moore
6.	PUBLIC HEARING - Regarding a Zone Change from Agricultural (AG) to Single Family-2 (SF-2) for a .57-Acre Tract of Land Lying In and Being in the NE/4 of Section 8, Block 32, T-1-S, T&P RR Co Survey in Big Spring, Howard County, TX	5-10	Bowles
7.	Presentation and Acceptance of the Big Spring Economic Development Corporation's Financial Statement (Audit) for Year Ending September 30, 2025 by Bolinger, Segar, Gilbert & Moss L.L.P.	11-55	David Copeland
8.	Presentation and Approval of the Comprehensive Annual Financial Report for Year Ending September 30, 2025 by Bolinger, Segar, Gilbert & Moss L.L.P.	56-158	David Copeland
9.	**Close Public Hearing & Presentations**		Moore

City Manager's Report

10.	City Manager's report on the following items:		Darden

- Update - Large Item Pickup, District 4

Consent Items

11.	Approval of the City Council Minutes for the Regular Meeting of April 14, 2026	159-164	Davis

Vouchers

12.	Vouchers for 04/10/26	$	833,008.52	Wilkerson
	Vouchers for 04/28/26	$	1,471,604.28	

Bids

13.	Consideration and Possible Action to Award a Bid for Cost Allocation Plan Consulting Services for the Preparation of an Updated Cost Allocation Plan and Authorizing the City	165-166	Smith

	Manager to Negotiate and Execute any Necessary Documents.		
14.	Consideration and Possible Action to Award a Bid to RW Fence and Fab for Necessary Roof Repairs on Fire Station One Hangar Due to Extensive Hail Damage and Authorizing the City Manager or his Designee to Execute any Necessary Documents	167	Feeley

New Business

15.	Acknowledge Receipt of the Second Quarter Financial Report	168-189	Smith
16.	Acknowledge Receipt of the Second Qarter FY 2025-2026 Investment Report	190	Smith
17.	Consideration and Possible Action to Accept a Donation from Surge Energy to the Big Spring Fire Department for the Purpose of Purchasing an All-Terrain Vechicle.	191-194	Holt
18.	First Reading of an Ordinance Amending Ordinance Number 024-2025 Which Adopted the Annual budget for the City of Big Spring, Texas for the Fiscal Year Beginning October 1, 2025 and Ending September 30, 2026 Authorizing the Transfer of Appropriations within the Airpark Fund for the Replacement of the Roof at Fire Station One; Providing for Severability; and Providing an Effective Date.	195-196	Smith
19.	First Reading of a Resolution of the City of Big Spring, Restricting the Insurance Proceeds Received as a Result of the Arson and Destruction of the Dora Roberts Community Center to the Design, Construction and Equipping for a New Community Center; Providing for Sevrability; and Providing an Effective Date.	197-200	Smith
20.	First Reading of an Ordinance Authorizing ZC26-01, Amending the Big Spring Zoning Ordinance by Rezoning Approximately 0.57 Acres of Land in Section 8, Block 32, T-1-S, T&P RR. CO. Survey, Big Spring, Howard County, Texas, from Agricultural (AG) to Single Family 2 (SF-2); Providing for Repeal of Conflicting Legislation; Providing for Severability; Finding and Determining that the Meetings at Which the Ordinance was Discussed were Open to the Public as Required by Law; and Providing an Effective Date	201-203	Bowles

Council Input

21. Input — Moore

22. Adjourn — Moore

The City Council reserves the right to meet in executive session on any agenda item should the need arise pursuant to Chapter 551, Subchapter D of the Texas Government Code, or the Texas Disciplinary Rules of Professional Conduct.

I hereby certify that this agenda was posted on the official bulletin board at the City of Big Spring, City Hall Building, located outside 310 Nolan Street. Given by order of the City Council and **Posted on Wednesday, April 22, 2026** in accordance with Title 5, Texas Government Code and Chapter 551.

In addition, this agenda and supporting documents are posted on the City of Big Spring's Website, www.mybigspring.com, in accordance with legal requirements.

Tami L. Davis

Tami L. Davis, City Secretary

THE MEETING FACILITY IS ACCESSIBLE TO DISABLED PERSONS. ANY DISABLED PERSON NEEDING SPECIAL ACCOMMODATION OR A HEARING IMPAIRED PERSON WISHING TO HAVE AN INTERPRETER SHOULD REQUEST SERVICES AT LEAST 48 HOURS PRIOR TO THE SCHEDULED MEETING BY CONTACTINGTAMI DAVIS AT 432-264-2513 OR EMAIL: TDAVIS@MYBIGSPRING.COM.

Memo

Meeting Date: April 21, 2026

To: Planning and Zoning Commission

From: Shane Bowles, P.E. Public Works Director

Subject: Conditional approval of Cedar Ridge Addition, located at 307 E 4th St. in Big Spring, Texas for the purpose of a Zone Change from Agricultural (AG) to Single Family (SF-2) zoning for a .57-acre tract of land lying in and being in the NE/4 of Section 8, Block 32, T-1-S, T&P RR Co Survey in Big Spring, Howard County.

Location: Generally located on the southwest corner of Virginia and 25th. St.

Contact: Shane Bowles, P.E. Public Works Director, 432-264-2500

Analysis:

The property has been annexed adjacent to the Cedar Ridge Addition. Since this has now been annexed into the City Limits It is now being zoned for single family.

The zoning meets all the City's subdivision regulations, required under the current zoning of SF-2, Single-Family Dwelling District. If the developer's proposal to rezone the property is recommended for approval, then City Council has final authority over the zoning. Public improvements including water lines, fire hydrants, street paving are installed.

Attachments: Application

City of Big Spring
Planning Department

Phone (432) 264 2319
Fax (432) 264 7024
217 E. 3rd St.
www.mybigspring.com

Big Spring Texas

Zoning District Summary: Single Family Dwelling (SF-2)

This zone is primarily designed to accommodate single-family residences.

Allowed Structures/Uses

- Accessory buildings
- Community centers (public)
- Detached private garage/utility room
- Farm or ranch
- Parks
- Playgrounds
- Golf course (public, non-commercial amusement)
- Public/Governmental Agencies
- Public Utility lines and structures
- Railroad tracks and rights-of-way
- Real estate offices (two-year limit)
- Religious worship facilities
- Schools (Public with full curriculum accredited by the state)
- Single-family dwelling detached
- Temporary buildings for construction use

Lot Requirements

Maximum Height	Thirty feet (30')
Minimum Lot Area	7,000 square feet
Minimum Lot Width	Sixty feet (60')
Min Property Line Width	Forty-five feet (45')
Min Lot Depth	100 feet (100') average
Max Lot Coverage	35%
Minimum Front Yard	Twenty-five feet (25')
Minimum Side Yard	Five feet (5')
Minimum Rear Yard	Ten feet (10')

Specific Use Permits

A specific use permit **without term** may be issued in the Single Family Dwelling District (SF-2) through final approval by the Planning and Zoning Commission subject to, but not limited to specified restrictions as follows:

Accessory building for living or sleeping quarters not including rental as a separate dwelling · Bed and breakfast · Cemetery or mausoleum · College or university · Commercial radio and television microwave towers and transmitting stations · Electric substation · Institutions of a religious or philanthropic nature · Monastery or convent · Nursing home · Petroleum or gas · Petroleum collecting or storage · Private community center · Private country club with golf course · School, private elementary or secondary · Swim or tennis club · Water treatment plant

A specific use permit **with term** may be issued in the Single Family Dwelling District (SF-2) through final approval by the Planning and Zoning Commission subject to, but not limited to specified restrictions as follows:

Day camp · Day care center or day nursery · Group care home

This summary is only a guide. Definitive information should be obtained from the complete Zoning Ordinance.

ZC26-01

P&Z 4/21
CC 4/28

ID 617119

CITY OF
Big Spring

Zone Change Application

General Information

- Prior to the submittal of an application, the applicant is encouraged to schedule a pre-application meeting with City Staff.
- This application will not be scheduled for hearing until reviewed by the Director of Public Works or designee.

Request Type

☐ Straight Zoning	☐ Planned Development	☐ PD Amendment	☐ Specific Use Permit - SUP

Applicant Information

☑ Property Owner	☐ Authorized Representative	☐ Project Manager

Authorized Representatives/Project Managers must provide a notarized affidavit required including signature of legal owner(s)

Name: Danja Hernandez / Gonzales	Phone Number:
Mailing Address: TX 79720	Email Address:

Project Information

Name of Project *(if applicable)*:

Subject Property Address and/or Location *(Use attachment, if necessary)*: SW corner of E 25th & Virginia Ave. SC 8 BK 32 1S Blk/tract 3215 .57 acres

Legal Description *(Use attachment, if necessary)*: NE/4 of Section 8, Block 32, T-1-S, T&P RR Co. Survey Howard County, TX

Current Zoning: AG	Requested Zoning: SF-2	Comprehensive Plan Designation:

Existing Use of Property: residential

Proposed Use of Property: residential

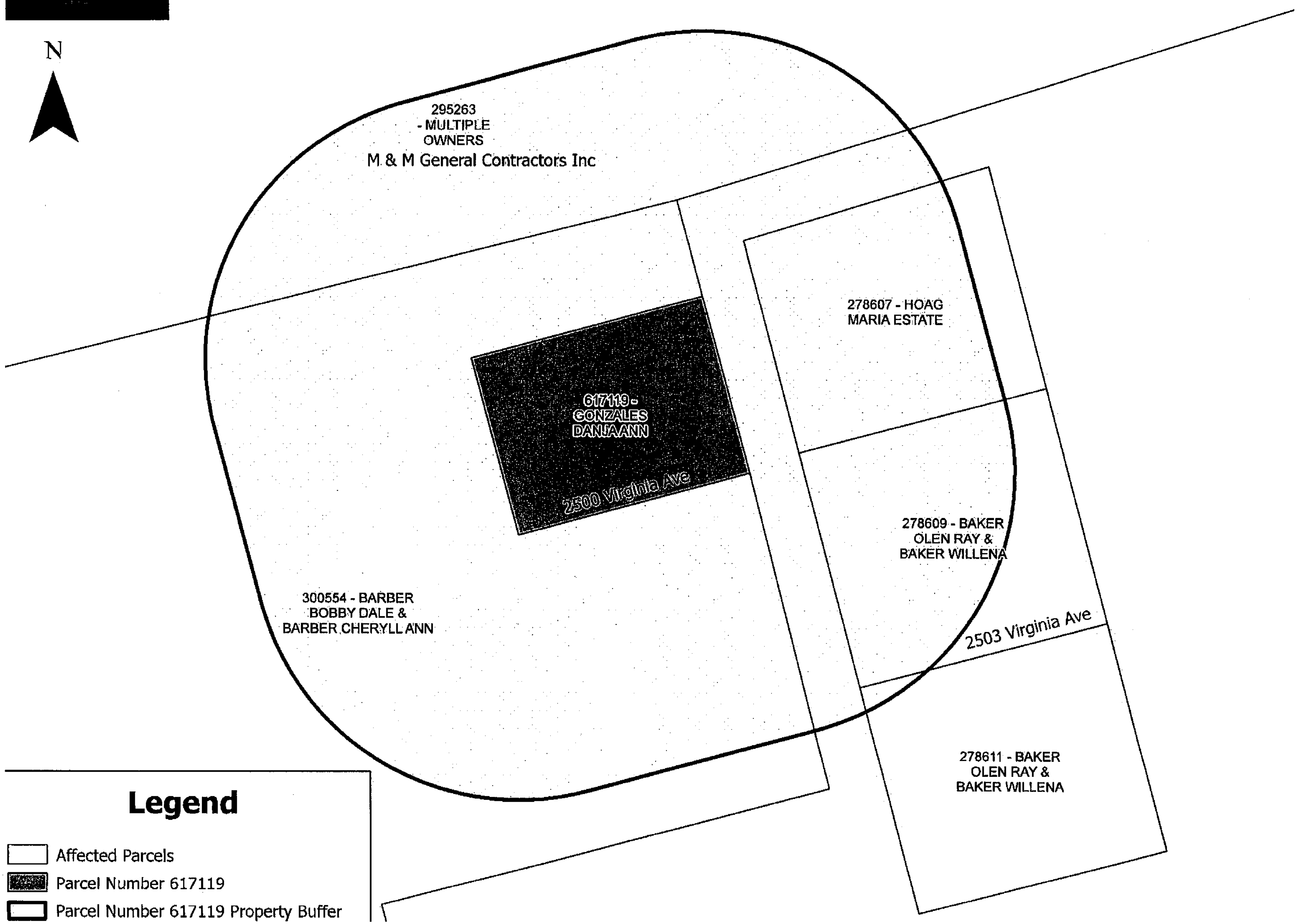
I hereby certify that I am the owner or duly authorized agent of the owner for the purposes of this application. I further certify that I have read and examined this application and know the same to be true and correct. If any of the information provided on this application is incorrect, the permit or approval may be revoked.

Signature: ______________________ Date: ______________________

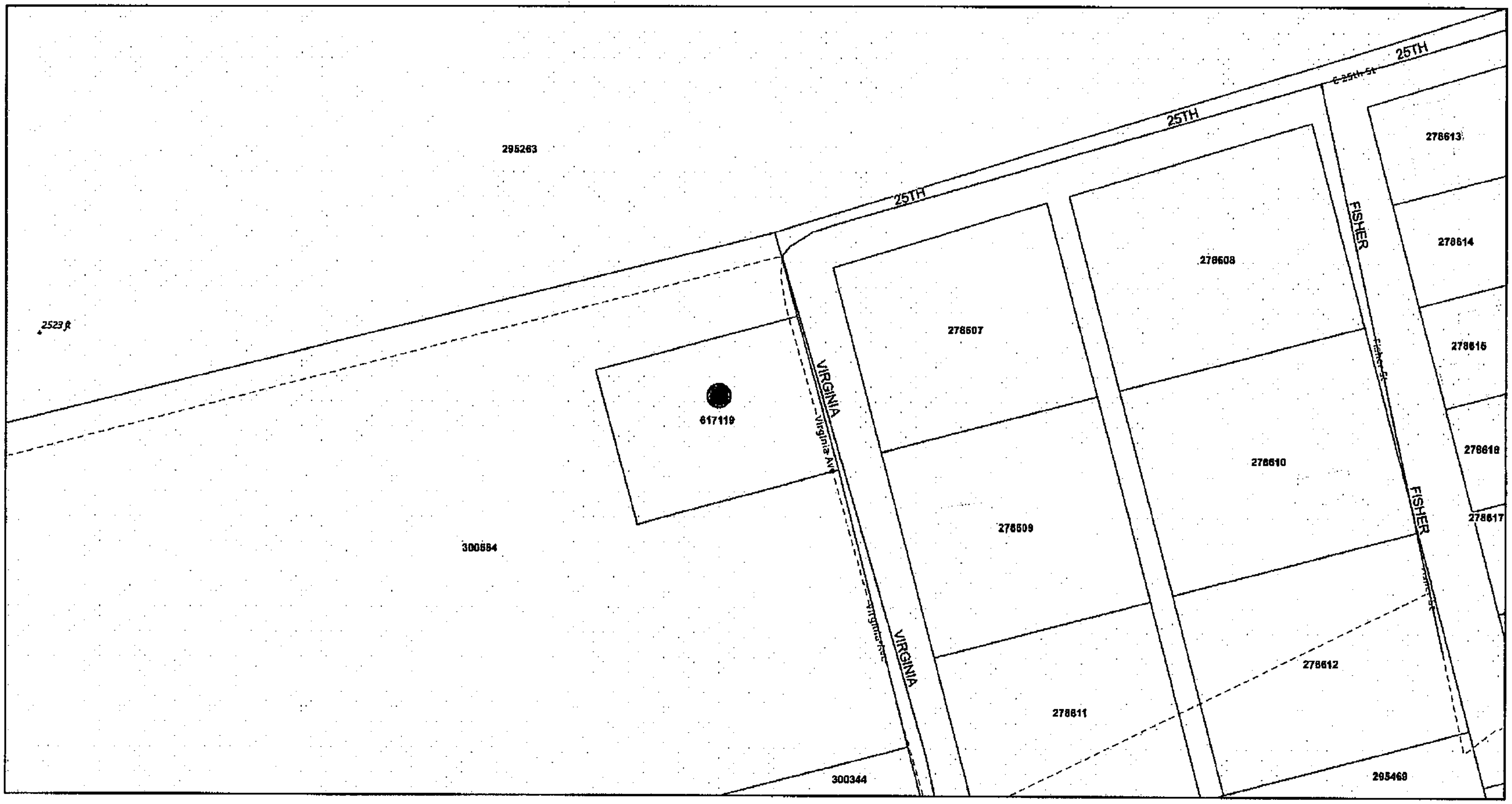
OFFICE USE ONLY

Case Number:	Date of Application:	Date Fee Received ($400.00): Fee $325.00 - SUP:
Affidavit attached?: ☐ Yes ☐ No ☐ N/A	P&Z Meeting Date:	
City Council 1st Reading Date:	City Council 2nd Reading Date:	

200 FT BUFFER FOR PARCEL NUMBER 617119 - DANJA ANN GONZALES



City of Big Spring Map



4/6/2026, 11:32:44 AM

ETJ

Howard County Parcels

RoadCenterlines

World_Hillshade

1:1,165

0 0.01 0.02 0.04 mi

0 0.02 0.04 0.07 km

Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community, Sources: Esri, Vantor, Airbus DS, USGS, NGA, NASA, CGIAR, N Robinson, NCEAS, NLS, OS, NMA, Geodatastyrelsen, Rijkswaterstaat, GSA, Geoland,

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
PHONE: (806) 747-3806
FAX: (806) 747-3815
8215 NASHVILLE AVENUE
LUBBOCK, TEXAS 79423-1954

February 9, 2026

To the City Council
City of Big Spring, Texas
and to the Board of Directors of
Big Spring Economic Development Corporation

We have audited the financial statements of Big Spring Economic Development Corporation (BSEDC) for the year ended September 30, 2025, and have issued our report thereon dated February 9, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 April 23, 2025. Professional standards also require that we communicate to you 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 BSEDC are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended September 30, 2025.

We noted no transactions entered into by BSEDC during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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. There are no sensitive estimates affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The misstatements detected as a result of audit procedures were corrected by management and 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 February 9, 2026.

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 BSEDC'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 check with 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 BSEDC'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, the schedule of changes in the plan's net pension liability and related ratios, schedule of contributions, the schedule of changes in the total OPEB liability and related ratios, and budgetary comparison schedule – governmental fund, which are 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.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Big Spring Economic Development Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Client: ***06565 - City of Big Spring***
Engagement: ***2025 City of Big Spring***
Period Ending: ***9/30/2025***
Trial Balance: ***017 - GASB Fund Trial Balance - BSEDC***
Workpaper: ***Adjusting Journal Entries Report - BSEDC***
Fund Level: ***All***
Index: ***All***

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To adjust opening fund balance.			
2000	2000 -+ Accounts Payable ED	433.55	
3000	3000 -+ Fund Balance		433.55
Total		**433.55**	**433.55**
	Total Adjusting Journal Entries	**433.55**	**433.55**
	Total All Journal Entries	**433.55**	**433.55**

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF BIG SPRING, TEXAS)

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

AND

INDEPENDENT AUDITOR'S REPORT

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF BIG SPRING, TEXAS)

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

AND

INDEPENDENT AUDITOR'S REPORT

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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Bolinger, Segars, Gilbert & Moss, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
PHONE: (806) 747-3806
FAX: (806) 747-3815
8215 Nashville Avenue
Lubbock, Texas 79423-1954

Independent Auditor's Report

To the City Council
City of Big Spring, Texas
and to the Board of Directors of
Big Spring Economic Development Corporation

Opinions

We have audited the accompanying financial statements of the governmental activities and governmental fund of Big Spring Economic Development Corporation, a component unit of the City of Big Spring, Texas, as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Big Spring Economic Development Corporation's 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 and governmental fund of the Big Spring Economic Development Corporation, as of September 30, 2025, and the respective changes in financial position 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 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 Big Spring Economic Development Corporation (BSEDC), 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 BSEDC'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 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, 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 BSEDC'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 BSEDC'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 the management's discussion and analysis, the schedule of changes in the plan's net pension liability and related ratios, the schedule of contributions, the schedule of changes in the total OPEB liability and related ratios, and budgetary comparison information on pages 4 through 9 and pages 32 through 35 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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

February 9, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

INTRODUCTION

Our discussion and analysis of the Big Spring Economic Development Corporation's (BSEDC) financial performance provides an overview of the entity's financial performance for the fiscal year ending September 30, 2025. It should be read in conjunction with BSEDC's basic financial statements and independent auditor's report.

FINANCIAL HIGHLIGHTS

During the fiscal year 2024-2025, the BSEDC's net position increased by 25 percent or $1,963,520. This increase is due to spending less on economic development projects.

BSEDC closed the fiscal year ended September 30, 2025 with total net position of $9,799,995.

The balance of cash and investments at September 30, 2025 totaled $10,961,439 which was an increase of $1,501,118. Liabilities decreased by $547,852 to $3,109,803 due to paying down debt in the amount of $550,000. Net pension and OPEB liabilities decreased by $36,152.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of BSEDC as a whole and present a long-term view of BSEDC's property, 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. These statements are referred to as government-wide financial statements.

Fund financial statements include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance that report the operations in more detail than the government-wide statements by providing information about BSEDC's general fund. 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 needs and the appropriations budget.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide or the fund financial statements.

Government-Wide Statements

The analysis of BSEDC's overall financial condition and operations is reflected in these statements. Its primary purpose is to show whether the entity is faring better or worse as a result of the year's activities. The Statement of Net Position includes all of BSEDC's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are recorded when earned or incurred regardless of when cash is received or paid. BSEDC's revenues are divided into those provided by outside parties (Big Spring Chamber of Commerce and United Way of Howard County) who share the costs of the building facility and revenues provided by sales tax or investment earnings (general revenues). All of BSEDC's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report BSEDC's net position and changes in them. The net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) provide one measure of BSEDC's financial health or financial position. Increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of BSEDC however, you should consider non-financial factors as well, such as changes in the city's economic activity, stability, and workforce.

In the Statement of Net Position and the Statement of Activities, we present the activities of BSEDC as follows:

Governmental activities - BSEDC's basic purpose is reported here, including the cost of maintaining the operation of economic development programs. Sales tax finances are the majority of these activities.

Fund Financial Statement

BSEDC requires only one fund to maintain its operations and programs. The fund financial statements provide information about the fund, not the entity as a whole.

BSEDC's basic operations and services are reported in a government (General) fund. This fund uses 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 reports balances that are available for future spending. The governmental fund statement provides a detailed short-term view of BSEDC's general operations and the basic services it provides. We describe the differences between government-wide activities (reported in the Statement of Net Position and the Statement of Activities) and governmental fund in the reconciliation schedules following each of the fund financial statements.

GOVERNMENT FINANCIAL ANALYSIS

We present both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of BSEDC's governmental activities.

Table I
Net Position

	Governmental Activities	
	2025	2024
Current and Other Assets	$ 12,758,898	$ 11,320,517
Capital Assets	138,973	112,752
Total Assets	$ 12,897,871	$ 11,433,269
Deferred Outflows of Resources	$ 36,171	$ 73,070
Current Liabilities	$ 129,953	$ 97,001
Noncurrent Liabilities	2,979,850	3,560,654
Total Liabilities	$ 3,109,803	$ 3,657,655
Deferred Inflows of Resources	$ 24,244	$ 12,209
Net Investment in Capital Assets	$ 138,973	$ 112,752
Unrestricted	9,661,022	7,723,723
Total Net Position	$ 9,799,995	$ 7,836,475

Total assets and deferred outflows of BSEDC's governmental activities increased from $11,506,339 to $12,934,042. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements. This balance was $9,661,022 at September 30, 2025.

Table II
Changes in Net Position

	Governmental Activities 2025	Governmental Activities 2024
Revenues:		
General Revenues		
Sales Taxes	$ 3,214,626	$ 3,375,550
Investment Earnings	243,900	157,175
Rents and Land Lease Revenue	6,900	6,900
Miscellaneous	5,585	6,819
Sale of Land		844,006
Total Revenues	$ 3,471,011	$ 4,390,450
Expenses:		
General Government	$ 436,019	$ 375,433
Economic Development	321,472	247,838
Water and Waste Water Project	750,000	750,000
Total Expenses	$ 1,507,491	$ 1,373,271
Change in Net Position	$ 1,963,520	$ 3,017,179
Beginning Net Position	7,836,475	4,819,296
Ending Net Position	$ 9,799,995	$ 7,836,475

Total revenues decreased from $4,390,450 in fiscal year 2024 to $3,471,011 in fiscal year 2025, a decrease of 20.9 percent. This decrease was due to the decrease in sales tax revenues and no proceeds from the sale of land in the current year.

Total expenses increased from $1,373,271 in the preceding year to $1,507,491 for the year ending September 30, 2025 which reflects an increase of 9.8 percent or $134,220. The increase in expenses is due to an increase in salaries and benefits, promotions, and economic development grants.

Revenues exceeded expenses by $1,963,520.

FUND BALANCES

As BSEDC completed the year, its governmental fund reported a fund balance of $12,628,945 which is more than last year's balance of $11,223,516. $1,291,653 of fund balance is in non-spendable and is invested in prepaid items and land inventory.

BUDGET AND PLANNING

The original budget for 2024-2025 was developed in the summer of 2024 and adopted by the Board in August 2024. This budget was approved by the City of Big Spring in September 2024. The budget was not amended.

LAND INVENTORY

BSEDC has unimproved real estate that is being held for future needs.

CAPITAL ASSETS

At the end of 2025, BSEDC had $138,973 invested in various capital assets including facilities and equipment, net of accumulated depreciation.

DEBT

BSEDC has other long-term debt including pension, OPEB, and accrued compensated absences obligations. BSEDC has outstanding sales and use tax revenue note in the amount of $2,750,000 as of September 30, 2025. See the notes to the financial statements for more details on debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

BSEDC's appointed directors consider many factors when setting a budget for the organization's 2025-2026 budget. Sales tax collection, which accounts for the majority of BSEDC revenue, is projected to remain steady.

With the US Highway 87 (designated to become Interstate 27) reliever route complete along with the access roads funded primarily by the BSEDC, the organization is now focused on development of approximately 550 acres of property located south of where the reliever route intersects with Interstate 20. By the time the 2025-2026 budget was adopted, various projects associated with expanding infrastructure to support this development will involve investments by: an EDA grant of $3.2 million; $500,000 by the City of Big Spring; $400,000 by the BSEDC; as well as a separate project contributing approximate $4 million on the airpark to include a water tower that will greatly expand fire suppression capabilities.

Within the 550-acre total, the BSEDC purchased part of the land adjacent to the core property, using proceeds from an earlier land sale of property the organization has owned for close to 30 years. Even with that influx of capital, the land acquisition and expansion of additional infrastructure to serve it will require a roughly estimated $600,000 additional investment by the BSEDC to make it "shovel ready."

With the development of the project Big Spring will have ready sites available to market for sale, drastically improving recruitment potential given the limited availability of land with infrastructure for business use in the area. The air park has been the economic development focus up until this time but has been limited due to the City being unable to sell any of the former airbase property. Because of this expanded ability to provide suitable locations, the BSEDC budgeted significantly more resources into marketing.

The BSEDC continues to contract with Leading EDG to provide business counseling and facilitation to startups, existing businesses, and entrepreneurs. These services have provided critical assistance to several local businesses in the past several years, and likely saved some local investors from pursuing ventures that after examination proved to have very little potential for success.

BSEDC's staff continues to work with City and County staff and elected officials to facilitate additional economic development opportunities not directly related to BSEDC's funding ability including: new retail (Chick-Fil-A, a new travel center being developed and various other enterprises) and projects within the County (including several projects that should exceed $1 billion in investment each). This trend could continue in the coming years.

BSEDC's sole purpose is to stimulate the local economy by providing supporting incentives and marketing support for the entire area. Because opportunities are hard to predict project funding should be expected to force revision of the presented budget.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the BSEDC's finances and to demonstrate BSEDC's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Teresa Morris, Big Spring Economic Development Corporation, 215 W. 3rd, Big Spring, Texas 79720.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

		Governmental Activities
ASSETS:		
Cash and Cash Equivalents	$	10,961,439
Due From Other Governments		505,806
Prepaid Insurance		11,374
Land Inventory		1,280,279
Capital Assets:		
Land		25,000
Depreciable Capital Assets, Net		113,973
Total Assets	$	12,897,871
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Plan	$	35,337
OPEB Plan		834
Total Deferred Outflows of Resources	$	36,171
LIABILITIES:		
Accounts Payable	$	4,083
Interest Payable		3,259
Due To Other Governments		122,611
Noncurrent Liabilities:		
Due Within One Year		550,000
Due in More Than One Year		2,200,000
Accrued Compensated Absences		26,921
Net Pension Liability		187,686
Total OPEB Liability		15,243
Total Liabilities	$	3,109,803
DEFERRED INFLOWS OF RESOURCES:		
Pension Plan	$	21,349
OPEB Plan		2,895
Total Deferred Inflows of Resources	$	24,244
NET POSITION:		
Net Investment in Capital Assets	$	138,973
Unrestricted		9,661,022
Total Net Position	$	9,799,995

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Expenses	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities:		
General Government	$ 436,019	$ (436,019)
Economic Development	321,472	(321,472)
Water and Waste Water Project	750,000	(750,000)
Total Governmental Activities	$ 1,507,491	$ (1,507,491)
General Revenues:		
Sales Tax Revenue		$ 3,214,626
Miscellaneous Revenue		5,585
Rents and Land Lease Revenue		6,900
Investment Earnings		243,900
Total General Revenues		$ 3,471,011
Change in Net Position:		$ 1,963,520
Net Position - Beginning		7,836,475
Net Position - Ending		$ 9,799,995

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2025

		General Fund
ASSETS:		
Cash and Cash Equivalents	$	10,961,439
Due From Other Governments		505,806
Prepaid Insurance		11,374
Land Inventory		1,280,279
Total Assets	$	12,758,898
LIABILITIES:		
Accounts Payable	$	4,083
Interest Payable		3,259
Due to Other Governments		122,611
Total Liabilities	$	129,953
FUND BALANCE:		
Nonspendable - Prepaid Expenses and Inventory	$	1,291,653
Unassigned		11,337,292
Total Fund Balance	$	12,628,945
Total Liabilities and Fund Balance	$	12,758,898

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balance - Governmental Fund Balance Sheet	$	12,628,945
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		138,973
Payables for compensated absences which are not reported in the funds.		(26,921)
Long-term liabilities are not due and payable from current financial resources and are not reported on the Governmental Fund Balance Sheet.		(2,750,000)
Net Pension Liability and Related Deferred Outflows and Inflows are not reported in the Funds.		(173,698)
Total OPEB Liability and Related Deferred Outflows and Inflows are not reported in the Funds.		(17,304)
Net Position of Governmental Activities - SNP	$	9,799,995

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

		General Fund
Revenues:		
Taxes:		
Sales Taxes	$	3,214,626
Rents		6,900
Interest Income		243,900
Other Revenues		5,585
Total Revenues	$	3,471,011
Expenditures:		
General Government	$	444,110
Economic Development		246,120
Water and Waste Water Project - City of Big Spring		750,000
Debt Service		
Principal		550,000
Interest Expense		75,352
Total Expenditures	$	2,065,582
Excess (Deficit) of Revenues Over (Under) Expenditures	$	1,405,429
Net Change in Fund Balance	$	1,405,429
Fund Balance - Beginning		11,223,516
Fund Balance - Ending	$	12,628,945

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Net Change in Fund Balance - Total Governmental Fund	$	1,405,429
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
Capital assets are not reported as expenses in the SOA.		35,310
The depreciation of capital assets used in governmental activities is not reported in the funds.		(9,089)
Debt principal payments are not reported as expenses in the SOA.		550,000
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(5,348)
Net change in pension expense to convert amounts paid in for the governmental funds to accrued pension expense for governmental activities.		(12,294)
Net change in OPEB expense to convert amounts paid in for the governmental funds to accrued OPEB expense for governmental activities.		(488)
Change in Net Position of Governmental Activities - SOA	$	1,963,520

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

NOTES TO BASIC FINANCIAL STATEMENTS

1. REPORTING ENTITY

Big Spring Economic Development Corporation (BSEDC) was incorporated under the laws of the State of Texas and operates under a Board of Directors which is appointed by the City Council of Big Spring, Texas (the City Council). The corporation is a non-profit corporation created under the Texas Development Corporation Act of 1979 and is governed by Section 4A of Article 5190.6 of the Revised Civil Statues of the State of Texas. The purpose of the corporation is to promote, assist, and enhance economic development for Big Spring, Texas. It is funded by a one-half cent sales tax.

The corporation was originally incorporated as Moore Development for Big Spring, Inc.

BSEDC is a component unit of the City of Big Spring, Texas (the City). It is legally separate from the City, but the City Council appoints its seven directors and approves the annual budget of BSEDC. The financial statements presented here are also included in the comprehensive financial report of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As a component unit of the City, the BSEDC's financial reporting policies conform to the accounting principles generally accepted in the United States of America applicable to its primary government (Big Spring).

<u>Basis of Accounting and Presentation</u>

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

These government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Activities demonstrates the degree to which the direct expenses of a given description are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific description. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given description or segment.

BSEDC reports all direct expenses in the Statement of Activities. Direct expenses are those that are clearly identifiable with a description. Indirect expenses of other types are not allocated but are reported separately in the Statement of Activities. Depreciation expense is reported in the Statement of Activities under general government expenses.

Fund Financial Statements

BSEDC applies 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:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by BSEDC itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless BSEDC takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts BSEDC intends to use for a specific purpose. Intent can be expressed by an official or body to which BSEDC delegates authority.

Unassigned fund balance – amounts that are available for any purpose.

For the fiscal year ended September 30, 2025, BSEDC's fund balance was categorized as nonspendable and unassigned.

Financial statements are provided for the governmental fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, BSEDC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of sales taxes. Miscellaneous revenues are recorded 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 generally are recorded when a liability is incurred, as under accrual accounting.

BSEDC reports the following governmental fund:

<u>General Fund</u>

This fund is established to account for financial resources used for BSEDC's operations. This is a budgeted fund and unassigned fund balances are considered resources available for current operations.

Budgets and Budgetary Accounting

The annual budget is presented on the modified accrual basis of accounting. The current year's budget was adopted in July 2024 and was approved by the City Council in September 2024.

Cash and Cash Equivalents

BSEDC has defined cash and cash equivalents to include cash in bank.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40 years
Building Improvements	10 years
Computer Equipment	5 years
Other Equipment	5 - 10 years

3. INVESTMENTS POLICIES AND RISK

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires BSEDC 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.

Statutes authorize BSEDC to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires BSEDC to have independent auditors perform test procedures related to investment practices as provided by the Act. BSEDC is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Act, BSEDC has adopted a deposit and investment policy. That policy addresses the following risks:

a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments in certificates of deposits may not be returned to it. BSEDC's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. BSEDC is not exposed to custodial credit risk, for its deposits are all covered by depository insurance and securities pledged by the depository bank.

b. Concentration of Credit Risk – The investment policy of BSEDC contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. As of September 30, 2025, BSEDC's investments are with Western Bank which are covered by FDIC insurance and pledged securities, and as such BSEDC has no risk.

c. Credit Risk – The risk that an issuer of other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. As of September 30, 2025, BSEDC was not significantly exposed to credit risk.

d. Interest Rate Risk – Not applicable.

e. Foreign Currency Risk – Not applicable and is not covered by the investment policy.

4. CASH AND CASH EQUIVALENTS

At September 30, 2025, the carrying amount of BSEDC's cash and cash equivalents included cash deposits of $8,414,513 with a bank balance of $8,451,420. BSEDC's cash deposits with the bank at September 30, 2025 were entirely covered by FDIC insurance and securities pledged by the depository bank. BSEDC had investments at year end with TexPool in the amount of $2,546,926.

5. DUE FROM/TO OTHER GOVERNMENTS

At September 30, 2025, BSEDC had $505,806 due from the City of Big Spring related to two months of sales tax revenue that came in subsequent to year end.

At September 30, 2025, BSEDC owed $122,611 to the City of Big Spring related to reimbursement for salaries and benefits and various other items paid on their behalf.

6. LAND INVENTORY

Land inventory consists of 315 acres of land acquired for marketing purposes and future economic development. As of September 30, 2025, BSEDC had land inventory with a balance of $1,280,279.

7. CAPITAL ASSETS

	Balance 10/1/2024	Increases	Transfers/ Decreases	Balance 9/30/2025
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	$ 25,000	$	$	$ 25,000
Total Capital Assets Not Being Depreciated	$ 25,000	$ 0	$ 0	$ 25,000
Depreciable Assets:				
Buildings and Improvements	$ 249,604	$ 35,310	$	$ 284,914
Furniture and Equipment	39,693			39,693
Total Depreciable Assets	$ 289,297	$ 35,310	$ 0	$ 324,607
Less Accumulated Depreciation for:				
Buildings and Improvements	$ 161,852	$ 9,089	$	$ 170,941
Furniture and Equipment	39,693			39,693
Total Accumulated Depreciation	$ 201,545	$ 9,089	$ 0	$ 210,634
Total Depreciable Assets, Net	$ 87,752	$ 26,221	$ 0	$ 113,973
Governmental Activities Capital Assets, Net	$ 112,752	$ 26,221	$ 0	$ 138,973

Depreciation expense totaling $9,089 was recognized in the Statement of Activities under general government.

8. OFFICE RENTAL AND UTILITIES REIMBURSEMENT

BSEDC leases office space to the Big Spring Chamber of Commerce and Howard County United Way. The duration is indefinite and was established as a verbal extension of a three-year lease that expired in May 1999. The monthly rent is $575 plus 50% of shared utility costs.

9. RISK MANAGEMENT

BSEDC is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. BSEDC carries commercial insurance for these risks.

Workers' Compensation Pool - BSEDC's employees are covered by the City's workers' compensation plan. The City's workers compensation plan is administered by Texas Municipal League's Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program, and the City pays an annual premium for this coverage. The City has acquired stop-loss coverage, which limits the City's possible loss to $250,000 per occurrence.

10. ACCRUED COMPENSATED ABSENCES

Compensated absences consists of vacation leave, sick leave, and compensatory leave. Vacation leave of 5-20 days is granted to all regular employees dependent upon the date employed, years of service, and civil service status. Currently, two times the employee's annual accrual of vacation leave may be "carried over" to the next calendar year. The City is obligated to make payment upon retirement or termination for employees in good standing for any available, unused vacation and compensatory leave. Sick leave for employees is accrued at 5-15 days per year. After 20 years of continuous full-time service for non-civil service personnel, vested sick leave is paid on retirement or termination at the current hourly rate for up to 90 days. Post-Employment Benefits for retirees of the City include the option to purchase health insurance.

11. LONG-TERM DEBT

BSEDC's long-term debt is made up of a sales and use tax revenue note. The activity from the year is summarized below and shows the amounts payable at September 30, 2025.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year	Interest and Fees
Governmental Activities:						
Sales and Use Tax Revenue Note	$ 3,300,000	$	$ 550,000	$ 2,750,000	$ 550,000	$ 75,352
Total Governmental Activities	$ 3,300,000	$ 0	$ 550,000	$ 2,750,000	$ 550,000	$ 75,352

Detail on the maturity dates and interest rates of the outstanding sales and use tax revenue note of BSEDC as of September 30, 2025 are as follows:

Governmental Activities:

Debt	Year of Maturity	Interest Rate
Sales and Use Tax Revenue Note	3/15/2030	2.51%

Debt service requirements on the sales and use tax revenue note at September 30, 2025, are as follows:

	Principal	Interest	Total
Year Ending September 30,			
2026	$ 550,000	$ 62,123	$ 612,123
2027	550,000	48,318	598,318
2028	550,000	34,513	584,513
2029	550,000	20,708	570,708
2030	550,000	6,903	556,903
Totals	$ 2,750,000	$ 172,565	$ 2,922,565

12. PENSION PLAN

Plan Description

BSEDC participates through the City as one of 942 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.tmrs.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 payment 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% of the member's deposits and interest.

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

	December 31, 2024
Employee Deposit Rate	7%
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 Repeating

Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to but not Yet Receiving Benefits	0
Active Employees	2
Total Plan Employees	2

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the matching percentages are either 100%, 150%, or 200%, 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 BSEDC were required to contribute 7.00% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 18.48% and 18.57% in calendar years 2024 and 2025, respectively. BSEDC's contributions to TMRS for the year ended September 30, 2025, were $43,284, and were equal to the required contributions.

Net Pension Liability

BSEDC's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL 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	21 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 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	7.1%
Core Fixed Income	6%	5.0%
Non-Core Fixed Income	6%	6.8%
Hedge Funds	5%	6.4%
Private Equity	13%	8.5%
Private Debt	13%	8.2%
Real Estate	12%	6.7%
Infrastructure	6%	6.0%
Other Private Markets	4%	7.3%

Discount Rate

The discount rate used to measure the TPL 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 TPL.

Changes in Net Pension Asset (Liability)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset (Liability)
Balance 12/31/2023	$ 1,043,266	$ 818,485	$ (224,781)
Service Cost	39,682		(39,682)
Interest (on the Total Pension Liability)	105,844		(105,844)
Difference Between Expected and Actual Expenses	(3,082)		3,082
Changes of Assumptions			-
Contributions - Employee		16,989	16,989
Contributions - Employer		44,852	44,852
Net Investment Income		139,759	139,759
Benefit Payments	(90,705)	(90,705)	
Administrative Expense		(898)	(898)
Other	21,144	(19)	(21,163)
Balance 12/31/2024	$ 1,116,149	$ 928,463	$ (187,686)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of BSEDC, calculated using the discount rate of 6.75%, as well as what BSEDC'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
$ 401,641	$ 187,686	$ 10,527

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*.

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

For the year ended September 30, 2025, BSEDC recognized pension expense of $39,393 and calculated as shown below:

Total Service Cost	$	39,616
Interest on the Total Pension Liability		105,666
Employee Contributions (Reduction of Expense)		(16,961)
Projected Earnings on Plan Investments (Reduction of Expense)		(90,813)
Administrative Expense		897
Other Changes in Fiduciary Net Position		21
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities		1,776
Recognition of Current Year Outflow (Inflow) of Resources-Assets		(809)
Total Pension Expense	$	39,393

At September 30, 2025, BSEDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$	3,152	$	2,030
Change in Assumptions				5,355
Net Difference In Projected and Actual Earnings				13,964
Contributions Paid to TMRS Subsequent to the Measurement Date		32,185		
Total	$	35,337	$	21,349

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

Plan Year		Amortization of Deferred Outflows
2025	$	30,377
2026		14,906
2027		(21,522)
2028		(9,773)
	$	13,988

13. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description:

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 January 1 each year. BSEDC'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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to but not Yet Receiving Benefits	0
Active Employees	2
Total Plan Employees	2

Total OPEB Liability:

BSEDC's total OPEB liability of $15,243 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2024 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	2.5%
Salary Increases	3.60% to 11.85% including inflation
Discount Rate	4.08%
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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates – Disabled Retirees	2019 Municipal Retirees of TexasMortality 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

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 GASBS No. 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.08% based on the Bond Buyer "20-Bond GO Index" rate as of December 31, 2024.

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 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.

<u>Changes in the Total OPEB Liability:</u>

Balance as of December 31, 2023	$	14,300
Changes for the year:		
Service Cost		534
Interest on Total OPEB Liability		588
Benefit Payments		(606)
Differences Between Expected and Actual Experience		(190)
Changes in Assumptions or Other Inputs		(728)
Other - Proportionate Share Adjustment		1,345
Balance as of December 31, 2024	$	15,243

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

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 4.08%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) 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.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB Liability	$ 17,761	$ 15,243	$ 13,188

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

For the year ended September 30, 2025, BSEDC recognized OPEB benefit of $(522). At September 30, 2025, BSEDC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 401	$ 2,542
Difference in Expected and Actual Experience		353
Contributions Made Subsequent to Measurement Date	433	
	$ 834	$ 2,895

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:

	Amortization of Deferred Resources
2023	$ (1,226)
2024	(623)
2025	(183)
2026	(29)
	$ (2,061)

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

NOTES TO BASIC FINANCIAL STATEMENTS

14. HEALTH CARE BENEFITS

Health insurance benefits are provided to the employees of BSEDC through the City's self-insured health insurance plan. The City's health insurance plan is administered by a third-party administrator, Texas Municipal League's Multistate Intergovernmental Employee Benefits Pool (TMLMIEBP). TMLMIEBP 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. BSEDC's health insurance cost of $30,423 includes health insurance paid for both employees.

BSEDC does not provide post-retirement health benefits to its employees.

15. LITIGATION AND CONTINGENCIES

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

16. COMMITMENT TO THE CITY OF BIG SPRING

In May 2012, the citizens of Big Spring voted to fund a 4B project to rehabilitate the City's water and waste water treatment plants including repair or replacing water distributions lines. As a part of that agreement with the City, BSEDC was obligated to fund $750,000 on January 1, 2016. In later years and through 2033, BSEDC is obligated to pay 40% of its sales tax revenue except the payment cannot exceed $750,000 or be less than $500,000. This agreement has a term ending in 2033 or a total amount of $13,000,000.

	Total Project	Expended to Date	Commitment
Water & Waste Water	$ 13,000,000	$ 9,750,000	$ 3,250,000

REQUIRED SUPPLEMENTARY INFORMATION

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION
DEFINED BENEFIT RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION ASSET/LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
	Total Pension Liability	Total Pension Liability	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	$ 32,062	$ 22,328	$ 30,102	$ 23,859	$ 25,105	$ 29,844	$ 28,910	$ 31,553	$ 35,121	$ 39,682
Interest	76,779	52,479	74,355	59,604	63,442	73,042	78,017	84,956	93,898	105,844
Benefit Payments/Refunds of Employee Contributions	(42,272)	(39,022)	(52,953)	(46,382)	(47,565)	(59,600)	(62,230)	(67,032)	(75,088)	(90,705)
Differences between Expected and Actual Experience	7,513	4,116	(9,894)	(4,995)	6,312	(3,119)	16,990	13,515	5,202	(3,082)
Changes of Assumptions	2,281				1,786				(13,634)	
Other - Proportionate Share Adjustment		3,284	54,375	(40,647)	5,463	15,136	4,584	3,562	14,668	21,144
Net Change	$ 76,363	$ 43,185	$ 95,985	$ (8,561)	$ 54,543	$ 55,303	$ 66,271	$ 66,554	$ 60,167	$ 72,883
Beginning Balance	533,456	609,819	653,004	748,989	740,428	794,971	850,274	916,545	983,099	1,043,266
Ending Balance	$ 609,819	$ 653,004	$ 748,989	$ 740,428	$ 794,971	$ 850,274	$ 916,545	$ 983,099	$ 1,043,266	$ 1,116,149
	Fiduciary Net Position	Fiduciary Net Position	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	$ 9,732	$ 9,830	$ 10,186	$ 10,497	$ 11,080	$ 13,264	$ 12,923	$ 14,059	$ 15,619	$ 16,989
Employer Contributions	22,615	22,623	24,955	26,063	27,210	33,047	33,193	34,908	39,874	44,852
Net Investment Income	892	40,972	119,577	(22,595)	114,484	70,325	132,135	(85,191)	129,697	139,759
Benefit Payments/Refunds of Employee Contributions	(42,272)	(39,022)	(52,953)	(46,382)	(47,565)	(59,600)	(62,230)	(67,032)	(75,088)	(90,705)
Administration Expenses	(544)	(463)	(620)	(437)	(647)	(456)	(612)	(738)	(827)	(898)
Other	(27)	(26)	(31)	(23)	(20)	(17)	4	880	(6)	(19)
Net Change	$ (9,604)	$ 33,914	$ 101,114	$ (32,877)	$ 104,542	$ 56,563	$ 115,413	$ (103,114)	$ 109,269	$ 109,978
Beginning Balance	443,265	433,661	467,575	568,689	535,812	640,354	696,917	812,330	709,216	818,485
Ending Balance	$ 433,661	$ 467,575	$ 568,689	$ 535,812	$ 640,354	$ 696,917	$ 812,330	$ 709,216	$ 818,485	$ 928,463
Net Pension Asset (Liability)	$ (176,158)	$ (185,429)	$ (180,300)	$ (204,616)	$ (154,617)	$ (153,357)	$ (104,215)	$ (273,883)	$ (224,781)	$ (187,686)
Fiduciary Net Position as a Percentage of Total Pension Liability	71.11%	71.60%	75.93%	72.37%	80.55%	81.96%	88.63%	72.14%	78.45%	83.18%
Covered Payroll	$ 140,848	$ 142,256	$ 145,509	$ 149,963	$ 158,291	$ 189,707	$ 184,584	$ 200,852	$ 219,953	$ 238,105
Net Pension Liability as a Percentage of Covered Payroll	-125.07%	-130.35%	-123.91%	-136.44%	-97.68%	-80.84%	-56.46%	-136.36%	-102.20%	-78.82%

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION
DEFINED BENEFIT RETIREMENT PLAN

SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025
Actuarially Determined Contribution	$ 25,555	$ 24,211	$ 26,027	$ 26,721	$ 31,388	$ 32,206	$ 34,250	$ 38,772	$ 38,750	$ 43,284
Actual Contributions	25,555	24,211	26,027	26,721	31,388	32,206	34,250	38,772	38,750	43,284
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 146,192	$ 144,631	$ 148,438	$ 155,046	$ 180,541	$ 180,576	$ 195,256	$ 218,431	$ 230,057	$ 239,838
Contributions as a Percentage of Covered Employee Payroll	17.48%	16.74%	17.53%	17.23%	17.39%	17.84%	17.54%	17.75%	16.84%	18.05%

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION
SUPPLEMENTAL DEATH BENEFIT FUND

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2017 Total OPEB Liability	12/31/2018 Total OPEB Liability	12/31/2019 Total OPEB Liability	12/31/2020 Total OPEB Liability	12/31/2021 Total OPEB Liability	12/31/2022 Total OPEB Liability	12/31/2023 Total OPEB Liability	12/31/2024 Total OPEB Liability
Service Cost	$ 436	$ 405	$ 364	$ 550	$ 609	$ 703	$ 403	$ 534
Interest on Total OPEB Liability	484	375	493	418	349	332	539	588
Benefit Payments	(151)	(135)	(158)	(208)	(572)	(502)	(558)	(606)
Differences Between Expected and Actual Experience		1,696	(2,177)	(930)	(943)	(121)	(151)	(190)
Changes in Assumptions or Other Inputs	1,027	(711)	2,011	2,055	484	(5,679)	686	(728)
Other - Proportionate Share Adjustment		(3,262)	342	1,345	507	594	680	1,345
Net Change	$ 1,796	$ (1,632)	$ 875	$ 3,230	$ 434	$ (4,673)	$ 1,599	$ 943
Beginning Balance	12,671	14,467	12,835	13,710	16,940	17,374	12,701	14,300
Ending Balance	$ 14,467	$ 12,835	$ 13,710	$ 16,940	$ 17,374	$ 12,701	$ 14,300	$ 15,243
Total OPEB Liability	$ 14,467	$ 12,835	$ 13,710	$ 16,940	$ 17,374	$ 12,701	$ 14,300	$ 15,243
Covered Employee Payroll	$ 145,509	$ 149,963	$ 158,291	$ 189,707	$ 184,584	$ 200,852	$ 219,953	$ 238,105
Total OPEB Liability as a Percentage of Covered Employee Payroll	9.94%	8.56%	8.66%	8.93%	9.41%	6.32%	6.50%	6.40%

Note: Only eight of GASB 75 Data Available as of 12/31/2024. The remaining two years of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	(Unaudited) Budgeted Amounts			Variance with Final Budget Positive or
	Original	Final	Actual Amounts	(Negative)
Revenues:				
Taxes:				
Sales Taxes	$ 2,750,000	$ 2,750,000	$ 3,214,626	$ 464,626
Investment Earnings	100,000	100,000	243,900	143,900
Other Revenues	5,300	5,300	5,585	285
Rental Income	5,500	5,500	6,900	1,400
Total Revenues	$ 2,860,800	$ 2,860,800	$ 3,471,011	$ 610,211
Expenditures:				
General Government:				
Compensation	$ 314,714	$ 314,714	$ 369,623	$ (54,909)
Office Facilities	28,510	28,510	17,321	11,189
Office Expenses	14,200	14,200	10,389	3,811
Insurance	12,205	12,205	11,467	738
Economic Development:				
Contractual Services	159,600	159,600	63,781	95,819
Meetings and Workshops	27,000	27,000	21,971	5,029
Professional Development	5,000	5,000	2,122	2,878
Promotion	50,000	50,000	41,395	8,605
Economic Development Grants	778,200	778,200	116,851	661,349
Water and Waste Water Project - City of Big Spring	750,000	750,000	750,000	
Capital Outlay:				
Equipment	5,000	5,000		5,000
Property Improvements	25,000	25,000	35,310	(10,310)
Debt Service:				
Principal	550,000	550,000	550,000	
Interest Expense	75,928	75,928	75,352	576
Total Expenditures	$ 2,795,357	$ 2,795,357	$ 2,065,582	$ 729,775
Excess (Deficit) of Revenues Over (Under) Expenditures	$ 65,443	$ 65,443	$ 1,405,429	$ 1,339,986
Net Change in Fund Balance	$ 65,443	$ 65,443	$ 1,405,429	$ 1,339,986
Fund Balance - Beginning	11,223,516	11,223,516	11,223,516	
Fund Balance - Ending	$ 11,288,959	$ 11,288,959	$ 12,628,945	$ 1,339,986

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SEPTEMBER 30, 2025

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	21 years
Asset Valuation Method	Ten Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information:	
Notes	There were no benefit changes during the year.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2025

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, BSEDC 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 Board of Directors is then called for the purpose of adopting the proposed budget. At least 72 hours public notice of the meeting must have been given.

c. Prior to the start of the fiscal year, the budget is legally enacted through approval by the City of Big Spring City Council.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Board of Directors and approval from the City of Big Spring City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board of Directors and are not made after fiscal year end. The legal level of control is at the function 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).

Expenditures exceeding budgeted numbers are covered by unassigned fund balance for Compensation and Property Improvements line items.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
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8215 NASHVILLE AVENUE
LUBBOCK, TEXAS 79423-1954

March 31, 2026

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, 2025, and have issued our report thereon dated March 31, 2026. 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 April 23, 2025. 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. During the year ended September 30, 2025, the City adopted *GASB Statement No. 101 – Compensated Absences*, which updates the recognition and measurement guidance. The application of existing policies was not changed during the year. 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 and unadjusted audit differences 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 March 31, 2026.

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 and the schedule of expenditures of federal awards, 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,

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Client: ***06565 - City of Big Spring***
Engagement: ***2025 City of Big Spring***
Period Ending: ***9/30/2025***
Trial Balance: ***017 W - Trial Balance***
Workpaper: ***Adjusting Journal Entries Report***

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To adjust GASB 68 balances for TMRS pension and OPEB.			
405-002-735-5050	RETIREMENT	267.94	
405-002-735-5050	RETIREMENT	5,729.32	
405-021-705-5050	RETIREMENT	355.74	
405-021-705-5050	RETIREMENT	7,606.61	
405-021-710-5050	RETIREMENT	629.12	
405-021-710-5050	RETIREMENT	13,452.24	
405-021-740-5050	RETIREMENT	344.48	
405-021-740-5050	RETIREMENT	7,365.97	
405-021-745-5050	RETIREMENT	87.07	
405-021-745-5050	RETIREMENT	1,861.64	
405-1805	DEFERRED OUTFLOWS - ER CONTRI	54,527.15	
405-1807	DEF OUTFL - TMRS OPEB	2,993.50	
405-2808	DEF INFLOWS - TMRS OPEB	2,006.42	
405-2905	NET PENSION LIABILITY - TMRS	350,346.06	
410-021-610-5050	RETIREMENT	1,658.85	
410-021-610-5050	RETIREMENT	19,923.65	
410-1805	DEFERRED OUTFLOWS - ER CONTRI	12,385.23	
410-1807	DEF OUTFL - TMRS OPEB	400.44	
410-2808	DEF INFLOWS - TMRS OPEB	329.34	
410-2905	NET PENSION LIABILITY - TMRS	47,589.70	
440-1805	DEFERRED OUTFLOWS - ER CONTRI	1,983.54	
440-1807	DEF OUTFL - TMRS OPEB	1,316.18	
440-2808	DEF INFLOWS - TMRS OPEB	618.97	
440-2905	NET PENSION LIABILITY-TMRS	150,912.13	
440-2906	TOTAL OPEB LIABILITY - TMRS	3,516.37	
445-1805	DEFERRED OUTFLOWS - ER CONTRI	9,718.52	
445-1807	DEF OUTFL - TMRS OPEB	985.56	
445-2808	DEF INFLOWS - TMRS OPEB	562.03	
445-2905	NET PENSION LIABILITY-TMRS	114,174.41	
445-2906	TOTAL OPEB LIABILITY - TMRS	216.25	

Client: ***06565 - City of Big Spring***
Engagement: ***2025 City of Big Spring***
Period Ending: ***9/30/2025***
Trial Balance: ***017 W - Trial Balance***
Workpaper: ***Adjusting Journal Entries Report***

Account	Description	Debit	Credit
405-1806	DEF OUTFL - TMRS		42,223.43
405-2807	DEFF INFLOWS - TMRS PENSION		398,665.56
405-2906	TOTAL OPEB LIABILITY - TMRS		6,684.27
410-1806	DEF OUTFL - TMRS		7,847.65
410-2807	DEFF INFLOWS - TMRS PENSION		72,050.93
410-2906	TOTAL OPEB LIABILITY - TMRS		2,388.63
440-025-350-5050	RETIREMENT		5,451.52
440-025-350-5050	RETIREMENT		49,413.17
440-1806	DEF OUTFL - PEN TMRS		9,064.42
440-2807	DEFF INFLOWS - TMRS PENSION		94,418.08
445-025-330-5050	RETIREMENT		1,763.84
445-025-330-5050	RETIREMENT		12,572.12
445-1806	DEF OUTFL - PEN TMRS		10,344.32
445-2807	DEFF INFLOWS - TMRS PENSION		100,976.49
Total		**813,864.43**	**813,864.43**

Adjusting Journal Entries JE # 2
To record additional accounts payable.

Account	Description	Debit	Credit
002-001-000-5521	SPECIAL SERVICES	90,197.00	
002-2000	A/P PENDING		90,197.00
Total		**90,197.00**	**90,197.00**

Client: ***06565 - City of Big Spring***
Engagement: ***2025 City of Big Spring***
Period Ending: ***9/30/2025***
Trial Balance: ***017 W - Trial Balance***
Workpaper: ***Adjusting Journal Entries Report***

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 3			
To reclass debt principal payment.			
405-070-070-5701	DEBT SERVICE - PREM/DISC/INS	535,000.00	
405-2209	CURR PORTION-2022 GO	25,000.00	
405-2635	2022 GO REFUNDING	25,000.00	
482-1003	CLAIM ON CASH	585,000.00	
405-1003	CLAIM ON CASH		585,000.00
482-070-070-5701	DEBT SERVICE - PRINCIPAL		585,000.00
Total		**1,170,000.00**	**1,170,000.00**
Adjusting Journal Entries JE # 4			
To adjust Enterprise leases.			
002-070-070-5701-	DEBT SVC ENTERPRISE	26,069.49	
405-070-070-5701-	DEBT SVC ENTERPRISE	2,028.22	
405-2201	CURR PORTION-NOTES PAYABLE	206.28	
405-2655	LONG TERM NOTES PAYABLE	65,582.82	
410-2201	CURRENT PORTION-NOTES PAYABLE	10,610.33	
410-2655	LONG TERM NOTES PAYABLE	10,878.98	
430-2655	LONG TERM NOTES PAYABLE	4,379.40	
445-2201	CURRENT PORTION-NOTES PAYABLE	2,221.52	
445-2655	LONG TERM NOTES PAYABLE	535.84	
505-070-070-5701-	DEBT SCV ENTERPRISE	573.00	
505-2655	LONG TERM NOTES PAYABLE	8,993.32	
002-011-200-5515	HIRE OF EQUIPMENT		26,069.49
405-021-710-5515	HIRE OF EQUIPMENT		67,817.32
410-021-610-5515	HIRE OF EQUIPMENT		19,921.72
410-070-070-5701-	DEBT SVC ENTERPRISE		1,567.59
430-2201	CURR PORTION-NOTES PAYABLE		4,379.40
445-025-330-5515	HIRE OF EQUIPMENT		2,477.06
445-070-070-5701-	DEBT SVC ENTERPRISE		280.30
505-021-810-5515	HIRE OF EQUIPMENT		7,504.23

Client: ***06565 - City of Big Spring***
Engagement: ***2025 City of Big Spring***
Period Ending: ***9/30/2025***
Trial Balance: ***017 W - Trial Balance***
Workpaper: ***Adjusting Journal Entries Report***

Account	Description	Debit	Credit
505-2201	CURR PORTION-NOTES PAYABLE		2,062.09
Total		**132,079.20**	**132,079.20**
Adjusting Journal Entries JE # 5			
To adjust 2020 bond premium and 2022 bond premium and gain on refunding.			
405-2403	DEFERRED INFLOWS - 2020GO PREM	2,323.27	
405-2410	2022 GO PREM DEFERRED INFLOWS	43,358.98	
405-2800	PROPERITY FUND BOND OFFEST	15,331.66	
405-070-070-5701	DEBT SERVICE - PREM/DISC/INS		61,013.91
Total		**61,013.91**	**61,013.91**
Adjusting Journal Entries JE # 6			
To book proceeds on GASB 87 leases added.			
002-011-200-5515	HIRE OF EQUIPMENT	92,334.14	
002-4921	OTHER FINANCING SOURCES		92,334.14
Total		**92,334.14**	**92,334.14**
Adjusting Journal Entries JE # 7			
To adjust interest expense on bond payments.			
259-1003	CLAIM ON CASH	4,230.77	
482-1003	CLAIM ON CASH	84,569.23	
483-070-070-5703	DEBT SERVICE INTEREST	88,800.00	
259-070-070-5703	DEBT SERVICE INTEREST		4,230.77
482-070-070-5703	DEBT SERVICE INTEREST		84,569.23
483-1003	CLAIM ON CASH		88,800.00
Total		**177,600.00**	**177,600.00**

Client: ***06565 - City of Big Spring***
Engagement: ***2025 City of Big Spring***
Period Ending: ***9/30/2025***
Trial Balance: ***017 W - Trial Balance***
Workpaper: ***Adjusting Journal Entries Report***

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
To reverse payroll cash clearing balances.			
002-1003	CLAIM ON CASH	682,190.91	
110-1003	CLAIM ON CASH	9,252.34	
405-1003	CLAIM ON CASH	134,915.22	
410-1003	CLAIM ON CASH	25,504.08	
430-1003	CLAIM ON CASH	49,639.54	
440-1003	CLAIM ON CASH	30,298.42	
445-1003	CLAIM ON CASH	27,186.42	
625-1003	CLAIM ON CASH	4,975.10	
720-1098	PAYROLL CASH CLEARING	963,962.03	
002-1098	PAYROLL CASH CLEARING		682,190.91
110-1098	PAYROLL CASH CLEARING		9,252.34
405-1098	PAYROLL CASH CLEARING		134,915.22
410-1098	PAYROLL CASH CLEARING		25,504.08
430-1098	PAYROLL CASH CLEARING		49,639.54
440-1098	PAYROLL CASH CLEARING		30,298.42
445-1098	PAYROLL CASH CLEARING		27,186.42
625-1098	PAYROLL CASH CLEARING		4,975.10
720-1003	CLAIM ON CASH		963,962.03
Total		**1,927,924.06**	**1,927,924.06**
Adjusting Journal Entries JE # 9			
To adjust PPA on implementation of GASB 101.			
405-021-705-5013	SALARY ADJ FOR GASB'S	6,761.55	
440-025-350-5013	SALARY ADJ FOR GASB'S	20,306.63	
405-3501	NET POSITION		6,761.55
440-3501	NET POSITION		20,306.63
Total		**27,068.18**	**27,068.18**

Client: ***06565 - City of Big Spring***
Engagement: ***2025 City of Big Spring***
Period Ending: ***9/30/2025***
Trial Balance: ***017 W - Trial Balance***
Workpaper: ***Adjusting Journal Entries Report***

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 10			
To adjust GASB 75 balances for Retiree Health Insurance OPEB.			
405-1809	DEFF OUTFLOWS - OPEB	64,142.68	
405-2060	POST EMPLOYMENT BENEFITS	208,455.99	
410-021-610-5060	GROUP INSURANCE	10,379.21	
410-1809	DEFF OUTFLOWS - OPEB	15,197.94	
410-2060	POST EMPLOYMENT BENEFITS	37,018.26	
430-012-260-5060	GROUP INSURANCE	22,567.73	
430-1809	DEFF OUTFLOWS - OPEB	27,285.39	
430-2060	POST EMPLOYMENT BENEFITS	62,574.38	
440-1809	DEFF OUTFLOWS - OPEB	10,851.11	
440-2060	POST EMPLOYMENT BENEFITS	53,250.09	
445-1809	DEFF OUTFLOWS - OPEB	9,353.93	
445-2060	POST EMPLOYMENT BENEFITS	44,955.52	
405-002-735-5060	GROUP INSURANCE		2,014.43
405-021-705-5060	GROUP INSURANCE		2,085.73
405-021-710-5060	GROUP INSURANCE		2,767.86
405-021-740-5060	GROUP INSURANCE		1,703.33
405-021-745-5060	GROUP INSURANCE		486.66
405-2409	DEF INFLOWS OF RESOURCES-OPEB		263,540.66
410-2409	DEF INFLOWS OF RESOURCES-OPEB		62,595.41
430-2409	DEF INFLOWS OF RESOURCES-OPEB		112,427.50
440-025-350-5060	GROUP INSURANCE		19,738.84
440-2409	DEF INFLOWS OF RESOURCES-OPEB		44,362.36
445-025-330-5060	GROUP INSURANCE		16,056.32
445-2409	DEF INFLOWS OF RESOURCES-OPEB		38,253.13
Total		**566,032.23**	**566,032.23**

Client: ***06565 - City of Big Spring***
Engagement: ***2025 City of Big Spring***
Period Ending: ***9/30/2025***
Trial Balance: ***017 W - Trial Balance***
Workpaper: ***Adjusting Journal Entries Report***

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 11			
To adjust GASB 68 balances for Big Spring Firemen's Relief and Retirement Fund.			
430-1804	DEFERRED OUTFLOWS - BSFRRF	870,828.80	
430-2906	NET PENSION LIABILITY - BSFRRF	455,233.38	
430-012-260-5050	RETIREMENT		544,919.32
430-1807	DOR - ER CONTRIBUTIONS		28,810.26
430-2806	DEFF INFLOWS - BSFRRF PENSION		752,332.60
Total		**1,326,062.18**	**1,326,062.18**
Adjusting Journal Entries JE # 12			
To book grant receivable for EDA grant.			
409-1102	ACCOUNTS RECEIVABLE - OTHER	1,246,824.41	
409-4204-000	EDA GRANT 08-01-05661		1,246,824.41
Total		**1,246,824.41**	**1,246,824.41**
Adjusting Journal Entries JE # 13			
To adjust intercompany balances.			
002-080-000-5808	TRANSFER TO OTHER FUNDS	612,390.00	
002-1230	DUE FROM OTHER FUNDS		612,390.00
Total		**612,390.00**	**612,390.00**

CITY OF BIG SPRING, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025

CITY OF BIG SPRING, TEXAS

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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CITY OF BIG SPRING, TEXAS

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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FINANCIAL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
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LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

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, 2025, 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, 2025, 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. The financial statements of Big Spring Economic Development Corporation was not audited in accordance with *Government Auditing Standards.*

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 accompanying schedule of expenditures of federal awards, is required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is 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 March 31, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the City's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

March 31, 2026

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, 2025. 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 exceeded its liabilities on September 30, 2025, by $192,841 (net position). Of this amount, the unrestricted net position increased by $589 from $28,779 to $29,368. At the same time, the Net Position Invested in Capital Assets increased by $6,048 to a total $158,275.

- The City's total net position increased by $8,923. Net Pension Liability had an overall decrease of ($2,108). At the end of calendar year 2025 - the fiscal year-end of both TMRS (Non-Fire Employees) and BSFRRF (Firemen's) retirement funds - the City's combined Net Pension Liability is $20,121.

- The City's governmental funds combined ending fund balance is $25,593 of which $20,290 (an increase of $1,107), is available for spending at the City's discretion.

- The ending unassigned fund balance for the General Fund was $20,251, or 81.35% of total general fund revenues and 82.74% of total expenditures.

- The City has reduced Bond and Financing Lease Debt by $1,911 from $10,293 at 9/30/2024, to $8,382 at 9/30/2025, an 18.57% 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 grants with cost share requirements, and revenues provided directly from the taxpayer, such as property tax. 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 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's assets and deferred outflows of resources exceeded deferred inflows of resources and liabilities by $192,841 on September 30, 2025.

The largest portion of the City's net position, $158,297, 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	
	2025	2024	2025	2024	2025	2024
Assets:						
Cash and Cash Equivalents	$ 9,749	$ 8,324	$ 6,314	$ 6,739	$ 16,063	$ 15,063
Investments	16,463	14,639	33,025	34,182	49,488	48,821
Receivables	2,258	2,869	2,342	2,524	4,600	5,393
Internal Balances	5,889	5,563	(5,889)	(5,563)	0	0
Due from Other Governments			1,247		1,247	0
Capital Assets	86,247	86,720	80,893	76,440	167,140	163,160
Other Assets	18	12	840	938	858	950
Total Assets	$ 120,624	$ 118,127	$ 118,772	$ 115,260	$ 239,396	$ 233,387
Deferred Outflows of Resources	$ 3,614	$ 4,012	$ 1,402	$ 1,718	$ 5,016	$ 5,730
Liabilities:						
Accounts Payable and Other Current Liabilities	$ 3,140	$ 4,560	$ 2,944	$ 2,421	$ 6,084	$ 6,981
Current Portion of Long-term Liabilities	2,102	1,777	947	933	3,049	2,710
Long-term Liabilities	20,250	23,145	15,140	16,848	35,390	39,993
Total Liabilities	$ 25,492	$ 29,482	$ 19,031	$ 20,202	$ 44,523	$ 49,684
Deferred Inflows of Resources	$ 4,817	$ 3,259	$ 2,231	$ 2,256	$ 7,048	$ 5,515
Net Position:						
Invested in Capital Assets	$ 82,688	$ 81,902	$ 75,587	$ 70,325	$ 158,275	$ 152,227
Restricted	5,198	2,912			5,198	2,912
Unrestricted	6,043	4,584	23,325	24,195	29,368	28,779
Total Net Position	$ 93,929	$ 89,398	$ 98,912	$ 94,520	$ 192,841	$ 183,918

The City has restricted net position totaling 1.52% 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 $29,368.

There was an overall increase of $6,048 in net investment in capital assets, with capital assets in governmental activities increasing by $786 and capital assets in business-type activities increasing by $5,262. 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)

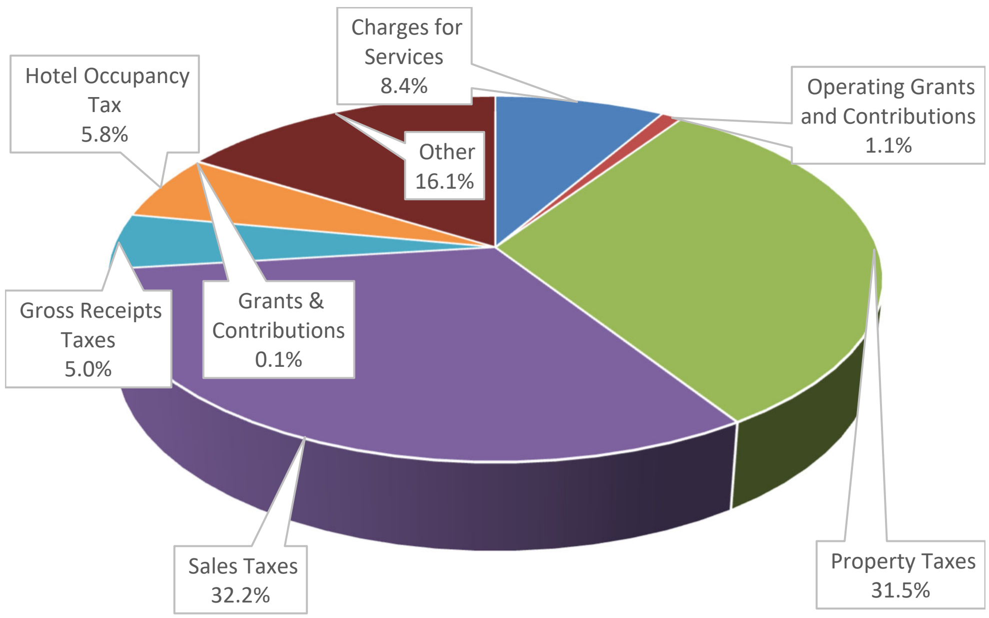
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues						
Charges for Services	$ 2,536	$ 2,068	$ 22,510	$ 24,270	$ 25,046	$ 26,338
Operating Grants and Contributions	321	343	450	1,391	771	1,734
Capital Grants and Contributions			2,829	4,223	2,829	4,223
General Revenues						
Property Taxes	9,540	8,658			9,540	8,658
Sales Taxes	9,744	10,091			9,744	10,091
Gross Receipts Taxes	1,500	1,601			1,500	1,601
Hotel Occupancy Tax	1,752	1,533			1,752	1,533
Grants and Contributions Not Restricted to Specific Programs	20	1,030			20	1,030
Unrestricted Investment Earnings	695	678	1,255	1,485	1,950	2,163
Miscellaneous	4,195	4,218	3,816	3,227	8,011	7,445
Total Revenues	$ 30,303	$ 30,220	$ 30,860	$ 34,596	$ 61,163	$ 64,816
Expenses:						
Water and Sewer	$	$	$ 13,977	$ 13,730	$ 13,977	$ 13,730
Airport/Industrial Park			4,258	3,404	4,258	3,404
Emergency Medical Services			2,349	2,705	2,349	2,705
Landfill			1,979	1,596	1,979	1,596
Sanitation			3,123	3,222	3,123	3,222
General Government	3,177	3,072			3,177	3,072
Public Safety	14,055	13,320			14,055	13,320
Highways and Streets	3,422	2,965			3,422	2,965
Recreation and Parks	3,431	2,925			3,431	2,925
Economic Development	1,432	1,445			1,432	1,445
Other	318	355			318	355
Total Expenses	$ 25,835	$ 24,082	$ 25,686	$ 24,657	$ 51,521	$ 48,739
Increase in Net Position Before Transfers	$ 4,468	$ 6,138	$ 5,174	$ 9,939	$ 9,642	$ 16,077
Transfers	618	1,030	(618)	(1,030)	0	0
Increase (Decrease) in Net Position	$ 5,086	$ 7,168	$ 4,556	$ 8,909	$ 9,642	$ 16,077
Net Position-Beginning	89,398	82,230	94,520	85,611	183,918	167,841
Prior Period Adjustment	(555)		(164)		(719)	
Net Position-Ending	$ 93,929	$ 89,398	$ 98,912	$ 94,520	$ 192,841	$ 183,918

Governmental Activities - Governmental activities increased the City's net position by $5,086, representing a 0.27% rise in governmental revenues. Overall revenue remained relatively flat for the year—property tax collections increased, while oil royalties and sales tax revenues declined. The slight overall increase in revenue led to a modest improvement in the City's net position.

Key elements of this increase are as follows:

- Sales tax collections remain the largest source of general revenues, but they decreased by 3.4% to \$9,744 and are 32.16% of the general revenues.
- Property taxes are the second largest source of revenue this year at 31.48% of general revenues. Property tax increased by 10.19%, from \$8,658 in 2023-24 to \$9,560 in 2024-25. This category includes collections and penalties/interest for both the current year and delinquent taxes.
- The Hotel Occupancy Tax had increased from \$1,533 in 2023-24 to \$1,752 in 2024-25, an increase of (14.29%).

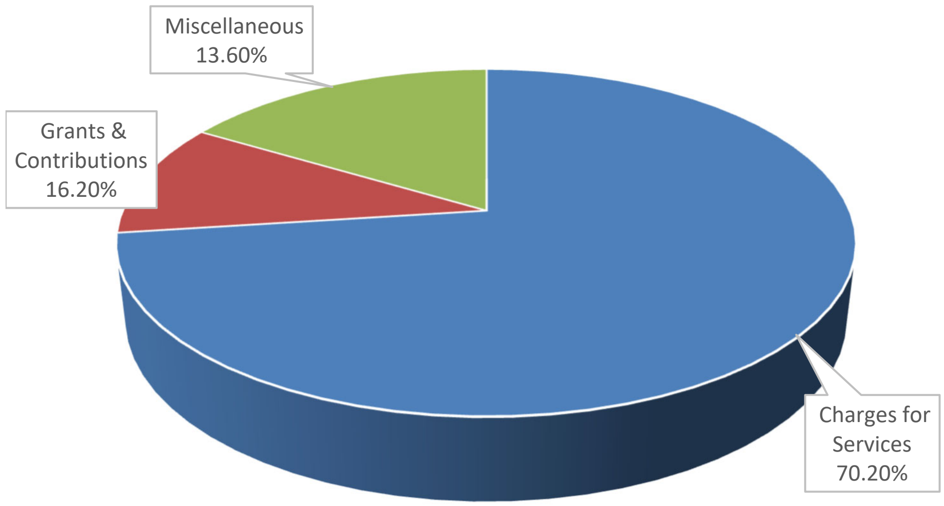
Revenues by Source
Governmental Activities
Fiscal Year 2023-24



Business-Type Activities - Business-type activities increased the City of Big Spring's total net position by \$4,392 in the current fiscal year. Key elements of this increase are as follows:

- Total business-type revenues decreased (\$3,736) in 2024-25, mainly due to the outsourcing of EMS Services beginning in June 2024, where revenue was neither billed nor collected by the City. There were no EMS operations in FY 24-25
- Charges for services – the major class of revenues in the business-type activities – decreased by (7.25%) by (\$1,760).
- Total expenses for the City's business-type activities increased by \$1,029 from \$24,657 for the fiscal year ended September 30, 2024, to \$25,686 for the fiscal year ended September 30, 2025.
- Total revenue exceeded expenses by \$ 4,556 for the year, resulting in an increase to the overall net position.

Revenues by Source
Business-Type Activities
Fiscal Year 2024-25



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City 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 2024-25 year, its governmental funds reported combined ending fund balances of $25,593 representing an increase of $3,397 from the prior year's balance of $22,197. This is mostly attributed to the increased revenues in property taxes, hotel tax revenue and contributions to the Hotel Occupancy Tax Fund.

The General Fund is the major operating fund of the City. Unassigned fund balance represents 82.73% of total General Fund expenditures.

Total fund balance in the City's General Fund increased by $1,060, a 5.52% increase during fiscal year 2024-25. The other governmental funds realized a net increase to fund balance of $2,331 or 77.85%. The increase is mainly due to insurance recovery proceeds after the community center was destroyed by fire.

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:

	2025	2024	Change
Water and Sewer Fund	$ 7,188	$ 7,920	$ (732)
Airport/Industrial Park	23,113	23,213	(100)
Emergency Medical Services	(4,658)	(3,846)	(812)
Landfill	(546)	(2,184)	1,638
Sanitation	(1,772)	(909)	(863)
	$ 23,325	$ 24,194	$ (869)

Unrestricted net position decreased by ($732) in the Water and Sewer Fund and decreased by ($100) in the Airport/Industrial Park. The Emergency Medical Services Fund went from ($3,846) in FY 23-24 to ($4,658) in 2024-25 the decrease is ($812). The Landfill Fund's unrestricted net position increased by $1,638. The Sanitation Fund decreased unrestricted net position by ($863).

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget review this year resulted in an increase in revenue of $1,154, above the original budget. The General Fund had a net increase of fund balance of $1,066 at 9/30/2025. The budget was a conservative budget, knowing that there was high inflation, and a potential decline in oil royalties. The following are some of the highlights that affected the fund balance.

- Final revenues exceeded the final revised budget by a net of $465. While sales tax collections and mineral royalties declined from expectations, the increase in property tax revenue largely offset these decreases, resulting in a modest overall positive variance.
- Actual expenditures were generally in line with the final revised budget and finished $745 below budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $167,140 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, water and sewer lines, and drainage improvements. The total City investment in capital assets increased slightly by $3,980 or 2.44%.

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

- Infrastructure and improvements decreased by a net of ($413) as projects in business-type activities were completed and put into operation.
- Buildings and systems increased by a net of $5,708 mainly because of improvements to facilities at the Airpark.
- In addition, construction in progress of Business-Type Activities decreased by ($1,963) as the multi-year utility projects funded by the ARPA funds were completed.
- Machinery and equipment increased by $628 due to the replacement of equipment that had exceeded its useful life and the cost of replacement was more economical than repair.

Table III
City of Big Spring, Texas

CAPITAL ASSETS AT SEPTEMBER 30, 2025
(Net of Depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	$ 72,992	$ 72,972	$ 6,325	$ 6,325	$ 79,317	$ 79,297
Historical Works of Arts			426	426	426	426
Buildings and Systems	1,416	1,500	25,907	20,115	27,323	21,615
Infrastructure and Improvements	7,064	7,471	38,254	38,260	45,318	45,731
Machinery and Equipment	4,775	4,520	6,378	6,005	11,153	10,525
Construction in Progress		257	3,603	5,309	3,603	5,566
	$ 86,247	$ 86,720	$ 80,893	$ 76,440	$ 167,140	$ 163,160

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. Defease 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 increased from "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 had total bonded debt outstanding of $7,915. The total outstanding debt is backed by the full faith and credit of the government, while a tax levy has been established for $3,115 of the total and the remaining $4,800 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 $38,439.

The City 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, 2025
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Serviced by Tax Revenues						
General Obligation Bonds	$ 3,115	$ 4,215	$	$	$ 3,115	$ 4,215
Serviced by Enterprise Funds						
Certificates of Obligation Bonds			4,800	5,405	4,800	5,405
	$ 3,115	$ 4,215	$ 4,800	$ 5,405	$ 7,915	$ 9,620

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 31.48% and 32.16%, at $9,540 and $9,744, respectively. Sales tax decreased during fiscal year ending September 30, 2025, by 3.44%.

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 Wolf Camp and Cline Shale oil formations. Mineral revenues in fiscal 2025 totaled $4,786, a decrease of $463 from $5,613 at the end of fiscal 2024. This decrease in mineral revenues is a direct result of a decrease in production and the reduction in the price of oil, with oil at $68.17/barrel at the end of September 2024 to $63.45/barrel in September 2025.

Unemployment was 3.5% as of September 2024, but as of September 2025, is up slightly at 3.8% which is well below the state's unemployment rate of 4.1% and the national rate of 4.4% for September 2025. Median household income grew 4.35% from $67,581 to $70,523

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, 2025

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS:				
Cash and Cash Equivalents	$ 9,748,955	$ 6,314,498	$ 16,063,453	$ 10,961,439
Investments	16,462,521	27,900,795	44,363,316	
Investments - Restricted		5,124,168	5,124,168	
Receivables (Net of Allowances for Uncollectibles)	2,257,627	2,342,185	4,599,812	505,806
Internal Balances	5,888,908	(5,888,908)		
Due from Other Governments		1,246,824	1,246,824	
Inventories		838,840	838,840	1,280,279
Prepaid Items	18,459	1,384	19,843	11,374
Capital Assets, Not Being Depreciated	72,992,337	10,353,790	83,346,127	25,000
Capital Assets, Net of Accumulated Depreciation	13,254,842	70,539,180	83,794,022	113,973
Total Assets	$ 120,623,649	$ 118,772,756	$ 239,396,405	$ 12,897,871
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Outflows - Pension Plan - TMRS	$ 1,064,589	$ 535,645	$ 1,600,234	$ 35,337
Deferred Outflows - Pension Plan - BSFRRF	1,881,436	541,651	2,423,087	
Deferred Outflows - OPEB - TMRS	24,580	12,365	36,945	834
Deferred Outflows - OPEB - Health Insurance	597,135	311,922	909,057	
Deferred Outflows - Loss on Refunding	46,781		46,781	
Total Deferred Outflows of Resources	$ 3,614,521	$ 1,401,583	$ 5,016,104	$ 36,171
LIABILITIES:				
Accounts Payable	$ 1,653,211	$ 2,183,192	$ 3,836,403	$ 126,694
Claims and Judgments Payable	287,437		287,437	
Accrued Interest Payable	13,125	20,508	33,633	3,259
Accrued Wages	738,175	333,575	1,071,750	
Unearned Revenue	437,916	9,794	447,710	
Customer Deposits	9,709	354,135	363,844	
Unclaimed Property		43,008	43,008	
Noncurrent Liabilities				
Due Within One Year	2,101,695	947,144	3,048,839	550,000
Due In More Than One Year	20,250,086	15,140,430	35,390,516	2,429,850
Total Liabilities	$ 25,491,354	$ 19,031,786	$ 44,523,140	$ 3,109,803
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflows - Pension Plan - TMRS	$ 610,415	$ 307,129	$ 917,544	$ 21,349
Deferred Inflows - Pension Plan - BSFRRF	1,618,789	466,037	2,084,826	
Deferred Inflows - OPEB - TMRS	82,769	41,646	124,415	2,895
Deferred Inflows - OPEB - Health Insurance	2,504,934	1,308,490	3,813,424	
Deferred Inflows - Gain on Refunding		107,322	107,322	
Total Deferred Inflows of Resources	$ 4,816,907	$ 2,230,624	$ 7,047,531	$ 24,244
NET POSITION				
Net Investment in Capital Assets	$ 82,687,910	$ 75,586,907	$ 158,274,817	$ 138,973
Restricted For:				
Cemetery Permanent Care (Nonexpendable)	351,519		351,519	
Public, Educational and Governmental Television Access	307,910		307,910	
Restricted for Public Safety Improvements	260,500		260,500	
Economic Development				9,661,022
Advertising and Promotions	3,829,040		3,829,040	
Debt Service	201,447		201,447	
Senior Citizen's Center	45,869		45,869	
Opioid Remediation Uses	127,808		127,808	
Truancy Court Operations	18,004		18,004	
Court Technology	18,024		18,024	
Court Security	37,244		37,244	
Unrestricted	6,044,634	23,325,022	29,369,656	
Total Net Position	$ 93,929,909	$ 98,911,929	$ 192,841,838	$ 9,799,995

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-2

GOVERNMENT-WIDE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
PRIMARY GOVERNMENT:								
Governmental Activities:								
General Government	$ 3,178,223	$ 492,698	$ 56,586	$	$ (2,628,939)	$	$ (2,628,939)	$
Public Safety	14,054,912	508,333	264,195		(13,282,384)		(13,282,384)	
Highways and Streets	3,421,531				(3,421,531)		(3,421,531)	
Community Service	10,646	1,250			(9,396)		(9,396)	
Recreation and Parks	3,430,626	1,424,131			(2,006,495)		(2,006,495)	
Cemetery	194,805	105,636			(89,169)		(89,169)	
Economic Development	1,431,831	3,720			(1,428,111)		(1,428,111)	
Interest on Long-Term Debt	111,981				(111,981)		(111,981)	
Total Governmental Activities	$ 25,834,555	$ 2,535,768	$ 320,781	$ 0	$ (22,978,006)	$ 0	$ (22,978,006)	$ 0
Business-Type Activities:								
Water and Sewer	$ 13,976,694	$ 13,806,540	$	$ 2,732,820	$	$ 2,562,666	$ 2,562,666	$
Airport/Industrial Park	4,258,049	2,262,801		95,998		(1,899,250)	(1,899,250)	
Emergency Medical Services	2,349,086	2,412	450,000			(1,896,674)	(1,896,674)	
Landfill	1,979,180	2,350,476				371,296	371,296	
Sanitation	3,123,296	4,087,396				964,100	964,100	
Total Business-Type Activities	$ 25,686,305	$ 22,509,625	$ 450,000	$ 2,828,818	$ 0	$ 102,138	$ 102,138	$ 0
Total Primary Government	$ 51,520,860	$ 25,045,393	$ 770,781	$ 2,828,818	$ (22,978,006)	$ 102,138	$ (22,875,868)	$ 0
COMPONENT UNIT:								
Economic Development Corporation	$ 1,507,491	$ 0	$ 0	$ 0				$ (1,507,491)
General Revenues:								
Property Taxes					$ 9,539,969	$	$ 9,539,969	$
Sales Taxes					9,744,492		9,744,492	3,214,626
Gross Receipts Taxes					1,500,053		1,500,053	
Motel Occupancy Taxes					1,752,392		1,752,392	
Grants and Contributions Not Restricted to Specific Programs					20,286		20,286	
Unrestricted Investment Earnings					695,532	1,254,818	1,950,350	243,900
Oil Royalties					1,960,805	3,576,109	5,536,914	6,900
Insurance Recoveries					1,952,192		1,952,192	
Miscellaneous					281,510	239,788	521,298	5,585
Transfers					617,548	(617,548)		
Total General Revenue and Transfers					$ 28,064,779	$ 4,453,167	$ 32,517,946	$ 3,471,011
Change in Net Position					$ 5,086,773	$ 4,555,305	$ 9,642,078	$ 1,963,520
Net Position - Beginning					89,398,083	94,520,191	183,918,274	7,836,475
Prior Period Adjustment					(554,947)	(163,567)	(718,514)	
Net Position - Ending					$ 93,929,909	$ 98,911,929	$ 192,841,838	$ 9,799,995

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Hotel Occupancy Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	$ 2,613,563	$ 754,907	$ 634,633	$ 4,003,103
Investments	11,644,853	3,623,449	990,226	16,258,528
Receivables (Net of Allowances for Uncollectibles)	2,030,907	161,771	64,949	2,257,627
Due from Other Funds	6,494,792			6,494,792
Prepaid Items	18,039	420		18,459
Total Assets	$ 22,802,154	$ 4,540,547	$ 1,689,808	$ 29,032,509
LIABILITIES:				
Accounts Payable	$ 1,321,497	$ 53,582	$ 1,783	$ 1,376,862
Accrued Wages	711,974	20,426	5,775	738,175
Unearned Revenue	132,528	250,566	54,822	437,916
Due to Other Funds			80,749	80,749
Customer Deposits	3,135	6,574		9,709
Advances from Other Funds		379,939		379,939
Total Liabilities	$ 2,169,134	$ 711,087	$ 143,129	$ 3,023,350
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	$ 364,340	$ 0	$ 51,470	$ 415,810
Total Deferred Inflows of Resources	$ 364,340	$ 0	$ 51,470	$ 415,810
FUND BALANCES:				
Nonspendable Fund Balances:				
Prepaids	$ 18,039	$ 420	$	$ 18,459
Cemetery Permanent Care			351,519	351,519
Restricted Fund Balances:				
Restricted for Advertising and Promotions		3,829,040		3,829,040
Restricted for Court Security			37,244	37,244
Restricted for Court Technology			18,024	18,024
Restricted for Public, Educational and Governmental Television Access			307,910	307,910
Restricted for Public Safety Improvements			260,500	260,500
Restricted for Debt Service			201,447	201,447
Restricted for Senior Citizen's Center			45,869	45,869
Restricted for Opioid Remediation Uses			127,808	127,808
Restricted for Truancy Court Operations			18,004	18,004
Committed Fund Balances:				
Committed for Employee Education			87,466	87,466
Unassigned Fund Balance	20,250,641		39,418	20,290,059
Total Fund Balances	$ 20,268,680	$ 3,829,460	$ 1,495,209	$ 25,593,349
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 22,802,154	$ 4,540,547	$ 1,689,808	$ 29,032,509

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, 2025

Total Fund Balances - Governmental Funds Balance Sheet	$	25,593,349
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.		86,200,567
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		415,810
Deferred outflows and inflows of resources related to pensions and OPEB are not reported in the funds.		(1,249,167)
The assets and liabilities of internal service funds are included in governmental activities in the SNP.		5,265,008
Payables for long-term debt principal which are not due in the current period are not reported in the funds.		(3,367,265)
Payables for bond interest which are not due in the current period are not reported in the funds.		(13,125)
Bond Premiums are not recorded in the funds.		(169,537)
Deferred Outflows of Resources - Loss on Refunding's are not recorded in the funds.		46,781
Net pension liabilities are not reported in the funds.		(13,088,976)
Total OPEB Liabilities are not reported in the funds.		(2,682,766)
Payables for compensated absences which are not reported in the funds.		(3,020,770)
Net Position of Governmental Activities - Statement of Net Position	$	93,929,909

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, 2025

	General Fund	Hotel Occupancy Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
General Property Taxes	$ 8,328,103	$	$ 1,172,669	$ 9,500,772
General Sales Taxes	9,744,492			9,744,492
Gross Receipts Business Taxes	1,469,081		30,972	1,500,053
Motel Occupancy Taxes		1,752,392		1,752,392
License and Permits	723,486			723,486
Intergovernmental	253,989		66,792	320,781
Charges for Services			133,661	133,661
Fines	227,873		26,617	254,490
Recreation	1,424,131			1,424,131
Investment Earnings	562,096	80,961	44,830	687,887
Rents and Royalties	1,955,836	4,969		1,960,805
Miscellaneous	185,252	1,343,098		1,528,350
Contributions and Donations	20,286			20,286
Total Revenues	$ 24,894,625	$ 3,181,420	$ 1,475,541	$ 29,551,586
Expenditures:				
Current:				
General Government	$ 3,501,625	$	$ 128,300	$ 3,629,925
Public Safety	13,817,630		9,500	13,827,130
Highways and Streets	3,583,695			3,583,695
Recreation and Parks	3,391,218			3,391,218
Economic Development		949,008		949,008
Cemetery			195,456	195,456
Debt Service:				
Principal	159,892		1,102,679	1,262,571
Interest	21,786		123,675	145,461
Total Expenditures	$ 24,475,846	$ 949,008	$ 1,559,610	$ 26,984,464
Excess of Revenues Over Expenditures	$ 418,779	$ 2,232,412	$ (84,069)	$ 2,567,122
Other Financing Sources:				
Transfers In (Out)	$ 554,661	$ (76,830)	$ 259,242	$ 737,073
Financing Lease Obligation	92,334			92,334
Total Other Financing Sources (Uses)	$ 646,995	$ (76,830)	$ 259,242	$ 829,407
Net Change in Fund Balances	$ 1,065,774	$ 2,155,582	$ 175,173	$ 3,396,529
Fund Balances - Beginning	19,202,906	1,673,878	1,320,036	22,196,820
Fund Balances - Ending	$ 20,268,680	$ 3,829,460	$ 1,495,209	$ 25,593,349

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, 2025

Net Change in Fund Balances - Total Governmental Funds	$	3,396,529
Amounts reported for governmental activities in the Statement Of Activities (SOA) are different because:		
Capital assets are not reported as expenses in the SOA.		2,103,624
The depreciation of capital assets used in governmental activities is not reported in the funds.		(2,612,890)
The financing lease obligation does not provide revenue in the SOA, but is reported as current resources in the funds.		(92,334)
Certain revenues are deferred in the funds. This is the change in these amounts this year.		39,197
Repayment of long-term debt principal is an expenditure in the funds but is not an expense in the SOA.		1,262,571
Bond Premiums and Losses on Refundings' related amortization is not recorded in the funds.		29,628
Change in accrued interest from beginning of period to end of period.		4,425
The net revenue of internal service funds is reported with governmental activities.		963,450
Change related to pension and total OPEB liabilities and the related deferred outflows and inflows of resources is not recorded in the funds.		(7,606)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		179
Change in Net Position of Governmental Activities - Statement of Activities	$	5,086,773

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-7

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Major Proprietary Funds						
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Landfill	Sanitation	Total Proprietary Funds	Internal Service Funds
ASSETS:							
Current Assets							
Cash and Cash Equivalents	$ 1,303,153	$ 4,663,855	$ 8,423	$ 334,454	$ 4,613	$ 6,314,498	$ 5,745,852
Investments	6,374,191	19,829,164	41,217	1,633,650	22,573	27,900,795	203,993
Investments - Restricted				5,124,168		5,124,168	
Receivables (Net of Allowances for Uncollectibles)	1,298,265	524,360	42,684	87,752	389,124	2,342,185	
Due from Other Funds	1,710,860					1,710,860	
Due from Other Governments	1,246,824					1,246,824	
Inventories	788,031	34,924	15,885			838,840	
Prepaid Items	840	75		469		1,384	
Advances to Other Funds	379,939					379,939	
Total Current Assets	$ 13,102,103	$ 25,052,378	$ 108,209	$ 7,180,493	$ 416,310	$ 45,859,493	$ 5,949,845
NONCURRENT ASSETS:							
Capital Assets (Net of Accumulated Depreciation)							
Land	$ 17,373	$ 5,671,290	$	$ 636,265	$	$ 6,324,928	$ 10,000
Historical Planes - Display Collection		426,000				426,000	
Buildings and Systems	21,376,973	2,797,669		1,732,278		25,906,920	
Infrastructure and Improvements	13,216,320	17,065,331		7,972,262		38,253,913	
Machinery and Equipment	1,141,308	677,497	894,344	1,194,790	2,470,408	6,378,347	36,612
Construction in Progress	1,394,755	2,208,107				3,602,862	
Total Noncurrent Assets	$ 37,146,729	$ 28,845,894	$ 894,344	$ 11,535,595	$ 2,470,408	$ 80,892,970	$ 46,612
Total Assets	$ 50,248,832	$ 53,898,272	$ 1,002,553	$ 18,716,088	$ 2,886,718	$ 126,752,463	$ 5,996,457
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows - Pension Plan - TMRS	$ 326,577	$ 61,051	$	$ 68,581	$ 79,436	$ 535,645	$
Deferred Outflows - Pension Plan - BSFRRF			541,651			541,651	
Deferred Outflows - OPEB - TMRS	7,539	1,409		1,583	1,834	12,365	
Deferred Outflows - OPEB - Health Insurance	158,377	34,934	61,904	30,561	26,146	311,922	
Total Deferred Outflows of Resources	$ 492,493	$ 97,394	$ 603,555	$ 100,725	$ 107,416	$ 1,401,583	$ 0
LIABILITIES:							
Current Liabilities							
Accounts Payable	$ 829,849	$ 1,197,275	$ 9,141	$ 46,295	$ 100,632	$ 2,183,192	$ 276,349
Claims and Judgments Payable							287,437
Accrued Wages	153,012	32,296	80,816	34,686	32,765	333,575	
Due to Other Funds	1,297,913		2,028,704	3,237,190	1,415,900	7,979,707	145,196
Customer Deposits	280,408	73,227			500	354,135	
Unclaimed Property	43,008					43,008	
Unearned Revenue		9,794				9,794	
Accrued Interest Payable	20,230	244			34	20,508	
Accrued Compensated Absences - Current	105,441	18,441	17,341	36,441	13,205	190,869	
Long Term Debt - Current	696,697	14,639	4,379		40,560	756,275	9,799
Total Current Liabilities	$ 3,426,558	$ 1,345,916	$ 2,140,381	$ 3,354,612	$ 1,603,596	$ 11,871,063	$ 718,781
NONCURRENT LIABILITIES:							
Accrued Compensated Absences	$ 316,324	$ 55,321	$ 52,023	$ 109,324	$ 39,615	$ 572,607	$
Net Pension Liability - TMRS	1,646,229	307,751		345,708	400,427	2,700,115	
Net Pension Liability - BSFRRF			2,223,261			2,223,261	
Total OPEB Liability - TMRS	133,699	24,994		28,077	32,521	219,291	
Total OPEB Liability - Health Insurance	595,953	131,451	232,935	114,996	98,383	1,173,718	
Long-Term Debt	4,545,984	3,804				4,549,788	12,668
Closure/Post-closure Landfill Obligation				3,701,650		3,701,650	
Total Noncurrent Liabilities	$ 7,238,189	$ 523,321	$ 2,508,219	$ 4,299,755	$ 570,946	$ 15,140,430	$ 12,668
Total Liabilities	$ 10,664,747	$ 1,869,237	$ 4,648,600	$ 7,654,367	$ 2,174,542	$ 27,011,493	$ 731,449
DEFERRED INFLOWS OF RESOURCES:							
Deferred Inflows - Pension Plan - TMRS	$ 187,253	$ 35,006	$	$ 39,323	$ 45,547	$ 307,129	$
Deferred Inflows - Pension Plan - BSFRRF			466,037			466,037	
Deferred Inflows - OPEB - TMRS	25,391	4,747		5,332	6,176	41,646	
Deferred Inflows - OPEB - Health Insurance	664,382	146,545	259,682	128,201	109,680	1,308,490	
Deferred Inflows - Gain on Refunding	107,322					107,322	
Total Deferred Inflows of Resources	$ 984,348	$ 186,298	$ 725,719	$ 172,856	$ 161,403	$ 2,230,624	$ 0
NET POSITION:							
Net Investment in Capital Assets	$ 31,904,048	$ 28,827,451	$ 889,965	$ 11,535,595	$ 2,429,848	$ 75,586,907	$ 24,145
Unrestricted	7,188,182	23,112,680	(4,658,176)	(546,005)	(1,771,659)	23,325,022	5,240,863
Total Net Position	$ 39,092,230	$ 51,940,131	$ (3,768,211)	$ 10,989,590	$ 658,189	$ 98,911,929	$ 5,265,008

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Major Proprietary Funds						
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Landfill	Sanitation	Total Proprietary Funds	Internal Service Funds
OPERATING REVENUES:							
Charges for Services:							
Water Sales	$ 10,823,845	$	$	$	$	$ 10,823,845	$
Sewer Charges	2,678,446					2,678,446	
Landfill Fees				2,231,570		2,231,570	
Sanitation Revenue					3,825,841	3,825,841	
Emergency Medical Services			2,412			2,412	
Commercial Rentals and Fees		2,262,801				2,262,801	
Billings to Departments and Employees							3,605,905
Other Services	304,249			118,906	261,555	684,710	
Total Operating Revenues	$ 13,806,540	$ 2,262,801	$ 2,412	$ 2,350,476	$ 4,087,396	$ 22,509,625	$ 3,605,905
OPERATING EXPENSES:							
Personnel Services	$ 3,455,875	$ 698,881	$ 1,100,866	$ 730,340	$ 657,193	$ 6,643,155	$
Supplies and Materials	4,878,574	486,230	30,140	64,159	215,380	5,674,483	8,773
Contractual Services	1,458,226	777,375	906,442	277,590	1,029,226	4,448,859	3,030,805
Maintenance	1,869,931	562,716	38,266	233,939	784,358	3,489,210	42,406
Depreciation	1,912,714	1,730,804	183,353	315,644	416,660	4,559,175	153
Other Expense	283,323		89,887	357,487	19,013	749,710	153,217
Total Operating Expenses	$ 13,858,643	$ 4,256,006	$ 2,348,954	$ 1,979,159	$ 3,121,830	$ 25,564,592	$ 3,235,354
Operating Income (Loss)	$ (52,103)	$ (1,993,205)	$ (2,346,542)	$ 371,317	$ 965,566	$ (3,054,967)	$ 370,551
NON-OPERATING REVENUES (EXPENSES)							
Intergovernmental Revenue	$ 2,732,820	$ 95,998	$ 450,000	$	$	$ 3,278,818	$
Investment Earnings	350,254	634,143		270,421		1,254,818	7,645
Rents and Royalties		3,576,109				3,576,109	
Gain/(Loss) on Disposal of Assets	(4,511)		1,850			(2,661)	
Other Income (Expense)	1,468	72,525		172,451	(3,995)	242,449	705,352
Interest Expense and Paying Agent Fees	(118,051)	(2,043)	(132)	(21)	(1,466)	(121,713)	(573)
Total Non-Operating Revenues (Expenses)	$ 2,961,980	$ 4,376,732	$ 451,718	$ 442,851	$ (5,461)	$ 8,227,820	$ 712,424
Income (Loss) Before Transfers	$ 2,909,877	$ 2,383,527	$ (1,894,824)	$ 814,168	$ 960,105	$ 5,172,853	$ 1,082,975
Transfers In (Out)	(374,544)	(348,066)	909,460	727,428	(1,531,826)	(617,548)	(119,525)
Change in Net Position	$ 2,535,333	$ 2,035,461	$ (985,364)	$ 1,541,596	$ (571,721)	$ 4,555,305	$ 963,450
Total Net Position - Beginning	36,675,871	49,914,751	(2,782,847)	9,473,631	1,238,785	94,520,191	4,301,558
Prior Period Adjustment	(118,974)	(10,081)		(25,637)	(8,875)	(163,567)	
Total Net Position - Ending	$ 39,092,230	$ 51,940,131	$ (3,768,211)	$ 10,989,590	$ 658,189	$ 98,911,929	$ 5,265,008

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT A-9

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Major Proprietary Funds						
	Water and Sewer Fund	Airport/ Industrial Park	Emergency Medical Services	Landfill	Sanitation	Total Proprietary Funds	Internal Service Funds
Cash Flows from Operating Activities:							
Cash Received from Customers	$ 13,948,647	$ 2,269,641	$ 116,444	$ 2,527,197	$ 4,077,346	$ 22,939,275	$
Cash Receipts from Interfund Services Provided							3,605,905
Cash Payments to Employees for Services	(3,380,325)	(645,108)	(1,544,316)	(392,321)	(711,207)	(6,673,277)	
Cash Payments to Other Suppliers for Goods and Services	(8,855,945)	(889,420)	(1,070,604)	(930,512)	(2,080,889)	(13,827,370)	(3,296,805)
Net Cash from Operating Activities	$ 1,712,377	$ 735,113	$ (2,498,476)	$ 1,204,364	$ 1,285,250	$ 2,438,628	$ 309,100
Cash Flows from Non-Capital Financing Activities:							
Cash Received from Intergovernmental Grants	$ 839,319	$ 95,998	$ 450,000	$	$	$ 1,385,317	$
Cash Received from Mineral Leases		3,576,109				3,576,109	
Various Reimbursements							705,352
Cash Transfers from (to) Other Funds	(813,327)	(332,546)	2,106,812	(704,199)	(558,217)	(301,477)	(275,625)
Net Cash from Non-Capital Financing Activities	$ 25,992	$ 3,339,561	$ 2,556,812	$ (704,199)	$ (558,217)	$ 4,659,949	$ 429,727
Cash Flows from Capital and Related Financing Activities:							
Principal and Interest Paid	$ (788,162)	$ (29,484)	$ (10,546)	$ (6,025)	$ (99,000)	$ (933,217)	$ (7,504)
Acquisition or Construction of Capital Assets	(4,385,544)	(3,828,979)		(188,067)	(600,847)	(9,003,437)	(7,367)
Net Cash from Capital and Related Financing Activities	$ (5,173,706)	$ (3,858,463)	$ (8,696)	$ (194,092)	$ (699,847)	$ (9,934,804)	$ (14,871)
Cash Flows from Investing Activities:							
Interest and Dividends on Investments	$ 350,254	$ 634,143	$	$ 270,421	$ 0	$ 1,254,818	$ 7,645
Change in Investments	2,341,141	(571,314)	(41,217)	(549,273)	(22,573)	1,156,764	(203,993)
Net Cash from Investing Activities	$ 2,691,395	$ 62,829	$ (41,217)	$ (278,852)	$ (22,573)	$ 2,411,582	$ (196,348)
Increase (Decrease) in Cash and Cash Equivalents	$ (743,942)	$ 279,040	$ 8,423	$ 27,221	$ 4,613	$ (424,645)	$ 527,608
Cash and Cash Equivalents - Beginning of Year	2,047,095	4,384,815	0	307,233	0	6,739,143	5,218,244
Cash and Cash Equivalents - End of Year	$ 1,303,153	$ 4,663,855	$ 8,423	$ 334,454	$ 4,613	$ 6,314,498	$ 5,745,852
Reconciliation of Operating Income to Net Cash from Operating Activities:							
Operating Income (Loss)	$ (52,103)	$ (1,993,205)	$ (2,346,542)	$ 371,317	$ 965,566	$ (3,054,967)	$ 370,551
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:							
Depreciation	$ 1,912,714	$ 1,730,804	$ 183,353	$ 315,644	$ 416,660	$ 4,559,175	$ 153
Other	1,468	72,525	1,850	172,451	(3,995)	244,299	
Change in Assets and Liabilities:							
Decrease (Increase) in Receivables	153,755	(82,255)	112,182	4,270	(6,555)	181,397	
Decrease (Increase) in Inventories	82,218		1,575			83,793	
Decrease (Increase) in Prepaid Expenses	(840)	(75)	0	0	0	(915)	
Decrease (Increase) in Deferred Outflows	213,024	31,135	(66,028)	71,032	66,929	316,092	
Increase (Decrease) in Accounts Payable	(447,269)	936,976	(5,594)	2,663	(32,912)	453,864	51,256
Increase (Decrease) in Claims and Judgements Payable							(112,860)
Increase (Decrease) in Accrued Wages	18,097	6,792	31,540	4,388	5,579	66,396	
Increase (Decrease) in Customer Deposits	(16,158)	16,570			500	912	
Increase (Decrease) in Unclaimed Property	3,042					3,042	
Increase (Decrease) in Accrued Compensated Absences	28,815	15,016	47,362	49,435	(29,202)	111,426	
Increase (Decrease) in Closure/Post-closure Landfill Obligation				358,798		358,798	
Increase (Decrease) in Net Pension Liability - TMRS	(350,347)	(47,590)		(150,912)	(114,174)	(663,023)	
Increase (Decrease) in Net Pension Liability - BSFRRF			(455,233)			(455,233)	
Increase (Decrease) in Total OPEB Liability - TMRS	6,683	2,389		(3,516)	(216)	5,340	
Increase (Decrease) in Total OPEB Liability - Health Insurance	(208,456)	(37,018)	(62,575)	(53,250)	(44,955)	(406,254)	
Increase (Decrease) in Deferred Inflows	367,734	83,049	61,484	62,044	62,025	636,336	
Total Adjustments	$ 1,764,480	$ 2,728,318	$ (151,934)	$ 833,047	$ 319,684	$ 5,493,595	$ (61,451)
Net Cash from Operating Activities	$ 1,712,377	$ 735,113	$ (2,498,476)	$ 1,204,364	$ 1,285,250	$ 2,438,628	$ 309,100
Supplemental Cash Flow Information:							
Non-Cash Related Financing Activities:							
Financing Lease Obligation and Capital Assets	$ 59,645	$ 0	$ 0	$ 0	$ 0	$ 59,645	$ 29,398

The accompanying notes are an integral part of this statement.

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 (the 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.

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.

Hotel Occupancy Tax Fund: are used to account for the proceeds of hotel occupancy tax revenue that is legally restricted to expenditures for advertising and promotions.

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.

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.

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.

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 and Investments

   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 Investments consist of the following:

Purpose	Fund	Amount
Landfill Closure and Post-Closure	Landfill	$ 5,124,168

   b. Property Taxes

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

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

c. Inventories and Prepaid Items

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, 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 Activities	Business-Type Activities	Total
Receivables:			
Taxes	$ 2,767,791	$	$ 2,767,791
Municipal Court	2,718,028		2,718,028
Other	159,819	1,328,569	1,488,388
Accounts	221,011	1,542,431	1,763,442
Gross Receivables	$ 5,866,649	$ 2,871,000	$ 8,737,649
Less: Allowance for Uncollectibles	(3,609,022)	(528,815)	(4,137,837)
Net Total Receivables	$ 2,257,627	$ 2,342,185	$ 4,599,812

Intergovernmental receivables are classified separately in the accompanying financial statements.

f. Interfund Activity

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

i. Compensated Absences

The City accrues for vacation and sick leave based on years of service. Vacation can be accrued up to a max of 40 days based on years of service and sick leave can be accrued up to a max accrual of 90 days. The City also accrues for comp-time for employees that have worked more than a normal 40 hour work week up to a max of 40 hours. With the adoption of *GASB Statement No. 101 – Compensated Absences*, the city now accrues for all hours accrued up to the max accruals. This resulted in a prior period adjustment during the year ended September 30, 2025.

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	$ 3,768,211	These funds 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, 2025, the carrying amount of the City's deposits, including investments, restricted investments, and cash on hand was $65,550,937. The City's cash in bank deposits at September 30, 2025 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.

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, 2025 are shown below.

Investment or Investment Type	Maturity	Rating		Fair Value
Tex-Pool Investment Pool	34 Days Average	AAAm	$	8,691,125
Certificates of Deposit (CD)	Various			5,944,599
Government Securities	2026-2030			27,440,383
Money Market Fund	N/A			7,411,377
			$	49,487,484

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, 2025, 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, 2025, 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.

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 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, 2025, 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.

D. Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	$ 72,971,666	$ 20,671	$	$ 72,992,337
Construction in Progress	256,845	(256,845)	0	0
Total Capital Assets Not Being Depreciated	$ 73,228,511	$ (236,174)	$ 0	$ 72,992,337
Capital Assets Being Depreciated:				
Buildings and Systems	$ 30,379,766	$ 112,965	$	$ 30,492,731
Infrastructure and Improvements	38,350,974	1,294,241		39,645,215
Machinery and Equipment	15,020,067	969,204	602,049	15,387,222
Total Capital Assets Being Depreciated	$ 83,750,807	$ 2,376,410	$ 602,049	$ 85,525,168
Less Accumulated Depreciation for:				
Buildings and Systems	$ 28,879,344	$ 197,279	$	$ 29,076,623
Improvements Other Than Buildings	30,880,223	1,700,851		32,581,074
Machinery and Equipment	10,499,918	714,760	602,049	10,612,629
Total Accumulated Depreciation	$ 70,259,485	$ 2,612,890	$ 602,049	$ 72,270,326
Total Capital Assets Being Depreciated, Ne	$ 13,491,322	$ (236,480)	$ 0	$ 13,254,842
Governmental Activities Capital Assets, Net	$ 86,719,833	$ (472,654)	$ 0	$ 86,247,179

Depreciation was charged to governmental activities as follows:

General Government	$ 34,220
Public Safety	363,290
Highways and Streets	1,085,593
Community Service	10,646
Recreation and Parks	597,131
Cemetery	2,562
Economic Development	519,295
	$ 2,612,737
Depreciation Charged to Internal Service Funds	153
Total Depreciation Charged to Governmental Activities	$ 2,612,890

NOTES TO FINANCIAL STATEMENTS

	Beginning Balances	Increases	Decreases/ Expensed	Ending Balances
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	$ 6,324,927	$	$	$ 6,324,927
Historical Works of Art	426,000			426,000
Construction in Progress	5,308,928	(1,706,066)		3,602,862
Total Capital Assets Not Being Depreciated	$ 12,059,855	$ (1,706,066)	$ 0	$ 10,353,789
Capital Assets Being Depreciated:				
Buildings and Systems	$ 90,006,498	$ 7,508,980	$	$ 97,515,478
Infrastructure and Improvements	77,636,037	1,564,768		79,200,805
Machinery and Equipment	14,127,345	1,695,400	435,432	15,387,313
Total Capital Assets Being Depreciated	$ 181,769,880	$ 10,769,148	$ 435,432	$ 192,103,596
Less Accumulated Depreciation for:				
Buildings and Systems	$ 69,892,453	$ 1,716,105	$	$ 71,608,558
Infrastructure and Improvements	39,375,909	1,570,983		40,946,892
Machinery and Equipment	8,121,799	1,272,087	384,921	9,008,965
Total Accumulated Depreciation	$ 117,390,161	$ 4,559,175	$ 384,921	$ 121,564,415
Total Capital Assets Being Depreciated, Ne	$ 64,379,719	$ 6,209,973	$ 50,511	$ 70,539,181
Business-Type Activities Capital Assets, Net	$ 76,439,574	$ 4,503,907	$ 50,511	$ 80,892,970
Depreciation Expense		$ 4,559,175		

E. Internal Balances

1. Due To and From Balances

Internal Balances at September 30, 2025, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Proprietary Funds	$ 6,268,847	Short-Term Loans
Proprietary Funds	Hotel Motel Fund	(379,939)	Long-Term Loan
Net Internal Balances		$ 5,888,908	

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, 2025, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	EMS Fund	$ (909,460)	Annual Subsidy
Proprietary Funds	General Fund	1,527,008	Administrative Fees
		$ 617,548	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt, unamortized bond premiums, landfill obligation, accrued compensated absences, and OPEB and Net Pension liability amounts. Changes in long-term obligations for the year ended September 30, 2025, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Refunding Bonds	$ 4,215,000	$	$ 1,100,000	$ 3,115,000	$ 1,180,000
Financing Lease Obligations	322,502	121,732	169,502	274,732	166,502
Compensated Absences	2,466,002	554,768		3,020,770	755,193
Unamortized Bond Premiums	280,635		111,098	169,537	
Total OPEB Liability - Health Insurance	3,098,996		852,067	2,246,929	
Total OPEB Liability - TMRS	459,788		23,951	435,837	
Net Pension Liability - TMRS	7,227,522		1,861,086	5,366,436	
Net Pension Liability - BSFRRF	6,851,848	870,692		7,722,540	
Total Governmental Activities	$ 24,922,293	$ 1,547,192	$ 4,117,704	$ 22,351,781	$ 2,101,695

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Certificate of Obligation Bonds	$ 5,295,000	$	$ 585,000	$ 4,710,000	$ 610,000
General Obligation Refuding Bonds	110,000		20,000	90,000	15,000
Financing Lease Obligations	349,703	59,645	216,976	192,372	131,275
Compensated Absences	488,483	274,993		763,476	190,869
Closure/Postclosure Landfill	3,342,852	358,798		3,701,650	
Unamortized Bond Premiums	359,374		45,683	313,691	
Total OPEB Liability - TMRS	213,951	5,340		219,291	
Total OPEB Liability - Health Insurance	1,579,972		406,254	1,173,718	
Net Pension Liability - TMRS	3,363,138		663,023	2,700,115	
Net Pension Liability - BSFRRF	2,678,494		455,233	2,223,261	
Total Business-Type Activities	$ 17,780,967	$ 698,776	$ 2,392,169	$ 16,087,574	$ 947,144

2. Debt Service Requirements

Debt service requirements on general obligation bonds and certificates of obligation bonds at September 30, 2025, are as follows:

	Governmental Activities		
	Principal	Interest	Total
Year Ending September 30,			
2026	$ 1,180,000	$ 86,577	$ 1,266,577
2027	1,215,000	47,742	1,262,742
2028	230,000	24,502	254,502
2029	240,000	14,769	254,769
2030	250,000	5,000	255,000
Totals	$ 3,115,000	$ 178,590	$ 3,293,590

Issue	Date of Issue	Original Issue	Interest Rates	Maturity Date	Outstanding	Purpose of Issue
G.O. Refunding Bonds	3/3/2020	$ 2,275,000	4.0%	2/15/2030	$ 1,155,000	Refunding of C.O. Bonds
G.O. Refunding Bonds	3/1/2016	7,980,000	2.0% - 3.0%	2/15/2027	1,960,000	Refunding of G.O and C.O. Bonds
		$ 24,540,000			$ 3,115,000	

	Business-Type Activities		
	Principal	Interest	Total
Year Ending September 30,			
2026	$ 625,000	$ 144,448	$ 769,448
2027	650,000	119,683	769,683
2028	665,000	95,948	760,948
2029	695,000	75,706	770,706
2030	710,000	54,400	764,400
2031-2032	1,455,000	44,025	1,499,025
Totals	$ 4,800,000	$ 534,210	$ 5,334,210

Issue	Date of Issue	Original Issue	Interest Rates	Maturity Date	Outstanding	Purpose of Issue
G.O. Refunding Bonds	3/8/2022	$ 6,390,000	3.0% - 4.0%	2/15/2032	$ 4,710,000	Water Improvements
G.O. Refunding Bonds	3/3/2020	180,000	4.0%	2/15/2030	90,000	Elevated Reservoir Repair
		$ 6,570,000			$ 4,800,000	

3. Financing Lease Obligations

The City uses capital lease packages to buy various pieces of machinery, equipment, and vehicles for various departments within the City. The City also leases 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, 2025:

	Governmental Activities	Business-Type Activities
Machinery and Equipment	$ 655,525	$ 971,475
Less: Accumulated Depreciation	(352,772)	(496,437)
Totals	$ 302,753	$ 475,038

Commitments under financing lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2025, as follows:

	Governmental Activities		
	Principal	Interest	Total
Year Ending September 30,			
2026	$ 166,502	$ 10,845	$ 177,347
2027	78,695	2,188	80,883
2028	29,535	385	29,920
Total Minimum Rentals	$ 274,732	$ 13,418	$ 288,150

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

	Business-Type Activities		
	Principal	Interest	Total
Year Ending September 30,			
2026	$ 131,275	$ 4,067	$ 135,342
2027	52,354	1,084	53,438
2028	8,743	99	8,842
Total Minimum Rentals	$ 192,372	$ 5,250	$ 197,622

The effective interest rate on financing leases is 1.320% to 8.880%.

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

H. Pension Plans

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 942 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.tmrs.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:

	December 31, 2024
Employee Deposit Rate	7.00%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	5
Service Requirement Eligibility	
(Expressed as Age / Years of Service)	60/5,0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI

Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	179
Inactive Employees Entitled to but not Yet Receiving Benefits	104
Active Employees	168
Total Plan Employees	451

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 18.148% and 18.57% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were $2,064,436 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, 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	21 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 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%

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.

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance 12/31/2023	$ 69,040,238	$ 58,449,578	$ 10,590,660
Service Cost	1,705,502		1,705,502
Interest (on the Total Pension Liability)	4,549,061		4,549,061
Changes of Assumption			-
Difference Between Expected and Actual Experience	(132,458)		(132,458)
Contributions - Employer		1,927,687	(1,927,687)
Contributions - Employee		730,185	(730,185)
Net Investment Income		6,006,698	(6,006,698)
Benefit Payments	(3,898,377)	(3,898,377)	
Administrative Expense		(38,597)	38,597
Proportionate Share Adjustment	(21,144)		(21,144)
Other		(903)	903
Balance 12/31/2024	$ 71,242,822	$ 63,176,271	$ 8,066,551

Sensitivity of the net pension liability to changes in the discount rate is as follows:

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
$ 17,291,811	$ 8,066,551	$ 453,216

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.

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

For the year ended September 30, 2025, the City recognized pension expense of $1,695,922 and calculated as shown below:

Total Service Cost	$ 1,705,568
Interest on the Total Pension Liability	4,549,239
Employee Contributions (Reduction of Expense)	(730,213)
Projected Earnings on Plan Investments (Reduction of Expense)	(3,909,781)
Administrative Expense	38,598
Other Changes in Fiduciary Net Position	903
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	76,448
Recognition of Current Year Outflow (Inflow) of Resources-Assets	(34,840)
Total Pension Expense	$ 1,695,922

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 135,478	$ 87,250
Change in Assumptions		230,141
Net Difference In Projected and Actual Earnings		600,153
Contributions Paid to TMRS Subsequent to the Measurement Date	1,464,756	
Total	$ 1,600,234	$ 917,544

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

Plan Year	Pension (Benefit) Expense
2026	$ 1,386,923
2027	641,764
2028	(926,599)
2029	(419,398)
	$ 682,690

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 18.71% 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 Fighters Retirement Act. 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, 2024
Employee Deposit Rate	13.00%
Matching Ratio (City to Employee)	18.71%
Years Required for Vesting	10/50% + 5%/year to 20
Service Requirement Eligibility	
(Expressed as Age / Years of Service)	50/20

At the December 31, 2024 valuation and measurement date, the following amounts represented employees covered by the benefit terms:

		Total Pension Liability
Retirees and Beneficiaries	$	16,416,462
Active Employees		10,528,022
Total Plan Employees - Pension Liability	$	26,944,484

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 2024 and 2025. The City's contributions to BSFRRF for the year ended September 30, 2025 were $932,782 and were equal to the required contributions.

Net Pension Liability

The BSFRRF's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuary valuation as of that date.

Rate of Return

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:

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 Stock	5.00%	5.20%
Bonds Barclays US	10.00%	2.50%
Multi-Sector Bonds	20.00%	3.50%
Private Credit	7.00%	7.10%
Real Estate	5.00%	4.80%
Cash Equivalents 3-Month Treasury	0.00%	0.00%

Actuarial Assumptions

The Net Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

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 Cost Method
Discount Rate	7.75% as of December 31, 2024
Inflation	3.00%
Salary Increases	4.50%
Mortality	Pub2010-PS full projected with scale MP-2021

Other Information:

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

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 12/31/2023	$ 27,082,673	$ 16,199,411	$ 10,883,262
Service Cost	812,740		812,740
Interest (on the Total Pension Liability)	1,863,884		1,863,884
Difference Between Actual and Expected Experience	(434,491)		(434,491)
Chnages in Assumptions	91,156		91,156
Contributions - Employer		914,556	(914,556)
Contributions - Employee		660,513	(660,513)
Net Investment Income		1,744,596	(1,744,596)
Benefit Payments	(2,471,478)	(2,471,478)	
Administrative Expense		(48,915)	48,915
Balance 12/31/2024	$ 26,944,484	$ 16,998,683	$ 9,945,801

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

1% Decrease	Current Rate Assumption	1% Increase
$ 13,457,636	$ 9,945,801	$ 70,659,856

Pension Expense and Deferred Outflows and Inflows of Resources

Pension Expense for the year ended September 30, 2025 is as follows:

Total Service Cost	$ 812,740
Interest on the Total Pension Liability	1,863,884
Employee Contributions (Reduction of Expense)	(660,513)
Projected Earnings on Plan Investments (Reduction of Expense)	(1,140,189)
Administrative Expense	48,916
Amortization of Deferred Inflows and Outflows	(57,266)
Total Pension Expense	$ 867,572

Deferred Outflows and Inflows of Resources related to the pension plan at September 30, 2025 were made up of as follows and will be amortized according to the table below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 126,254	$ 2,071,931
Change in Assumptions	1,134,439	12,895
Net Difference In Projected and Actual Earnings	461,403	
Contributions Paid Subsequent to the Measurement Date	700,991	
Total	$ 2,423,087	$ 2,084,826

Total amounts will be amortized as follows:

Plan Year	Pension (Benefit) Expense
2026	$ 810,776
2027	160,137
2028	(619,271)
2029	(13,381)
2030	
	$ 338,261

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 10-01-24	Change in Claims and Estimates	Claim Payments	Liability Balance at 9-30-25	Total ISF Funds
Health Insurance Claims	$ 211,585	$ 1,455,624	$ 1,483,274	$ 183,935	$
Workers' Compensation Claims	188,712	149,887	235,097	103,502	287,437

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 $183,935 at September 30, 2025.

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 $103,502 at September 30, 2025.

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	7
Inactive Employees Entitled to but not Yet Receiving Benefits	0
Active Employees	215
Total Plan Employees	222

Total OPEB Liability

The City's total OPEB liability of $3,420,647 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Balance as of December 31, 2023	$ 4,678,968
Changes for the year:	
Service Cost	239,104
Interest on Total OPEB Liability	180,708
Experience Differences	(2,195,701)
Effect of Assumptions Changes or Inputs	527,967
Benefit Payments	(10,399)
Balance as of December 31, 2024	$ 3,420,647

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age
Discount Rate	4.08% as of December 31, 2024
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation - General 4.50% to 9.50% including inflation - Firefighters
Demographic Assumptions	General: Based on the 2023 experience study 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, 2025.
Mortality rates – General	General: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2021 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-2021 to account for future mortality improvements.
Health Care Trend Rates	Initial Rate of 7.50% declining to an ultimate rate of 4.25% after 15 years.
Participation Rates	It was assumed that 25% 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.

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 4.08%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate. It also shows how increasing or decreasing the Healthcare Cost Trend (HCT) Rate over the life of the plan would affect the liability.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB Liability	$ 3,796,419	$ 3,420,647	$ 3,088,501

	1% Decrease in HCT Rate	Current HCT Rate Assumption	1% Increase in HCT Rate
Total OPEB Liability	$ 3,048,224	$ 3,420,647	$ 3,856,857

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

For the year ended September 30, 2025, the City recognized OPEB expense (benefit) of $867,572. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
ER Contributions Deferral	$ 54,549	$
Experience Differences		3,046,957
Changes in Assumptions	854,508	766,467
	$ 909,057	$ 3,813,424

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:

	OPEB (Benefit) Expense
2026	$ (449,864)
2027	(474,748)
2028	(497,219)
2029	(491,731)
2030	(473,536)
Thereafter	(517,269)
	$ (2,904,367)

TMRS – Supplemental Death Benefit Fund

Plan Description

Texas Municipal Retirement System 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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	125
Inactive Employees Entitled to but not Yet Receiving Benefits	27
Active Employees	168
Total Plan Employees	320

Total OPEB Liability

The City's total OPEB liability of $655,128 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Balance as of December 31, 2023	$	673,739
Changes for the year:		
Service Cost		22,949
Interest on Total OPEB Liability		25,291
Effect of Assumptions Changes or Inputs		(31,279)
Benefit Payments		(26,078)
Other		(1,346)
Experience Differences		(8,148)
Balance as of December 31, 2024	$	655,128

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 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	3.60% to 11.85% including inflation
Discount Rate	4.08%
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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward 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.

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. Therefore, a discount rate of $4.08% based on the Bond Buyer "20-Bond GO Index" rate as of December 31, 2024.

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 2023 to 2024.

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 4.08%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (4.08%) 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.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB Liability	$ 764,668	$ 655,128	$ 567,778

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

For the year ended September 30, 2025, the City recognized OPEB expense (benefit) of $(22,471). At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 17,226	$ 109,249
Difference in Expected and Actual Experience		15,166
Contributions Made Subsequent to Measurement Date	19,719	
	$ 36,945	$ 124,415

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:

	OPEB (Benefit) Expense
2026	$ (51,695)
2027	(26,836)
2028	(7,892)
2029	(1,047)
	$ (87,470)

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.

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 $3,604,868 reported as landfill closure and post-closure care liability at September 30, 2025, represents the cumulative amount reported to date based on the use of 101.20% of the estimated capacity of the landfill permit 288A. The $103,278 reported as landfill closure and post-closure care liability at September 30, 2025, represents the cumulative amount reported to date based on the use of 2.25% of the estimated capacity of the landfill permit 2395. These amounts are based on what it would cost to perform all closure and post-closure care in 2025. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The City has not placed funds in a trust to cover these costs. However, at September 30, 2025 the City has designated an investment in the amount of $5,124,168 for this purpose.

N. Prior Period Adjustment

Description of prior period adjustment	Governmental Activities	Business-Type Activities Proprietary Funds
To implement GASB Statement No. 101 for accruing compensated absences related to sick leave earned that has not been used.	$ (554,947)	$ (163,567)
Net Decrease in Net Position	$ (554,947)	$ (163,567)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BIG SPRING, TEXAS

EXHIBIT B-1

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
	Total Pension Liability	Total Pension Liability	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	$ 1,344,489	$ 1,396,530	$ 1,389,056	$ 1,428,366	$ 1,463,236	$ 1,583,383	$ 1,486,702	$ 1,567,974	$ 1,654,765	$ 1,705,502
Interest	3,234,983	3,282,390	3,431,109	3,568,366	3,697,686	3,875,148	4,012,059	4,221,666	4,424,066	4,549,061
Benefit Payments	(2,715,237)	(2,440,732)	(2,443,510)	(2,776,793)	(2,772,308)	(3,162,037)	(3,200,207)	(3,331,005)	(3,537,831)	(3,898,377)
Changes in Assumptions	144,503				104,120				(642,394)	
Differences between Expected and Actual Experience	485,843	257,450	(457,245)	(299,019)	367,915	(165,449)	873,700	671,617	245,087	(132,458)
Other		(3,284)	(106,349)	40,647	(5,463)	(15,136)	(4,582)	(3,562)	(14,668)	(21,144)
Net Change	$ 2,494,581	$ 2,492,354	$ 1,813,061	$ 1,961,567	$ 2,855,186	$ 2,115,909	$ 3,167,672	$ 3,126,690	$ 2,129,025	$ 2,202,584
Beginning 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	66,911,213	69,040,238
Ending Balance	$ 49,378,774	$ 51,871,128	$ 53,684,189	$ 55,645,756	$ 58,500,942	$ 60,616,851	$ 63,784,523	$ 66,911,213	$ 69,040,238	$ 71,242,822
	Fiduciary Net Position	Fiduciary Net Position	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	$ 621,181	$ 614,825	$ 614,208	$ 628,446	$ 645,817	$ 703,726	$ 664,554	$ 698,652	$ 735,919	$ 730,185
Employer Contributions	1,463,901	1,414,975	1,485,185	1,560,343	1,585,939	1,753,283	1,706,956	1,734,654	1,878,696	1,927,687
Net Investment Income	56,638	2,562,669	5,517,900	(1,352,712)	6,672,658	3,731,053	6,795,075	(4,233,364)	6,110,758	6,006,698
Benefit Payments	(2,715,237)	(2,440,732)	(2,443,510)	(2,776,793)	(2,772,308)	(3,162,037)	(3,200,207)	(3,331,005)	(3,537,831)	(3,898,377)
Administration Expenses	(33,192)	(28,947)	(28,605)	(26,155)	(37,730)	(24,166)	(31,470)	(36,680)	(38,941)	(38,597)
Other	32,233	(1,561)	(54,123)	(1,366)	(1,134)	(944)	216	43,771	(273)	(903)
Net Change	$ (574,476)	$ 2,121,229	$ 5,091,055	$ (1,968,237)	$ 6,093,242	$ 3,000,915	$ 5,935,124	$ (5,123,972)	$ 5,148,328	$ 4,726,693
Beginning 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	53,301,250	58,449,578
Ending Balance	$ 38,151,894	$ 40,273,123	$ 45,364,178	$ 43,395,941	$ 49,489,183	$ 52,490,098	$ 58,425,222	$ 53,301,250	$ 58,449,578	$ 63,176,271
Net Pension Liability	$ 11,226,880	$ 11,598,005	$ 8,320,011	$ 12,249,815	$ 9,011,759	$ 8,126,753	$ 5,359,301	$ 13,609,963	$ 10,590,660	$ 8,066,551
Fiduciary Net Position as a Percentage of Total Pension Liability	77.26%	77.64%	84.50%	77.99%	84.60%	86.59%	91.60%	79.66%	84.66%	88.68%
Covered Payroll	$ 8,972,306	$ 8,790,799	$ 8,774,404	$ 8,977,789	$ 9,225,942	$ 10,053,002	$ 9,493,663	$ 9,980,733	$ 10,516,299	$ 10,435,804
Net Pension Liability as a Percentage of Covered Payroll	125.13%	131.93%	94.82%	136.45%	97.68%	80.84%	56.45%	136.36%	100.71%	77.30%

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT B-2

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025
Actuarially Determined Contribution	$ 2,066,989	$ 1,466,109	$ 2,136,581	$ 1,602,352	$ 1,656,458	$ 1,721,951	$ 1,710,151	$ 1,819,594	$ 1,949,121	$ 2,064,436
Actual Contributions	2,066,989	1,466,109	2,136,581	1,602,352	1,656,458	1,721,951	1,710,151	1,819,594	1,949,121	2,064,436
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 9,282,783	$ 8,778,847	$ 8,774,404	$ 9,141,737	$ 9,532,428	$ 9,664,715	$ 9,744,883	$ 10,264,349	$ 10,426,346	$ 11,126,314
Contributions as a Percentage of Covered Payroll	22.27%	16.70%	24.35%	17.53%	17.38%	17.82%	17.55%	17.73%	18.69%	18.55%

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT B-3

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
BIG SPRING FIREMEN'S RELIEF AND RETIREMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
	Total Pension Liability	Total Pension Liability	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	$ 506,260	$ 545,439	$ 569,984	$ 696,787	$ 728,142	$ 748,432	$ 748,432	$ 714,799	$ 812,740
Interest	1,564,936	1,598,125	1,562,997	1,633,082	1,710,324	1,800,220	1,947,164	2,044,005	1,889,167	1,863,884
Differences between Expected and Actual Experience		(736,630)		(520,414)		721,784		(3,066,468)		(434,491)
Changes in Assumptions			392,133	450,572		(73,715)				91,156
Benefit Payments	(1,339,860)	(1,930,220)	(1,231,846)	(1,199,873)	(1,197,642)	(1,329,918)	(1,249,276)	(1,650,229)	(1,766,707)	(2,471,478)
Net Change	$ 678,410	$ (562,465)	$ 1,268,723	$ 933,351	$ 1,209,469	$ 1,846,513	$ 1,446,320	$ (1,924,260)	$ 837,259	$ (138,189)
Beginning Balance	19,996,433	20,674,843	20,112,378	21,381,101	22,314,452	23,523,921	25,370,434	26,816,754	24,892,494	27,082,673
Ending Balance	$ 20,674,843	$ 20,112,378	$ 21,381,101	$ 22,314,452	$ 23,523,921	$ 25,370,434	$ 26,816,754	$ 24,892,494	$ 25,729,753	$ 26,944,484
	Fiduciary Net Position	Fiduciary Net Position	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	$ 525,572	$ 519,916	$ 488,555	$ 549,091	$ 650,969	$ 615,342	$ 633,573	$ 694,833	$ 726,774	$ 660,513
Employer Contributions	525,572	519,916	488,555	633,568	565,707	710,010	730,857	801,731	1,054,544	914,556
Net Investment Income	(107,469)	691,060	1,655,622	(670,805)	2,370,032	1,861,015	1,923,501	(2,552,863)	2,004,973	1,744,596
Benefit Payments	(1,339,860)	(1,930,220)	(1,231,846)	(1,199,873)	(1,197,642)	(1,329,918)	(1,249,276)	(1,650,229)	(1,766,707)	(2,471,478)
Administration Expenses	(61,331)	(100,928)	(107,814)	(101,346)	(44,109)	(88,258)	(62,767)	(70,671)	(34,968)	(48,915)
Net Change	$ (457,516)	$ (300,256)	$ 1,293,072	$ (789,365)	$ 2,344,957	$ 1,768,191	$ 1,975,888	$ (2,777,199)	$ 1,984,616	$ 799,272
Beginning Balance	11,157,023	10,699,507	10,399,251	11,692,323	10,902,958	13,247,915	15,016,106	16,991,994	14,214,795	16,199,411
Ending Balance	$ 10,699,507	$ 10,399,251	$ 11,692,323	$ 10,902,958	$ 13,247,915	$ 15,016,106	$ 16,991,994	$ 14,214,795	$ 16,199,411	$ 16,998,683
Net Pension Liability	$ 9,975,336	$ 9,713,127	$ 9,688,778	$ 11,411,494	$ 10,276,006	$ 10,354,328	$ 9,824,760	$ 10,677,699	$ 9,530,342	$ 9,945,801
Fiduciary Net Position as a Percentage of Total Pension Liability	51.75%	51.71%	54.69%	48.86%	56.32%	59.19%	63.36%	57.10%	62.96%	63.09%
Covered Payroll	$ 4,042,862	$ 3,766,262	$ 3,758,115	$ 4,259,859	$ 4,259,859	$ 4,501,839	$ 4,501,839	$ 4,506,666	$ 4,506,666	$ 5,148,620
Net Pension Liability as a Percentage of Covered Payroll	246.74%	257.90%	257.81%	267.88%	241.23%	230.00%	218.24%	236.93%	211.47%	193.17%

The accompanying notes are an integral part of this statement.

CITY OF BIG SPRING, TEXAS

EXHIBIT B-4

SCHEDULE OF EMPLOYER CONTRIBUTIONS
BIG SPRING FIREMEN'S RELIEF AND RETIREMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025
Actuarially Determined Contribution	$ 546,693	$ 491,271	$ 578,137	$ 662,471	$ 671,934	$ 724,202	$ 774,872	$ 1,022,459	$ 909,479	$ 932,782
Actual Contributions	546,693	491,271	578,137	662,471	671,934	724,202	774,872	1,022,459	909,479	932,782
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 4,205,336	$ 3,779,008	$ 3,410,923	$ 4,416,470	$ 4,479,559	$ 4,828,013	$ 5,165,809	$ 5,606,443	$ 5,052,663	$ 4,985,535
Contributions as a Percentage of Covered Payroll	13.00%	13.00%	16.95%	15.00%	15.00%	15.00%	15.00%	18.24%	18.00%	18.71%

The accompanying notes are an integral part of this statement.

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, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2017 Total OPEB Liability	12/31/2018 Total OPEB Liability	12/31/2019 Total OPEB Liability	12/31/2020 Total OPEB Liability	12/31/2021 Total OPEB Liability	12/31/2022 Total OPEB Liability	12/31/2023 Total OPEB Liability	12/31/2024 Total OPEB Liability
Service Cost	$ 20,080	$ 24,240	$ 21,220	$ 29,154	$ 31,329	$ 34,933	$ 18,922	$ 22,949
Interest	22,350	22,472	28,716	22,187	17,963	16,521	25,385	25,291
Benefit Payments	(6,985)	(8,080)	(9,226)	(11,059)	(29,431)	(24,952)	(26,283)	(26,078)
Differences Between Expected and Actual Experience		101,508	(126,874)	(49,366)	(48,478)	(6,009)	(7,092)	(8,148)
Changes in Assumption	47,404	(42,596)	117,216	109,031	24,898	(282,202)	32,335	(31,279)
Other		3,262	(342)	(1,345)	(507)	(594)	(680)	(1,346)
Net Change	$ 82,849	$ 100,806	$ 30,710	$ 98,602	$ (4,226)	$ (262,303)	$ 42,587	$ (18,611)
Beginning Balance	584,714	667,563	768,369	799,079	897,681	893,455	631,152	673,739
Ending Balance	$ 667,563	$ 768,369	$ 799,079	$ 897,681	$ 893,455	$ 631,152	$ 673,739	$ 655,128
Total OPEB Liability	$ 667,563	$ 768,369	$ 799,079	$ 897,681	$ 893,455	$ 631,152	$ 673,739	$ 655,128
Covered Payroll	$ 8,774,404	$ 8,977,789	$ 9,225,942	$ 10,053,002	$ 9,493,663	$ 9,980,733	$ 10,516,299	$ 10,435,804
Total OPEB Liability as a Percentage of Covered Payroll	7.61%	8.56%	8.66%	8.93%	9.41%	6.32%	6.41%	6.28%

Note: Only eight years of GASB 75 data available as of 12/31/2024. The remaining two 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-6

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
BIG SPRING RETIREE HEALTH INSURANCE PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2017 Total OPEB Liability	12/31/2018 Total OPEB Liability	12/31/2019 Total OPEB Liability	12/31/2020 Total OPEB Liability	12/31/2021 Total OPEB Liability	12/31/2022 Total OPEB Liability	12/31/2023 Total OPEB Liability	12/31/2024 Total OPEB Liability
Service Cost	$ 234,314	$ 275,511	$ 270,360	$ 352,626	$ 380,228	$ 438,755	$ 253,944	$ 239,104
Interest	151,828	146,777	170,727	145,871	115,348	112,304	177,456	180,708
Differences between Expected and Actual Experience	(49,191)	(360,876)	(245,245)	(500,097)	(286,093)	(971,718)	(57,181)	(2,195,701)
Benefit Payments	194,116	17,670	5,114	55,226	16,014	32,171	(76,057)	(10,399)
Changes in Assumptions	(222,312)	97,236	435,451	415,188	73,211	(1,186,827)	88,126	527,967
Net Change	$ 308,755	$ 176,318	$ 636,407	$ 468,814	$ 298,708	$ (1,575,315)	$ 386,288	$ (1,258,321)
Beginning Balance	3,978,993	4,287,748	4,464,066	5,100,473	5,569,287	5,867,995	4,292,680	4,678,968
Ending Balance	$ 4,287,748	$ 4,464,066	$ 5,100,473	$ 5,569,287	$ 5,867,995	$ 4,292,680	$ 4,678,968	$ 3,420,647
Total OPEB Liability	$ 4,287,748	$ 4,464,066	$ 5,100,473	$ 5,569,287	$ 5,867,995	$ 4,292,680	$ 4,678,968	$ 3,420,647
Covered Payroll	$ 10,106,139	$ 13,237,648	$ 13,680,635	$ 14,966,152	$ 12,775,370	$ 15,565,466	$ 16,412,947	$ 15,817,764
Total OPEB Liability as a Percentage of Covered Payroll	42.43%	33.72%	37.28%	37.21%	45.93%	27.58%	28.51%	21.63%

Note: Only eight years of GASB 75 data available as of 12/31/2024. The remaining two 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, 2025

REQUIRED SUPPLEMENTARY INFORMATION

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
General Property Taxes	$ 8,215,000	$ 8,215,000	$ 8,328,103	$ 113,103
General Sales Taxes	10,000,000	9,700,000	9,744,492	44,492
Gross Receipts Business Taxes	1,529,800	1,529,800	1,469,081	(60,719)
License and Permits	721,450	721,450	723,486	2,036
Intergovernmental	8,850	11,750	253,989	242,239
Fines	206,505	218,630	227,873	9,243
Recreation	1,120,130	1,209,130	1,424,131	215,001
Investment Earnings	300,000	300,000	562,095	262,095
Rents and Royalties	2,301,150	1,751,150	1,955,836	204,686
Miscellaneous	25,925	83,958	185,253	101,295
Contributions and Donations			20,286	20,286
Total Revenues	$ 24,428,810	$ 23,740,868	$ 24,894,625	$ 1,153,757
Expenditures:				
Current:				
General Government				
Non-Departmental (000)	$ 510,330	$ 501,400	$ 326,704	$ 174,696
City Council (110)	169,312	137,842	131,926	5,916
Finance (120)	814,597	826,851	818,619	8,232
City Manager (130)	326,625	330,464	320,620	9,844
Information Technology (140)	394,169	443,500	409,398	34,102
Legal (150)	489,089	457,109	521,653	(64,544)
Human Resources (160)	585,094	606,107	571,926	34,181
Special Projects (170)	400,000	400,000	389,845	10,155
Planning Department (190)	10,625	8,510	10,735	(2,225)
Public Safety				
Police (200)	7,266,412	6,829,008	6,587,258	241,750
Narcotics Task Force (201)	221,902	49,950	49,493	457
Fire (210)	6,191,862	6,189,689	6,187,714	1,975
Municipal Court (220)	361,589	402,916	385,768	17,148
Fire Marshal (230)	190,459	188,005	181,311	6,694
Animal Control (240)	480,334	484,651	426,086	58,565
Highways and Streets				
Code Enforcement (300)	677,888	700,760	759,065	(58,305)
General Maintenance (310)	83,753	65,539	58,047	7,492
Streets (320)	4,162,807	2,703,355	2,766,583	(63,228)
Recreation and Parks				
Parks (370)	957,072	817,775	753,902	63,873
Sports Complex (375)	608,246	748,195	700,657	47,538
Swimming Pool (380)	482,764	480,502	363,253	117,249
Golf Course (390)	1,145,844	1,420,723	1,389,404	31,319
Lake (410)	79,665	89,785	67,328	22,457
City Hall (420)	94,700	111,556	116,674	(5,118)
Debt Service:				
Principal	205,528	205,528	159,892	45,636
Interest	21,786	21,786	21,786	
Total Expenditures	$ 26,932,452	$ 25,221,506	$ 24,475,846	$ 745,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (2,503,642)	$ (1,480,638)	$ 418,779	$ 1,899,417
Other Financing Sources (Uses):				
Transfers In (Out)	$ 1,174,775	$ 1,174,775	$ 554,661	$ (620,114)
Financing Lease Obligation			92,334	92,334
Total Other Financing Sources	$ 1,174,775	$ 1,174,775	$ 646,995	$ (527,780)
Net Change in Fund Balances	$ (1,328,867)	$ (305,863)	$ 1,065,774	$ 1,371,637
Fund Balances - Beginning	19,202,906	19,202,906	19,202,906	
Fund Balances - Ending	$ 17,874,039	$ 18,897,043	$ 20,268,680	

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	21 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

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

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

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Discount Rate	7.75% as of December 31, 2024
Inflation	3.00%
Salary Increases	4.50%
Mortality	Pub2010-PS full projected with scale MP-2021

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
GENERAL FUND BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025

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, 2025

ASSETS:	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:					
Cash and Cash Equivalents	$ 169,323	$ 33,042	$	$ 432,268	$ 634,633
Investments	828,545	161,681			990,226
Receivables (Net of Allowance for Uncollectibles)	6,755	12,090	46,104		64,949
Total Assets	$ 1,004,623	$ 206,813	$ 46,104	$ 432,268	$ 1,689,808
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 1,783	$	$	$	$ 1,783
Accrued Wages	5,775				5,775
Due to Other Funds				80,749	80,749
Unearned Revenue	54,822				54,822
Total Liabilities	$ 62,380	$ 0	$ 0	$ 80,749	$ 143,129
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	$	$ 10,460	$ 41,010	$	$ 51,470
Total Deferred Inflows of Resources	$ 0	$ 10,460	$ 41,010	$ 0	$ 51,470
Fund Balances:					
Nonspendable Fund Balances:					
Cemetery Permanent Care	$	$	$	$ 351,519	$ 351,519
Restricted Fund Balances:					
Restricted for Court Security	37,244				37,244
Restricted for Court Technology	18,024				18,024
Restricted for Public, Educational and Governmental Television Access	307,910				307,910
Restricted for Public Safety Improvements	260,500				260,500
Restricted for Debt Service		196,353	5,094		201,447
Restricted for Senior Citizen's Center	45,869				45,869
Restricted for Opioid Remediation Uses	127,808				127,808
Restricted for Truancy Court Operations	18,004				18,004
Committed Fund Balances:					
Committed for Employee Education	87,466				87,466
Unassigned Fund Balance	39,418				39,418
Total Fund Balances	$ 942,243	$ 196,353	$ 5,094	$ 351,519	$ 1,495,209
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,004,623	$ 206,813	$ 46,104	$ 432,268	$ 1,689,808

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, 2025

	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-5)
Revenue:					
Taxes					
General Property Taxes	$	$ 284,933	$ 887,736	$	$ 1,172,669
Gross Receipts Business Tax	30,972				30,972
Intergovernmental	66,792				66,792
Charges for Services	133,661				133,661
Fines	26,617				26,617
Investment Earnings	22,111	4,040		18,679	44,830
Total Revenue	$ 280,153	$ 288,973	$ 887,736	$ 18,679	$ 1,475,541
Expenditures:					
Current					
General Government	$ 128,300	$	$	$	$ 128,300
Public Safety	9,500				9,500
Cemetery	195,456				195,456
Debt Service					
Principal	2,679	240,000	860,000		1,102,679
Interest and Fees	10	51,415	72,250		123,675
Total Expenditures	$ 335,945	$ 291,415	$ 932,250	$ 0	$ 1,559,610
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (55,792)	$ (2,442)	$ (44,514)	$ 18,679	$ (84,069)
Other Financing Sources (Uses):					
Transfers In (Out)	$ 228,313	$	$ 49,608	$ (18,679)	$ 259,242
Total Other Financing Sources (Uses)	$ 228,313	$ 0	$ 49,608	$ (18,679)	$ 259,242
Net Change in Fund Balances	$ 172,521	$ (2,442)	$ 5,094	$ 0	$ 175,173
Fund Balances - Beginning	769,722	198,795		351,519	1,320,036
Fund Balances - Ending	$ 942,243	$ 196,353	$ 5,094	$ 351,519	$ 1,495,209

CITY OF BIG SPRING, TEXAS

EXHIBIT C-3

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2025

ASSETS	Employee's College Education	Municipal Court Security	Municipal Court Technology	Cemetery	Senior Center	P.E.G.	State Forfeiture	Police Department Seizure	Truant Court Costs	Jury	Child Safety	Opioid Settlement	Total Nonmajor-Special Revenue Funds (See Exhibit C-1)
Assets:													
Cash and Cash Equivalents	$ 14,842	$ 5,369	$ 3,059	$ 16,127	$ 7,784	$ 52,248	$ 26,002	$ 18,200	$ 3,055	$ 48	$ 902	$ 21,687	$ 169,323
Investments	72,624	26,273	14,965	78,916	38,085	255,662	127,239	89,059	14,949	238	4,414	106,121	828,545
Receivables (Net of Allowance for Uncollectibles)				6,755									6,755
Total Assets	$ 87,466	$ 31,642	$ 18,024	$ 101,798	$ 45,869	$ 307,910	$ 153,241	$ 107,259	$ 18,004	$ 286	$ 5,316	$ 127,808	$ 1,004,623
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts Payable	$	$	$	$ 1,783	$	$	$	$	$	$	$	$	$ 1,783
Accrued Wages				5,775									5,775
Unearned Revenue				54,822									54,822
Total Liabilities	$ 0	$ 0	$ 0	$ 62,380	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 62,380
Fund Balances:													
Restricted Fund Balances:													
Restricted for Court Security	$	$ 31,642	$	$	$	$	$	$	$	$ 286	$ 5,316	$	$ 37,244
Restricted for Court Technology			18,024										18,024
Restricted for Public, Educational and Governmental Television Access						307,910							307,910
Restricted for Public Safety Improvements							153,241	107,259					260,500
Restricted for Senior Citizen's Center					45,869								45,869
Restricted for Opioid Remediation Uses												127,808	127,808
Restricted for Truancy Court Operations									18,004				18,004
Committed Fund Balances:													
Committed for Employee Education	87,466												87,466
Unassigned Fund Balance (Deficit)				39,418									39,418
Total Fund Balances	$ 87,466	$ 31,642	$ 18,024	$ 39,418	$ 45,869	$ 307,910	$ 153,241	$ 107,259	$ 18,004	$ 286	$ 5,316	$ 127,808	$ 942,243
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 87,466	$ 31,642	$ 18,024	$ 101,798	$ 45,869	$ 307,910	$ 153,241	$ 107,259	$ 18,004	$ 286	$ 5,316	$ 127,808	$ 1,004,623

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, 2025

	Employee's College Education	Municipal Court Security	Municipal Court Technology	Cemetery	Senior Center	P.E.G.	State Forfeiture	Police Department Seizure	Truant Court Costs	Jury	Child Safety	Opioid Settlement	Radio Communications	Total Nonmajor-Special Revenue Funds (See Exhibit C-2)
Revenue:														
Taxes														
Gross Receipts Business Tax	$	$	$	$	$	$ 30,972	$	$	$	$	$	$	$	$ 30,972
Intergovernmental							10,206					56,586		66,792
Charges for Services	28,025			105,636										133,661
Fines		7,601	5,836						10,765	141	2,274			26,617
Investment Earnings	2,457	766	421	2,383	1,206	8,021	4,007	2,850						22,111
Total Revenue	$ 30,482	$ 8,367	$ 6,257	$ 108,019	$ 1,206	$ 38,993	$ 14,213	$ 2,850	$ 10,765	$ 141	$ 2,274	$ 56,586	$ 0	$ 280,153
Expenditures:														
Current														
General Government	$ 28,300	$	$	$	$	$	$	$	$	$	$	$	$ 100,000	$ 128,300
Public Safety							9,500							9,500
Cemetery				195,456										195,456
Debt Service														
Principal				2,679										2,679
Interest				10										10
Total Expenditures	$ 28,300	$ 0	$ 0	$ 198,145	$ 0	$ 0	$ 9,500	$ 0	$ 0	$ 0	$ 0	$ 0	$ 100,000	$ 335,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 2,182	$ 8,367	$ 6,257	$ (90,126)	$ 1,206	$ 38,993	$ 4,713	$ 2,850	$ 10,765	$ 141	$ 2,274	$ 56,586	$ (100,000)	$ (55,792)
Other Financing Sources (Uses):														
Transfers In (Out)	$ (4,158)	$	$	$ 137,922	$	$ (5,451)	$	$	$	$	$	$	$ 100,000	$ 228,313
Total Other Financing Sources (Uses)	$ (4,158)	$ 0	$ 0	$ 137,922	$ 0	$ (5,451)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 100,000	$ 228,313
Net Change in Fund Balances	$ (1,976)	$ 8,367	$ 6,257	$ 47,796	$ 1,206	$ 33,542	$ 4,713	$ 2,850	$ 10,765	$ 141	$ 2,274	$ 56,586	$ 0	$ 172,521
Fund Balances - Beginning	89,442	23,275	11,767	(8,378)	44,663	274,368	148,528	104,409	7,239	145	3,042	71,222		769,722
Fund Balances - Ending	$ 87,466	$ 31,642	$ 18,024	$ 39,418	$ 45,869	$ 307,910	$ 153,241	$ 107,259	$ 18,004	$ 286	$ 5,316	$ 127,808	$ 0	$ 942,243

CITY OF BIG SPRING, TEXAS

EXHIBIT C-5

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2025

	Garage	Health Insurance	Occupational Accident Insurance	Payroll Fund	Total Internal Service Funds (See Exhibit A-7)
ASSETS:					
Current Assets					
Cash and Cash Equivalents	$	$ 3,563,200	$ 2,140,559	$ 42,093	$ 5,745,852
Investments				203,993	203,993
Total Current Assets	$ 0	$ 3,563,200	$ 2,140,559	$ 246,086	$ 5,949,845
Noncurrent Assets					
Capital Assets (Net of Accumulated Depreciation)					
Land	$ 10,000	$	$	$	$ 10,000
Machinery and Equipment	36,612				36,612
Total Noncurrent Assets	$ 46,612	$ 0	$ 0	$ 0	$ 46,612
Total Assets	$ 46,612	$ 3,563,200	$ 2,140,559	$ 246,086	$ 5,996,457
LIABILITIES:					
Current Liabilities					
Accounts Payable	$ 1,708	$ 309	$ 29,079	$ 245,253	$ 276,349
Claims and Judgments Payable		183,935	103,502		287,437
Due to Other Funds	66,881	65,000	13,315		145,196
Long Term Debt - Current	9,799				9,799
Total Current Liabilities	$ 78,388	$ 249,244	$ 145,896	$ 245,253	$ 718,781
Noncurrent Liabilities					
Long Term Debt	$ 12,668	$	$	$	$ 12,668
Total Noncurrent Liabilities	$ 12,668	$ 0	$ 0	$ 0	$ 12,668
Total Liabilities	$ 91,056	$ 249,244	$ 145,896	$ 245,253	$ 731,449
NET POSITION:					
Net Investment in Capital Assets	$ 24,145	$	$	$	$ 24,145
Unrestricted Net Position	(68,589)	3,313,956	1,994,663	833	5,240,863
Total Net Position	$ (44,444)	$ 3,313,956	$ 1,994,663	$ 833	$ 5,265,008

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, 2025

	Garage	Health Insurance	Occupational Accident Insurance	Payroll Fund	Total Internal Service Funds (See Exhibit A-8)
OPERATING REVENUES:					
Billings to Departments and Employees	$	$ 2,971,296	$ 634,609	$	$ 3,605,905
Total Operating Revenues	$ 0	$ 2,971,296	$ 634,609	$ 0	$ 3,605,905
OPERATING EXPENSES:					
Supplies and Materials	$ 8,773	$	$	$	$ 8,773
Contractual Services	51,765	2,743,943	235,097		3,030,805
Maintenance	42,406				42,406
Depreciation	153				153
Other Expense		153,217			153,217
Total Operating Expenses	$ 103,097	$ 2,897,160	$ 235,097	$ 0	$ 3,235,354
Operating Income (Loss)	$ (103,097)	$ 74,136	$ 399,512	$ 0	$ 370,551
NON-OPERATING REVENUES (EXPENSES):					
Interest Revenue	$	$ 4,536	$ 3,109	$	$ 7,645
Other Income	91,677	610,434	1,982	1,259	705,352
Interest Expense and Paying Agent Fees	(573)				(573)
Total Non-Operating Revenues (Expenses)	$ 91,104	$ 614,970	$ 5,091	$ 1,259	$ 712,424
Income (Loss) Before Transfers	$ (11,993)	$ 689,106	$ 404,603	$ 1,259	$ 1,082,975
Transfers In (Out)	(41,210)	(65,000)	(13,315)		(119,525)
Change in Net Position	$ (53,203)	$ 624,106	$ 391,288	$ 1,259	$ 963,450
Total Net Position - Beginning	8,759	2,689,850	1,603,375	(426)	4,301,558
Total Net Position - Ending	$ (44,444)	$ 3,313,956	$ 1,994,663	$ 833	$ 5,265,008

CITY OF BIG SPRING, TEXAS

EXHIBIT C-7

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	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	$	$ 2,971,296	$ 634,609	$	$ 3,605,905
Cash Payments to Suppliers for Goods and Services	(102,477)	(2,924,701)	(313,843)	44,216	(3,296,805)
Net Cash from Operating Activities	$ (102,477)	$ 46,595	$ 320,766	$ 44,216	$ 309,100
Cash Flows from Non-Capital Financing Activities					
Cash Transfers from (to) Other Funds	$ 25,671	$ (249,941)	$ (51,355)	$	$ (275,625)
Various Reimbursements	91,677	610,434	1,982	1,259	705,352
Net Cash from Non-Capital Financing Activities	$ 117,348	$ 360,493	$ (49,373)	$ 1,259	$ 429,727
Cash Flows from Capital and Related Financing Activities					
Principal and Interest Paid	$ (7,504)	$	$	$	$ (7,504)
Capital Assets Purchased	(7,367)				(7,367)
Net Cash from Capital and Related Financing Activities	$ (14,871)	$ 0	$ 0	$ 0	$ (14,871)
Cash Flows from Investing Activities					
Interest and Dividends on Investments	$	$ 4,536	$ 3,109	$	$ 7,645
Change in Investments				(203,993)	(203,993)
Net Cash from Investing Activities	$ 0	$ 4,536	$ 3,109	$ (203,993)	$ (196,348)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 0	$ 411,624	$ 274,502	$ (158,518)	$ 527,608
Cash and Cash Equivalents at Beginning of Year	0	3,151,576	1,866,057	200,611	5,218,244
Cash and Cash Equivalents at End of Year	$ 0	$ 3,563,200	$ 2,140,559	$ 42,093	$ 5,745,852
Reconciliation of Operating Income to Net Cash from Operating Activities					
Operating Income (Loss)	$ (103,097)	$ 74,136	$ 399,512	$ 0	$ 370,551
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities					
Depreciation	$ 153	$	$	$	$ 153
Change in Assets and Liabilities					
Increase (Decrease) in Accounts Payable	467	109	6,464	44,216	51,256
Increase (Decrease) in Claims and Judgements Payable		(27,650)	(85,210)		(112,860)
Total Adjustments	$ 620	$ (27,541)	$ (78,746)	$ 44,216	$ (61,451)
Net Cash from Operating Activities	$ (102,477)	$ 46,595	$ 320,766	$ 44,216	$ 309,100
Schedule of Noncash Capital and Related Financing Activities:					
Capital Assets Acquired Through Lease Obligation	$ 29,398	$ 0	$ 0	$ 0	$ 29,398

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

Bolinger, Segars, Gilbert & Moss, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
PHONE: (806) 747-3806
FAX: (806) 747-3815
8215 Nashville Avenue
Lubbock, Texas 79423-1954

INDEPENDENT AUDITOR'S REPORT 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*

To the Mayor and 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 (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City of Big Spring, Texas' basic financial statements, and have issued our report thereon dated March 31, 2026. 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.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

March 31, 2026

SINGLE AUDIT 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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Big Spring, Texas' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Big Spring, Texas' major federal programs for the year ended September 30, 2025. City of Big Spring, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Big Spring, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Big Spring, Texas and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Big Spring, Texas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Big Spring, Texas' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Big Spring, Texas' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Big Spring, Texas' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Big Spring, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Big Spring, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Big Spring, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

March 31, 2026

CITY OF BIG SPRING, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENEDED SEPTEMBER 30, 2025

A. Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued	**Unmodified**			
Internal control over financial reporting				
Material weakness(es) identified?		yes	**x**	no
Significant deficiencies identified that are not considered to be material weaknesses?		yes	**x**	no
Noncompliance material to financial statements noted?		yes	**x**	no

2. Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		yes	**x**	no
Significant deficiencies identified that are not considered to be material weaknesses?		yes	**x**	no
Type of auditor's report issued on compliance for major programs.	**Unmodified**			
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)?		yes	**x**	no

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
11.307	**Title II, Sections 209 and 703, Economic Adjustment Assistance (Disaster-American Rescue Plan Act, EAA)**

Dollar threshold used to distinguish between type A and type B programs:	$ **1,000,000**			
Auditee qualified as low-risk auditee - Federal?		yes	**x**	no

CITY OF BIG SPRING, TEXAS

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Assistance Listing Number		Total Expenditures
FEDERAL AWARDS				
Department of Commerce's Economic Development Administration				
Title II, Sections 209 and 703, Economic Adjustment Assistance (Disaster-American Rescue Plan Act, EAA)		11.307	$	1,604,371
Total Department of Commerce's Economic Development Administration			$	1,604,371
Department of Housing and Urban Development				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	CDM21-0350	14.228		3,000
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	CDV21-0164	14.228		43,250
Total Department of Housing and Urban Development			$	1,650,621
Department of Homeland Security				
Assistance to Firefighters Grant Program		97.044	$	169,233
Total Department of Homeland Security			$	169,233
Department of the Treasury: Coronovirus State and Local Fiscal				
Fiscal Recovery Funds - COVID-19		21.027	$	646,677
Total Department of Treasury			$	646,677
Total Federal Awards			$	4,070,903

NOTES TO SEFA

1. *BASIS OF PRESENTATION:*

The above schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Big Spring, Texas (The City) under programs of the federal government for the year ended September 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance)* . Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

2. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:*

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* , wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. *INDIRECT COST RATE:*

The City did not elect to use the 10% de minimis indirect cost rate.

STATE OF TEXAS :
COUNTY OF HOWARD :
CITY OF BIG SPRING :

The City Council of the City of Big Spring, Texas, met in a Regular Meeting in the City Council Chambers located at 307 E. 4th St., Big Spring, Texas, at 5:30 PM, April 14, 2026, with the following members present in person:

MAYOR ROBERT MOORE
COUNCIL MEMBER NICK ORNELAS
COUNCIL MEMBER DIANE YANEZ
MAYOR PRO TEM CODY HUGHES
COUNCIL MEMBER HOMER WILKERSON
COUNCIL MEMBER DANIEL MORENO
COUNCIL MEMBER GLORIA BLACKBURN

Same and constituting a quorum, for which four Council Members must be present; and the following staff in person;

TODD DARDEN	City Manager
JOHN MEDINA	Assistant City Manager
ANDREW HAGEN	City Attorney
SHANE BOWLES	Public Works Director
CHAD WILLIAMS	Police Chief
MIKE FEELEY	Airpark Director
SANDY SMITH	Finance Director
SUSAN HIMES	Community Services Director
TAMI DAVIS	City Secretary
MANDY HAYNES	Municipal Judge

<u>Open Session</u>

Call to Order

Mayor Moore called the City Council meeting to order at 5:30 p.m.

Invocation

Tate Inderlied, Cornerstone Covenant Church, gave the invocation.

Pledge of Allegiance to the United States Flag and to the Texas State Flag

Mayor Moore led the Pledge of Allegiance to the United States Flag and to the Texas State Flag.

<u>Public Comment</u>

Public Comment

Matt Burrows, Firefighters Association, announced that the Big Spring Fire Department will be participating in a Fill the Boot fundraiser on April 18, 2026 for the Muscular Distrophe Association.

Announcements, Presentations and Public Hearings

Proclamation - Animal Control Appreciation Week
Mayor Moore read a proclamation in observance of Animal Control Appreciation Week for the week of April 12th - 18th and presented the proclamation to several Big Spring Animal Control Officers.

City Manager’s Report

City Manager's report on the following items:

- Large Item Pickup, District 4, April 15
- Update - Water Office Drive-Thru Window
- Update - Galaxy
- Texas Trash Off - April 25th
- Recognition - Howard College Basketball

Todd Darden, City Manager, reported on the above captioned items as follows: Large item pickup for District 4 will be on April 15th; A ribbon cutting will be at the water office on Wednesday, April 15th for the opening of the drive-thru window; Galaxy is working at the airpark updating some hangars and the terminal; National Texas Trash Off will be on April 25th; Congratulated the Mens Howard college basketball team for winning Nationals; On April 22nd the Comanche Trail Park will be honoring Howard and Vicki Stewart by naming a Pavilion in their honor; The Health Fair will be on Saturday from 9-1 at the Dorothy Garrett Coliseum.

Consent Items

Approval of the City Council Minutes for the Regular Meeting of March 24, 2026

Acknowledge Receipt of the Big Spring Economic Development Corporation Board of Directors Minutes for the Regular Meeting of March 17, 2026

Acknowledge Receipt of the McMahon-Wrinkle Aviation Advisory Board Minutes for the Regular Meeting of February 19, 2026

Final Reading of an Ordinance Amending Ordinance Number 024-2025 Which Adopted the Annual Budget for the City of Big Spring, Texas for the Fiscal Year Beginning October 1, 2025 and Ending September 30, 2026 by Revising the General Fund Budget for the Purpose of Purchasing Bent Grass for Emergency Repairs of the Greens at Comanche Trail Golf Course; Providing for Severability; and Providing an Effective Date.

Final Reading of an Ordinance of the City Council of the City of Big Spring Providing for the Interpretation of References in the Big Spring City Code to Statutes, Rules or Ordinances, and Providing for the Adoption of Amendments to Provisions in the Big Spring City Code Which Contain a List, Amending Chapter 1 of the Big Spring Code Entitled "General Provisions" Sections 1-2 And 1-5; Providing for the Repeal of Conflicting Legislation; Providing for Severability; Finding and Determining That the Meetings at Which the Ordinance Was Discussed Were Open to the Public as Required by Law; and Providing an Effective Date.

Final Reading of an Ordinance Repealing Two Parts of the Big Spring City Code that Conflict with State Law on Interference with Public Duties, Amending Chapter 8 of the Big Spring City Code Entitled "Animals," Article I "In General," Section 8-3 by Amending in Part Subsection (a) and Repealing in its Entirety Subsection (b), and amending Chapter 38 of the Big Spring City Code Entitled "Offenses and Miscellaneous Provisions," Article I "In General," Section 8-2 by Repealing Section 38-2 in its Entirety, Providing for the Repeal of Conflicting Legislation; Providing for Severability; Finding and Determining that the Meetings at which the Ordinance was Discussed were open to the Public as Required by Law; and Providing an Effective Date.

Final Reading of an Ordinance Annexing to the City of Big Spring, Howard County, Texas, a Tract Approximately 0.57 Acres, More or Less, Out of the Northeast Quarter of Section 8, Block 32, T-1-S, T&P RR Co. Survey, Howard County, Texas, Said Tract Being Located Entirely Within the Extraterritorial Jurisdiction of and Contiguous to the City of Big Spring, and Being Further and More Particularly Described Hereunder, on the Request of Danja Ann Hernandez as Landowner; Extending the Boundary Limits of the City of Big Spring So as to Include Said Property Within the City Limits of Said City; Granting to All the Inhabitants of Said Property All the Rights and Privileges of Other Citizens; Binding Said Inhabitants by All of the Acts, Ordinances, Resolutions, and Regulations of the City of Big Spring; Adopting a Municipal Services Agreement; Providing for the Repeal of Conflicting Legislation; Providing for Severability; Finding and Determining That the Meetings at Which the Ordinance Was Discussed Were Open to the Public as Required by Law; and Providing an Effective Date.

MOTION WAS MADE BY Council Member Ornelas to approve the above captioned minutes and ordinances, seconded by Council Member Yanez.

YEAS: Mayor Moore, Council Member Ornelas, Council Member Yanez, Mayor Pro Tem Hughes, Council Member Wilkerson, Council Member Moreno, Council Member Blackburn **7**

NAYS: None **0**

MOTION PASSED

<u>Vouchers</u>

Vouchers for 03/20/26 $ 862,909.10
Vouchers for 03/26/26 $ 905,732.71

Council Member Hughes reviewed the above captioned vouchers.

MOTION WAS MADE BY Mayor Pro Tem Hughes to approve the above captioned vouchers, seconded by Council Member Yanez.

YEAS: Mayor Moore, Council Member Ornelas, Council Member Yanez, Mayor Pro Tem Hughes, Council Member Wilkerson, Council Member Moreno, Council Member Blackburn **7**

NAYS: None **0**

MOTION PASSED

Vouchers for 04/02/26 $ 173,515.37

Council Member Wilkerson reviewed the above captioned vouchers.

MOTION WAS MADE BY Council Member Wilkerson to approve the above captioned vouchers, seconded by Mayor Pro Tem Hughes.

YEAS: Mayor Moore, Council Member Ornelas, Council Member Yanez, Mayor Pro Tem Hughes, Council Member Wilkerson, Council Member Moreno, Council Member Blackburn **7**

NAYS: None **0**

MOTION PASSED

<u>Bids</u>

Consideration and Possible Action Awarding a Bid for 8 Baseball/Softball Scoreboards and 1 Football/Soccer Scoreboard and the Installation of each Scoreboard for the Roy Anderson Sports Complex and Authorizing the City Manager to Execute any Necessary Documents

MOTION WAS MADE BY Mayor Pro Tem Hughes awarding the above captioned bid to Varsity Scoreboards in the amount of $53,412.50 and to S&S Installation in the amount of $13,950.00, seconded by Council Member Yanez.

YEAS: Mayor Moore, Council Member Ornelas, Council Member Yanez, Mayor Pro Tem Hughes, Council Member Wilkerson, Council Member Moreno, Council Member Blackburn **7**

NAYS: None **0**

MOTION PASSED

<u>New Business</u>

Acknowledge Receipt of the Quarterly Claims and Litigation Report from the City

Attorney

City Council Members acknowledge the above captioned report. No action necessary.

Consideration and Possible Action to Lease 1911 and 1913 Apron Dr. (BUILDING # 44), Old Webb AFB Hangar: Approx. 14,268 sq. ft.; Land Area: Approx. 1.9 acres; to Hanger 25 Air Museum Association Authorizing the City Manager or His Designee to Execute any Necessary Documents

No action taken on the above captioned item at this time.

Consideration and Possible Action to Amend the Lease of 1600 First Avenue, Big Spring McMahon-Wrinkle Airport and Industrial Park, Big Spring, Texas 79720, Comprising Building 1B (Approximately 141,440 Square Feet) and a Container Area (Approximately 1.3 Acres) with Fortitude Mining, LLC and Assign it Isomeric Industries Inc and Authorizing the City Manager or His Designee to Negotiate and Execute any Necessary Documents

MOTION WAS MADE BY Council Member Yanez to approve the above captioned lease, seconded by Council Member Wilkerson.

YEAS: Mayor Moore, Council Member Ornelas, Council Member Yanez, Mayor Pro Tem Hughes, Council Member Wilkerson, Council Member Moreno, Council Member Blackburn **7**

NAYS: None **0**

MOTION PASSED

Boards and Committees

Consideration and Possible Action on the Below Listed Board By Accepting a Resignation and Appoint a New Member:

MOTION WAS MADE BY Mayor Moore to accept the below listed resignation of Jose Olivias and the below captioned appointment of Diana Hernandez to the Parks & Recreation Board, seconded by Council Member Wilkerson.

YEAS: Mayor Moore, Council Member Ornelas, Council Member Yanez, Mayor Pro Tem Hughes, Council Member Wilkerson, Council Member Moreno, Council Member Blackburn **7**

NAYS: None **0**

MOTION PASSED

Parks and Recreation Board

Dist. 2 - Jose Olivias - Resignation

Dist. 2 - Diana Hernandez - New Appointment

Council Input

Input

Several Council Members thanked Mike Feeley, Airpart Director, on his many achievements done at the airpark.
Council Member Yanez thanked Sandy & Todd for making their work on the water office drive-thru window

Adjourn
Mayor Moore adjourned the City Council meeting at 6:02 p.m.

____
Robert H. Moore III, Mayor

ATTEST:

____
Tami L. Davis, City Secretary

Memorandum

Date: March 24, 2026

From: Sandy Smith, Finance Director

To: Mayor and City Council

Re: Bid Award Recommendation – Cost Allocation Plan Consulting Service

Staff recommends awarding the contract for Cost Allocation Plan Consulting Services to MGT, the highest-ranked proposer based on the established evaluation criteria and scoring methodology.

The City issued a Request for Proposals (RFP) for professional consulting services to prepare an updated Cost Allocation Plan in compliance with 2 CFR Part 200, Appendix VII (D), and applicable federal cost principles and standard business practices. The Cost Allocation Plan is a critical financial tool used to equitably allocate shared costs across City departments and programs and to support grant reimbursement and indirect cost recovery.

Proposals were received from the following firms:

- - Matrix Consulting Group
- - Maximus
- - MGT

An evaluation committee reviewed and scored each proposal in accordance with the RFP's weighted evaluation criteria.

Evaluation Criteria	Weight	Matrix Consulting Group	Maximus	MGT
Overall qualifications of the firm	20%	60	60	60
Knowledge of 2 CFR 200 and federal cost principles	20%	60	60	60
Proven experience with local governments	20%	48	35	60

Methodology and approach	20%	60	58	60
Price Total Cost for 5 Year Contract	20%	60 $60,000	38 $71,250	60 $61,000
TOTAL SCORE	100%	288	251	300

MGT received the highest overall score, achieving the maximum score in experience, methodology, and pricing categories. While all proposers demonstrated adequate qualifications and knowledge, MGT distinguished itself through its demonstrated experience with local governments, comprehensive approach, and cost competitiveness. Based on the evaluation, staff determined that MGT offers the best overall value to the City.

Funding for the Cost Allocation Plan consulting services is included in the adopted budget. The contract amount will not exceed the cost proposed by MGT and will be executed in accordance with the City's procurement policies.

Staff recommends that Council authorize the City Manager to negotiate and execute a contract with MGT for Cost Allocation Plan Consulting Services.

CITY OF Big Spring

MEMORANDUM

Date: April 28, 2026

To: Mayor Moore, Big Spring City Council Members and Todd Darden, City Manager

From: Mike Feeley A.A.E., Airport Director

Re: Authorization for an award of a bid from RW Fence and Fab for Removing and Replacing the Hangar Roof at Fire Station One at McMahon-Wrinkle Airport

Staff received 3 quotes for the repairs to the hangar roof. The roof was severely damaged by hail and leaked profusely directly into the new Bunker Cleaning Room that was build out of wood inside the hangar. The repairs were deemed critical to ensure the Bunker Room was not damaged beyond repair.

The quotes received were as follows:

VENDOR #1		VENDOR #2		VENDOR #3	
Firefighter Roofing		RW Fence & Fab		Metal Solutions	
Roy Metcalf		Ryan Ward		Tyler Bradley	
817-298-6238		432-236-8854		432-517-4761	
UNIT PRICE	EXTENDED PRICE	UNIT PRICE	EXTENDED PRICE	UNIT PRICE	EXTENDED PRICE
$ -	$ -	$ -	$ -	$ -	$ -
$ 56,480.00		$ 35,225.00		$ 40,950.00	

RW Fence and Fab had the best qualified bid and staff recommend they receive the award. This work was accomplished with City Manager approval after the bids were received due to the emergent nature of the repairs. This item is being brough forward because it is a capital improvement and a budget amendment is necessary to move the funds to the appropriate capital account.

The resources used for this acquisition will come from the Land account 410-021-610-5311-000 where the current balance is $124,999 dollars.

CITY OF BIG SPRING
YEAR TO DATE OCTOBER 1, 2025 TO MARCH 31, 2026
2nd QTR - 50%

GENERAL FUND

REVENUES	Original Budget	Budget Amendments	Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
40-FEES	19,723,062	(364,095) [1]	19,358,967	12,175,489	7,183,478	62.89%
41-LICENSES & PERMITS	721,450		721,450	119,542	601,908	16.57%
42-GRANTS & OTHER AGENCIE	8,850		8,850	12,834	(3,984)	145.02%
44-FINES & FEES	218,630		218,630	143,250	75,380	65.52%
45-RECREATION	1,314,130		1,314,130	668,646	645,484	50.88%
46-INTEREST INCOME	300,000		300,000	210,037	89,963	70.01%
47-PROPERTY	1,901,150		1,901,150	602,993	1,298,157	31.72%
49-MISCELLANEOUS	2,971,457		2,971,457	1,431,223	1,540,234	48.17%
TOTAL REVENUES	27,158,729	(364,095)	26,794,634	15,364,013	11,430,621	57.34%

EXPENDITURES	Original Budget	Budget Amendments	Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
000-NON-DEPARTMENTAL	1,241,756		1,241,756	714,295	527,461	57.52%
110-CITY COUNCIL	202,277	32,000 [3]	234,277	120,446	113,831	51.41%
130-CITY MANAGER	345,301		345,301	164,777	180,524	47.72%
150-LEGAL	515,069		515,069	223,935	291,134	43.48%
170-SPECIAL PROJECTS	200,000	550,000	750,000	741,914	8,086	98.92%
180-ECONOMIC DEVELOPMENT	-	[A]	-	29,256	(29,256)	0.00%
190-PLANNING	10,500		10,500	2,212	8,288	21.07%
120-FINANCE DEPARTMENT	809,583		809,583	394,170	415,413	48.69%
140-INFORMATION TECHNOLOG	544,164		544,164	284,069	260,095	52.20%
160-HUMAN RESOURCES	638,139		638,139	308,570	329,569	48.35%
200-POLICE	6,244,431		6,244,431	2,833,636	3,410,795	45.38%
201-NARCOTICS TASK FORCE	89,925		89,925	7,454	82,471	8.29%
240-ANIMAL CONTROL	718,259		718,259	141,063	577,196	19.64%
210-FIRE	6,789,687	278,500 [4]	7,068,187	3,058,985	4,009,202	43.28%
230-FIRE MARSHAL	215,566		215,566	99,996	115,570	46.39%
220-MUNICIPAL COURT	433,893		433,893	200,236	233,657	46.15%
300-CODE ENFORCEMENT/INSP	748,137		748,137	281,022	467,115	37.56%
310-GENERAL MAINTENANCE	132,485		132,485	15,031	117,454	11.35%
320-STREETS	5,627,352		5,627,352	1,030,975	4,596,377	18.32%
370-PARKS	776,700	130,966 [2]	907,666	557,966	349,700	61.47%
375-SPORTS COMPLEX	723,168		723,168	265,352	457,816	36.69%
380-AQUATIC CENTER	337,572		337,572	74,580	262,992	22.09%
390-GOLF COURSE	1,394,780		1,394,780	952,128	442,652	68.26%
410-LAKE	86,605		86,605	29,779	56,826	34.39%
420-CITY HALL	108,200		108,200	52,120	56,080	48.17%
000-NON-DEPARTMENTAL - DEBT SERVICE	143,876		143,876	-	143,876	0.00%
000-NON-DEPARTMENTAL - TRANSFERS	1,270,757		1,270,757	657,006	613,751	51.70%
TOTAL BUDGETED EXPENSES	30,348,182	991,466	31,339,648	13,240,974	18,098,674	42.25%
NET INCREASE (DECREASE)	(3,189,453)	(1,355,561)	(4,545,014)	2,123,039	6,668,053	

Overview - Revenues

Property tax revenue collections are about $330k over last year. The majority of property taxes are collected between January and March; after that they become delinquent and penalties are assessed.

Sales Tax Analysis as of 3-31-2026
•November City Sales taxes collections are $800,746. This represents a decrease of -11.16% over last year.
•December City Sales taxes collections are $824,198. This represents a decrease of -0.03% over last year.
•January City Sales taxes collections are $725,865. This represents an Increase of 3.41% over last year.
•February City Sales taxes collections are $1,054,896. This represents an Increase of 16.27% over last year.
•March City Sales taxes collections are $754,265. This represents a decrease of -2.05% over last year.

•Sales tax collections are basically flat for the year, averaging 1.34% increase through March compared to the same periods last year. The total collection to-date is $4,159,969 compared to last year's collection to-date of $4,105,044.
•Budget Analysis – The sales tax collections from November to March rose slightly over last year's figures by $54,925; nevertheless, there seems to be a slight upward (flat) trend. Should the remaining periods exhibit a growth rate of 0%, the budget forecast will align with the original sales tax budget of $9.85 million. The end-of-year projection is relatively flat compared to last year.
•Inflation (Bureau of Labor Statistics) is 1.76% for April averaging 2.19% YTD.

Oil royalties are down about 39% from this time last year, however, with the price of WTI going from around $61/bbl to around $93/bbl we are hopeful we will make up that difference.

Golf Course revenue continues to increase, Daily green fees are up 28% over this time last year.

Overview - Expenditures

Expenditures are tracking under budget, but not all of the capital items have been purchased. There are $4.8m budgeted for Capital purchases/projects. The Birdwell Street rebuild is the biggest project in the General Fund at $2.2m, and it is still in the planning stage. To date, we have spent $1,149k on capital items. The golf course has made all their capital purchases as well as the Sports Complex and Parks.

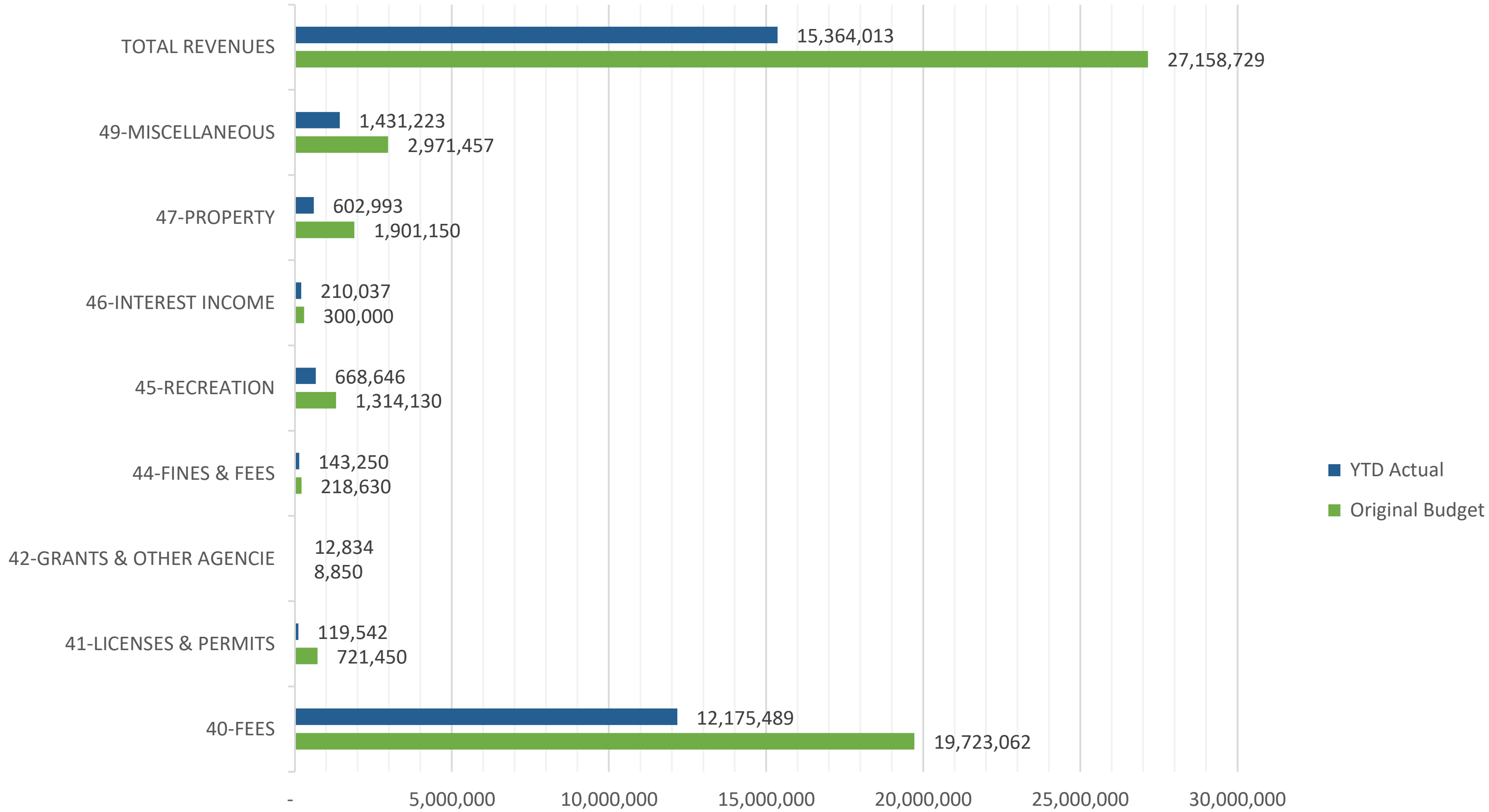
Footnotes:

[A] Economic Development reimburses the City for all payroll expenditures.

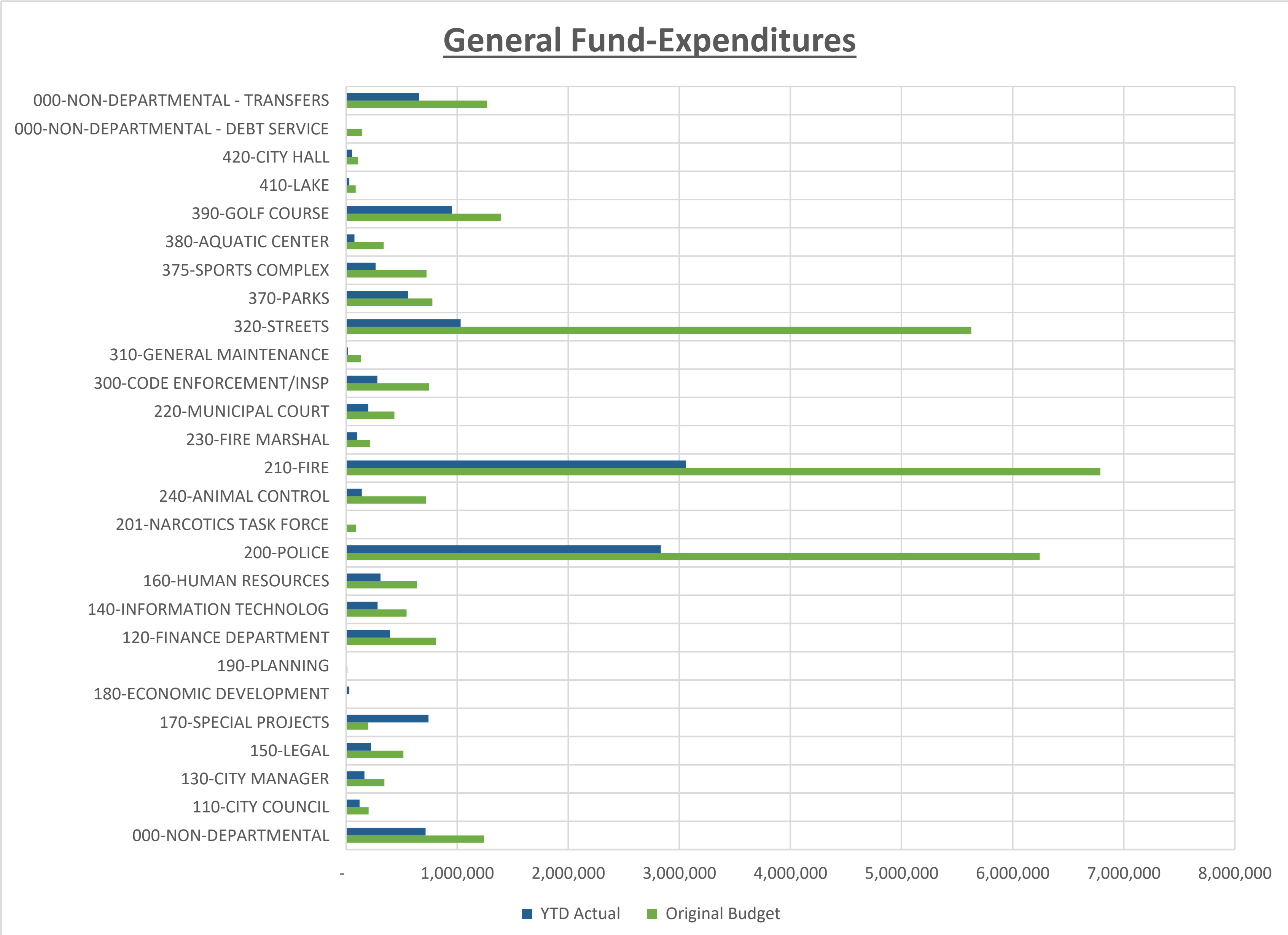
Budget Amendments:

[1] Sales Tax Overpayment refunded to the Comptroller's office. (Oct 28, 2025)
[2] Installation of the fishing dock. (Nov 17, 2025); Repair to Comanche Trail Lake Dam
[3] Appropriaton of funds for the collective bargaining election. (Nov 17, 2025)
[4] Brush Truck for Fire Department

General Fund-Revenues



	40-FEES	41-LICENSES & PERMITS	42-GRANTS & OTHER AGENCIE	44-FINES & FEES	45-RECREATION	46-INTEREST INCOME	47-PROPERTY	49-MISCELLANEOUS	TOTAL REVENUES
YTD Actual	12,175,489	119,542	12,834	143,250	668,646	210,037	602,993	1,431,223	15,364,013
Original Budget	19,723,062	721,450	8,850	218,630	1,314,130	300,000	1,901,150	2,971,457	27,158,729


General Fund-Expenditures
000-NON-DEPARTMENTAL - TRANSFERS
000-NON-DEPARTMENTAL - DEBT SERVICE
420-CITY HALL
410-LAKE
390-GOLF COURSE
380-AQUATIC CENTER
375-SPORTS COMPLEX
370-PARKS
320-STREETS
310-GENERAL MAINTENANCE
300-CODE ENFORCEMENT/INSP
220-MUNICIPAL COURT
230-FIRE MARSHAL
210-FIRE
240-ANIMAL CONTROL
201-NARCOTICS TASK FORCE
200-POLICE
160-HUMAN RESOURCES
140-INFORMATION TECHNOLOG
120-FINANCE DEPARTMENT
190-PLANNING
180-ECONOMIC DEVELOPMENT
170-SPECIAL PROJECTS
150-LEGAL
130-CITY MANAGER
110-CITY COUNCIL
000-NON-DEPARTMENTAL
-
1,000,000
2,000,000
3,000,000
4,000,000
5,000,000
6,000,000
7,000,000
8,000,000
YTD Actual
Original Budget

CITY OF BIG SPRING
YEAR TO DATE OCTOBER 1, 2025 TO MARCH 31, 2026
2nd QTR - 50%
HOTEL/MOTEL

REVENUE	Revised Budget	Budget Amendments	Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
40-FEES	1,501,600		1,501,600	751,083	750,517	50.02%
45-RECREATION	-		-	82	(82)	0.00%
46-INTEREST INCOME	55,000		55,000	45,850	9,150	83.36%
47-PROPERTY	5,100		5,100	3,970	1,130	77.84%
49-MISCELLANEOUS	250,000	1	250,000	0	250,000	0.00%
TOTAL REVENUES	1,811,700	-	1,811,700	800,985	1,010,715	44.21%

EXPENDITURES	Revised Budget			YTD Actual	Budget Balance	% of Budget to Date
000-NON-DEPARTMENTAL	170,880		170,880	118,050	52,830	69.08%
510-EVENTS CENTER	175,000		175,000	43,592	131,408	0.00%
520-POTTON HOUSE	12,900		12,900	2,107	10,793	16.33%
530-AUDITORIUM	124,700		124,700	52,644	72,056	42.22%
540-SPECIAL PROJECTS	30,000		30,000	2,403	27,597	8.01%
560-CVB	921,945		921,945	514,914	407,031	55.85%
570-HISTORIC SPRING	30,800		30,800	22,441	8,359	72.86%
000-NON-DEPARTMENTAL	-		-	-	-	0.00%
000-NON-DEPARTMENTAL	-		-	-	-	0.00%
TOTAL BUDGETED EXPENSES	1,466,225	-	1,466,225	756,150	710,075	51.57%
NET INCREASE (DECREASE)	345,475	-	345,475	44,835	(300,640)	

Overview - Revenues

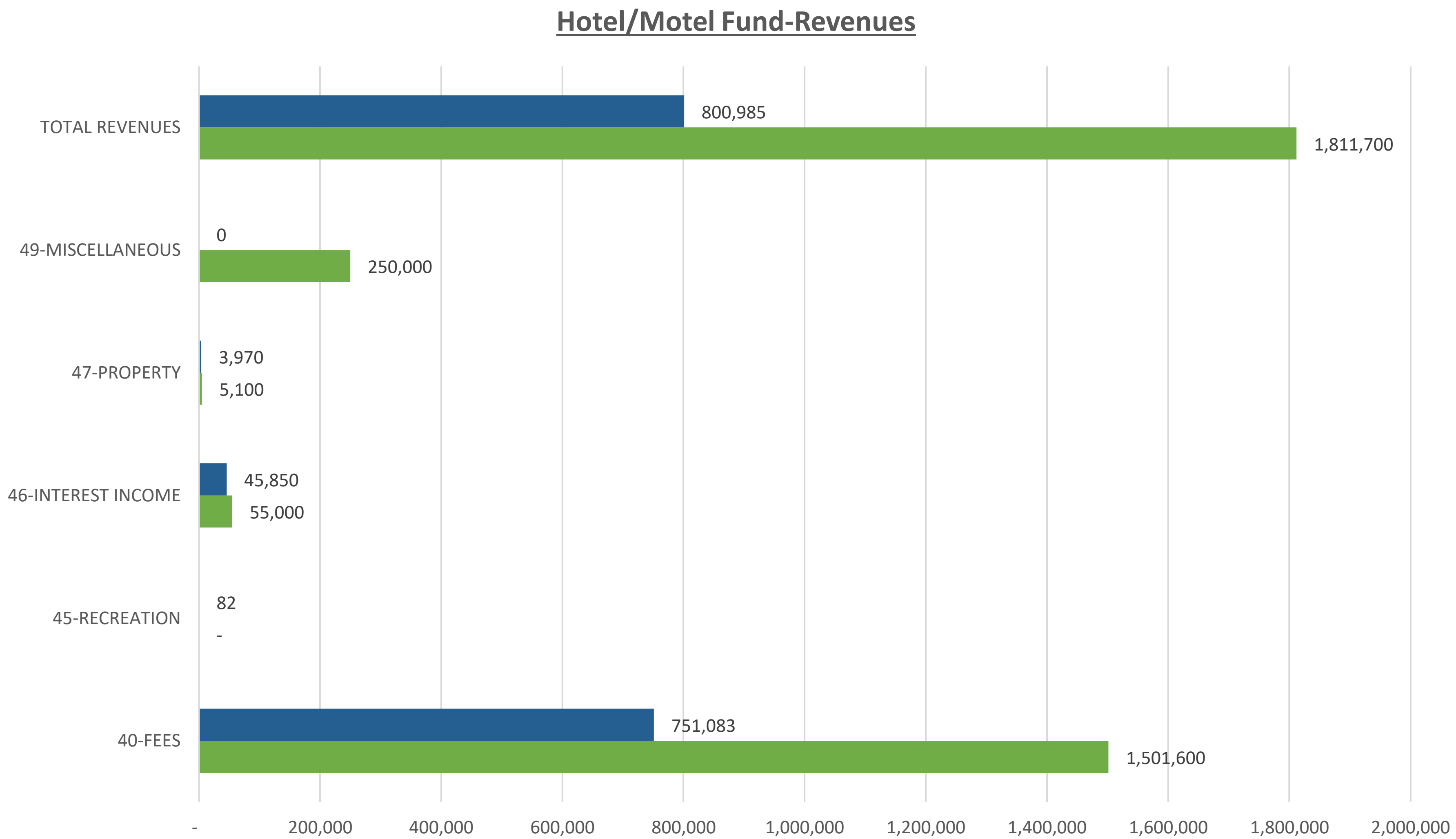
The Hotel Occupancy Tax (HOT) is up (7.3%) over this time last year, we are at 50% of the budget.

Overview - Expenditures

Expenditures are tracking right on budget. There have not been any capital purchases during this quarter.

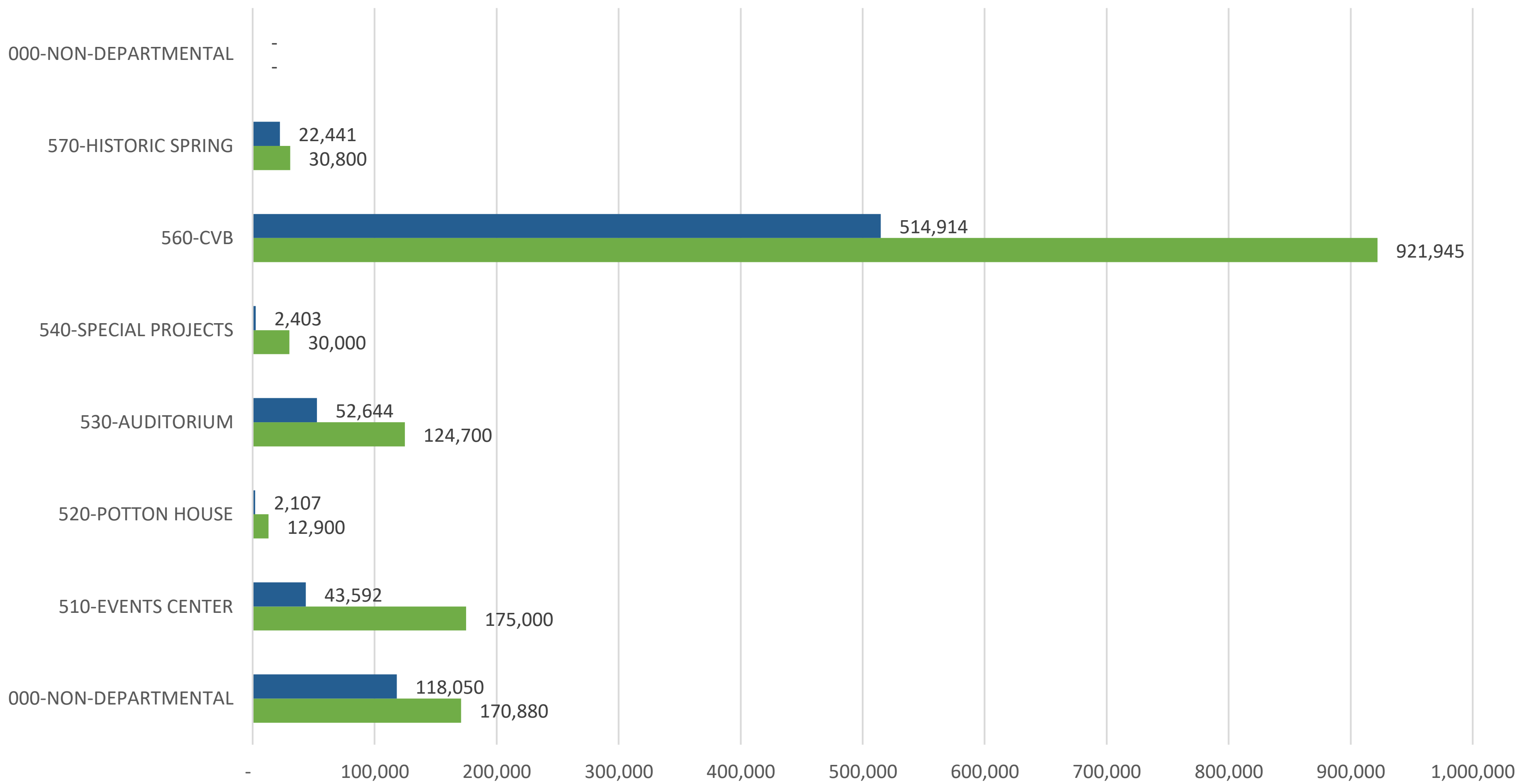
This chart compares 1st Qtr 24-25 to Current Fiscal Year

	24-25	25-26	Difference	% of Increase
HOTEL/MOTEL OCCUPANCY TAX	275,490	255,405	(20,085)	-7.3%



	40-FEES	45-RECREATION	46-INTEREST INCOME	47-PROPERTY	49-MISCELLANEOUS	TOTAL REVENUES
YTD Actual	751,083	82	45,850	3,970	0	800,985
Revised Budget	1,501,600	-	55,000	5,100	250,000	1,811,700

Hotel/Motel-Expenditures



	000-NON-DEPARTMENTAL	510-EVENTS CENTER	520-POTTON HOUSE	530-AUDITORIUM	540-SPECIAL PROJECTS	560-CVB	570-HISTORIC SPRING	000-NON-DEPARTMENTAL
YTD Actual	118,050	43,592	2,107	52,644	2,403	514,914	22,441	-
Revised Budget	170,880	175,000	12,900	124,700	30,000	921,945	30,800	-

YTD Actual   Revised Budget

CITY OF BIG SPRING
YEAR TO DATE OCTOBER 1, 2025 TO MARCH 31, 2026
2nd QTR - 50%
UTILITY FUND

REVENUES	Revised Budget	Budget Amendment	Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
42-GRANTS & OTHER AGENCIES	-		-	202,952		
43-GENERAL SALES/OTHER SE	13,872,000		13,872,000	5,966,543	7,905,457	43.01%
46-INTEREST INCOME	300,000		300,000	93,522	206,478	31.17%
48-TRANSFER FROM OTHER FU	-		-	-	-	0.00%
49-MISCELLANEOUS	12,200		12,200	34,673	(22,473)	284.21%
TOTAL REVENUES	14,184,200	-	14,184,200	6,297,690	7,886,510	44.40%

EXPENDITURES	Revised Budget		Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
000-NON-DEPARTMENTAL	5,366,384		5,366,384	2,795,418	2,570,966	52.09%
705-WATER TREATMENT	5,236,077		5,236,077	1,171,468	4,064,609	22.37%
710-DISTRIBUTION & COLLEC	4,328,092		4,328,092	1,496,685	2,831,407	34.58%
735-WATER OFFICE-CUSTOMER	902,151		902,151	449,133	453,018	49.78%
740-WASTEWATER TREATMENT	5,135,929		5,135,929	991,742	4,144,187	19.31%
745-MATERIAL CONTROL	237,909		237,909	103,716	134,193	43.59%
780-CITY HALL ANNEX	32,800		32,800	15,742	17,058	47.99%
000-NON-DEPARTMENTAL - DEBT SERVICE	60,950		60,950	-	60,950	0.00%
080-NON-DEPARTMENTAL - TRANSFERS	117,828		117,828	43,084	74,745	36.56%
409-ARPA/Multi Year Projects	-		-	720,517	(720,517)	0.00%
TOTAL BUDGETED EXPENSES	21,418,120	-	21,418,120	7,787,503	13,630,616	36.36%
NET INCREASE (DECREASE)	(7,233,920)	-	(7,233,920)	(1,489,813)	5,744,106	

Overview - Revenues

Water sales have increased slightly over this period last year by (1.2%).

We are pending a reimbursement from the EDA in excess of $1.8m. The delay was due in part to the government shut-down.

Overview - Expenditures

Expenditures are trending right on or just below budget.

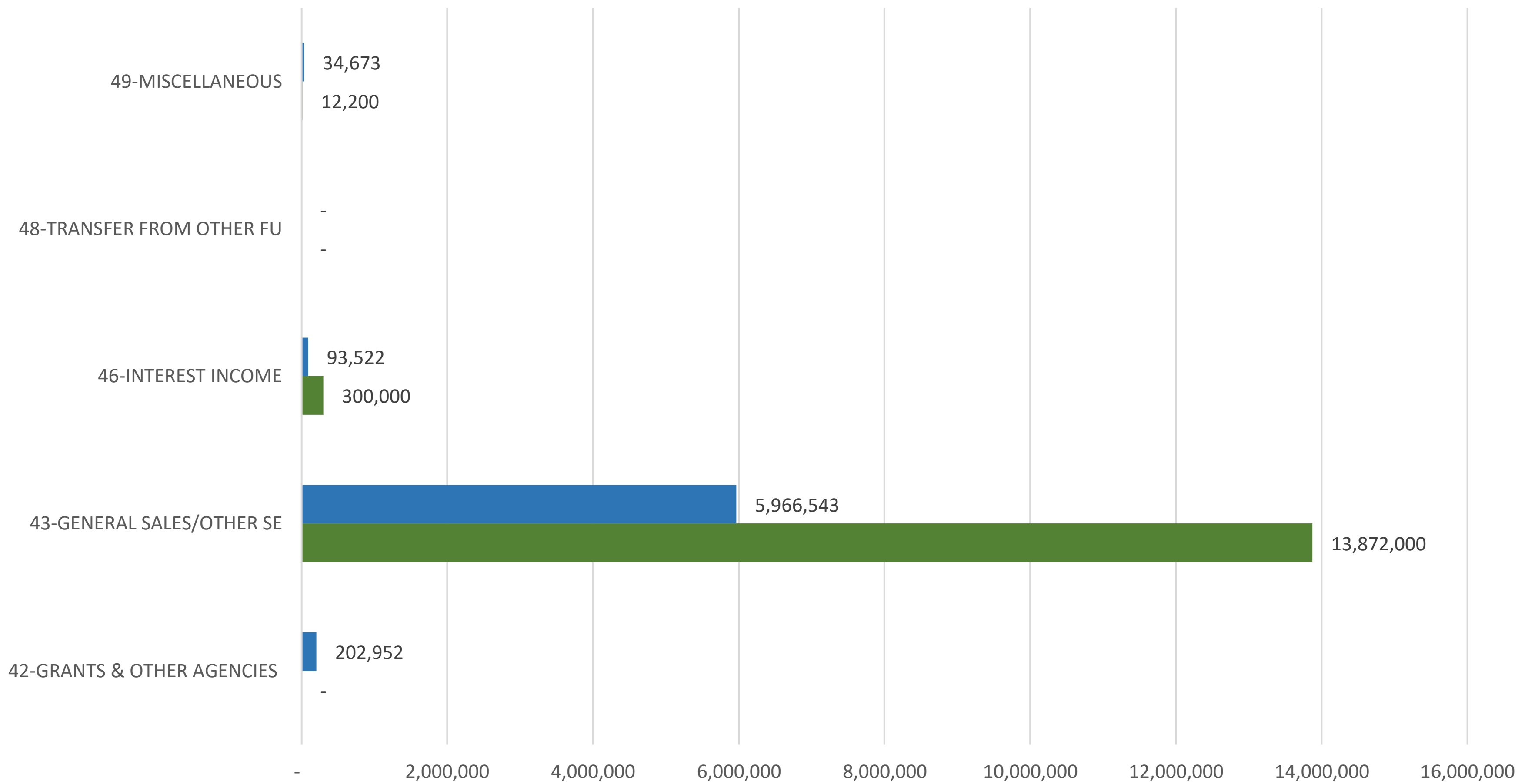
Footnotes:

Budget Amendments

This chart compares 2nd Qtr 24-25 to Current Fiscal Year

	24-25	25-26	Difference	% of Increase
WATER SALES	4,600,225	4,653,784	53,559	1.2%

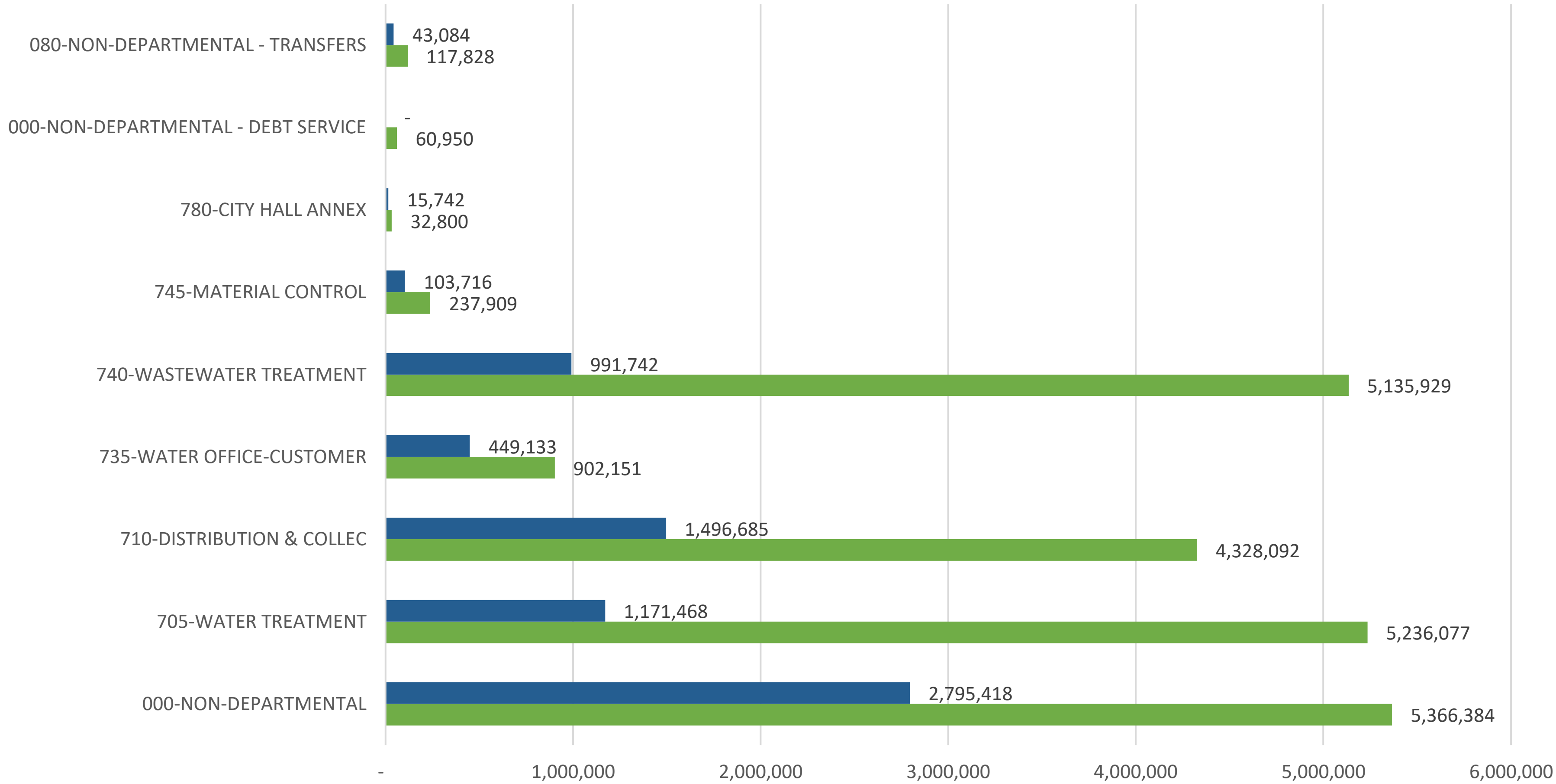
Utilities-Revenue



	42-GRANTS & OTHER AGENCIES	43-GENERAL SALES/OTHER SE	46-INTEREST INCOME	48-TRANSFER FROM OTHER FU	49-MISCELLANEOUS
YTD Actual	202,952	5,966,543	93,522	-	34,673
Revised Budget	-	13,872,000	300,000	-	12,200

YTD Actual   Revised Budget

Utilities-Expenditures



	000-NON-DEPARTMENTAL	705-WATER TREATMENT	710-DISTRIBUTION & COLLEC	735-WATER OFFICE-CUSTOMER	740-WASTEWATER TREATMENT	745-MATERIAL CONTROL	780-CITY HALL ANNEX	000-NON-DEPARTMENTAL - DEBT SERVICE	080-NON-DEPARTMENTAL - TRANSFERS
YTD Actual	2,795,418	1,171,468	1,496,685	449,133	991,742	103,716	15,742	-	43,084
Revised Budget	5,366,384	5,236,077	4,328,092	902,151	5,135,929	237,909	32,800	60,950	117,828

YTD Actual   Revised Budget

CITY OF BIG SPRING
YEAR TO DATE OCTOBER 1, 2025 TO MARCH 31, 2026
2nd QTR - 50%
AIRPARK FUND

REVENUE SUMMARY

REVENUES	Revised Budget	Budget Amendments	Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
46-INTEREST INCOME	620,000		620,000	252,347	367,653	40.70%
47-PROPERTY	5,845,900		5,845,900	2,113,416	3,732,484	36.15%
49-MISCELLANEOUS	-		-	1,188	(1,188)	0.00%
TOTAL REVENUES	6,465,900	-	6,465,900	2,366,951	4,098,949	36.61%

DEPARTMENT EXPENSE SUMMARY

EXPENDITURES	Revised Budget		Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
000-NON-DEPARTMENTAL	2,500		2,500	761,210	(758,710)	
610-AIRPARK	7,624,771	160,570 [1]	7,785,341	3,306,835	4,478,506	42.48%
000-NON-DEPARTMENTAL - DEBT SERVICE	46,250		46,250	5	46,245	0.01%
000-NON-DEPARTMENTAL - TRANSFER	4,041		4,041	3,066		75.87%
TOTAL BUDGETED EXPENSES	7,677,562	160,570	7,838,132	4,071,116	3,767,016	51.94%
NET INCREASE (DECREASE)	(1,211,662)	(160,570)	(1,372,232)	(1,704,165)	331,933	

Overview - Revenues

Revenues are trending just a little below budget.

Overview - Expenses

Expenses are below budget, however, expect capital expenses to increase as the projects associated with the reliever route and the fitness center are underway.

Depreciation Expense as of 3/31/26 is $760,233. Depreciation is booked but is not considered an operation expense.

Footnotes:

[1] Credit Card Fees and Depreciation Expense are posted in this account.

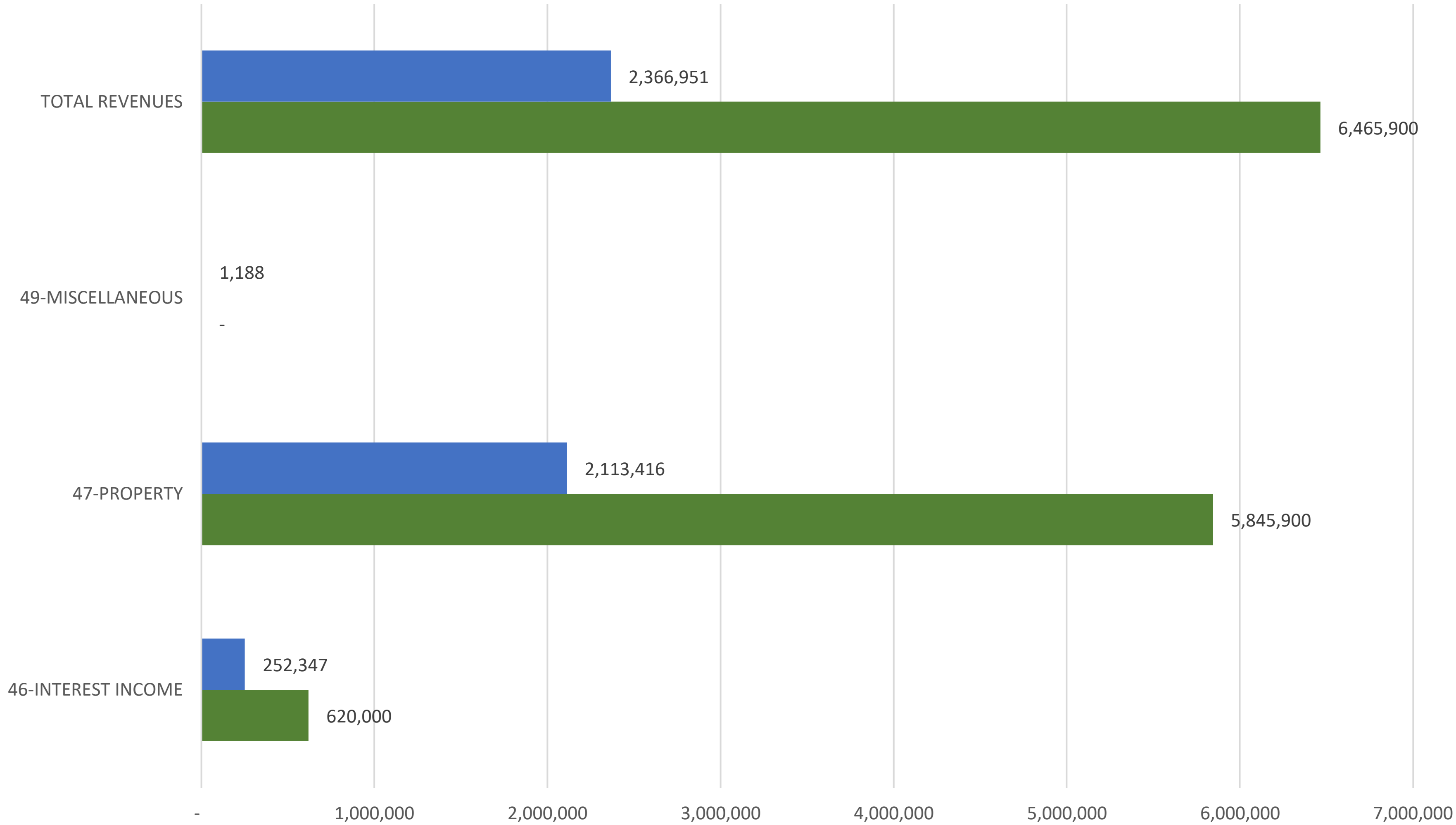
Budget Amendments:

1) Master Plan (Multi-Modal), Changes for Fitness Center, Hangar Doors - Net change to Fund Balance

This chart compares 2nd Qtr 24-25 to Current Fiscal Year

	24-25	25-26	Difference	% of Increase/ (Decrease)
Oil Royalties	1,311,342	927,411	(383,931)	-29.3%

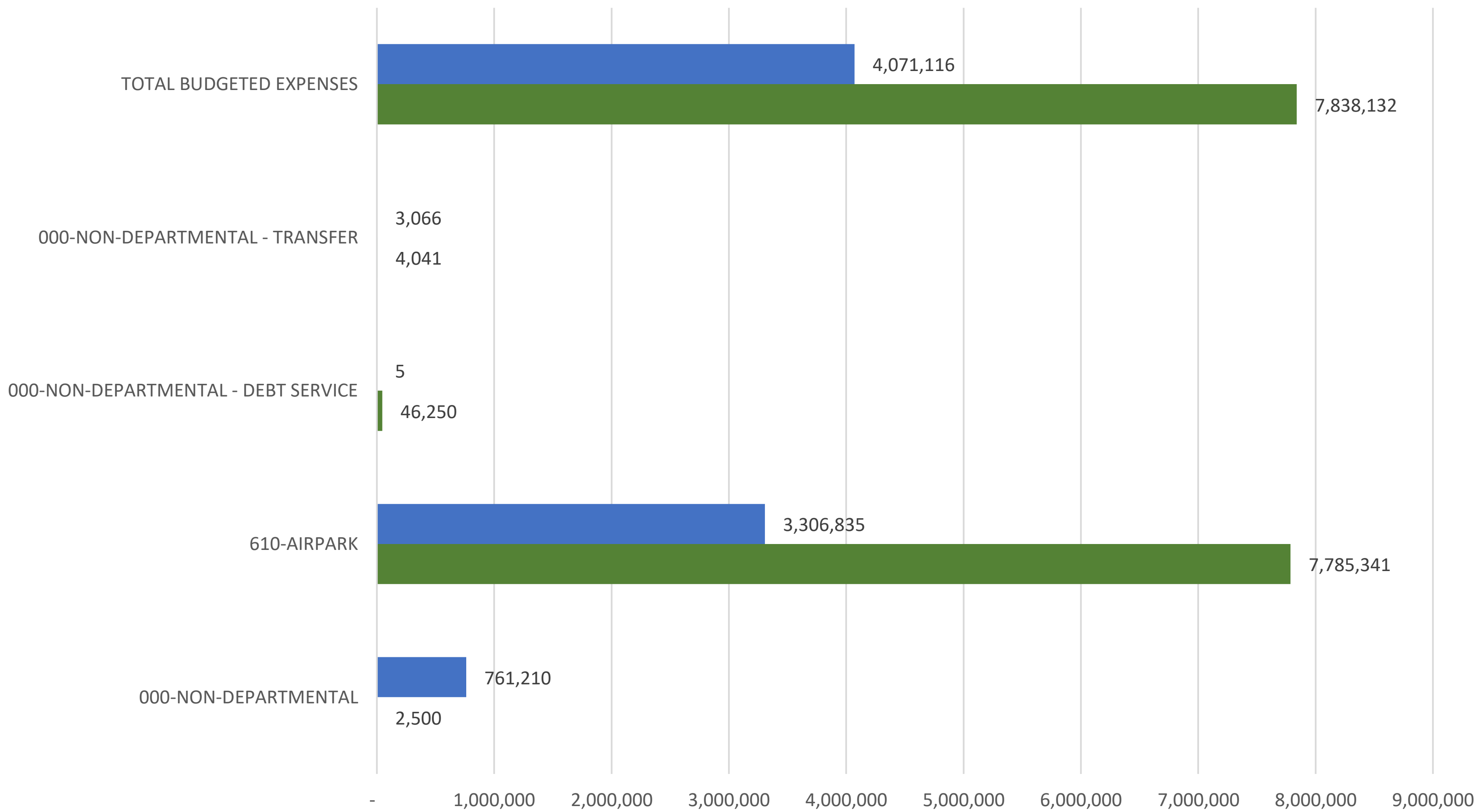
Airpark-Revenue



	46-INTEREST INCOME	47-PROPERTY	49-MISCELLANEOUS	TOTAL REVENUES
YTD Actual	252,347	2,113,416	1,188	2,366,951
Amended Budget	620,000	5,845,900	-	6,465,900

YTD Actual   Amended Budget

Airpark-Expenditures



	000-NON-DEPARTMENTAL	610-AIRPARK	000-NON-DEPARTMENTAL - DEBT SERVICE	000-NON-DEPARTMENTAL - TRANSFER	TOTAL BUDGETED EXPENSES
YTD Actual	761,210	3,306,835	5	3,066	4,071,116
Amended Budget	2,500	7,785,341	46,250	4,041	7,838,132

YTD Actual   Amended Budget

CITY OF BIG SPRING
YEAR TO DATE OCTOBER 1, 2025 TO MARCH 31, 2026
2nd QTR - 50%
EMERGENCY MEDICAL SERVICES

REVENUE SUMMARY

REVENUES	Revised Budget	Budget Amendments	Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
42-GRANTS & OTHER AGENCIES	450,000		450,000	225,000	225,000	50.00%
46-INTEREST INCOME	-		-	-	-	0.00%
47-PROPERTY	-		-	(2,891)	2,891	0.00%
48- TRANSFER FROM OTHER FUNDS	1,060,000		1,060,000	530,000	530,000	50.00%
49-MISCELLANEOUS	-		-	17,042	(17,042)	0.00%
TOTAL REVENUES	1,510,000	-	1,510,000	769,151	740,849	50.94%

DEPARTMENT EXPENSE SUMMARY

EXPENDITURES	Revised Budget		Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
012-MISCELLANEOUS		[1]		70,767		
430-EMS	2,910,496		2,910,496	1,520,147	1,390,349	52.23%
000-NON-DEPARTMENTAL - DEBT SERVICE	23,737		23,737	15	23,722	0.00%
000-NON-DEPARTMENTAL - TRANSFERS	8,706		8,706	7,496	1,210	86.10%
TOTAL BUDGETED EXPENSES	2,942,939	-	2,942,939	1,598,425	1,344,514	54.31%
1						
NET INCREASE (DECREASE)	(1,432,939)	-	(1,432,939)	(829,274)	(603,665)	

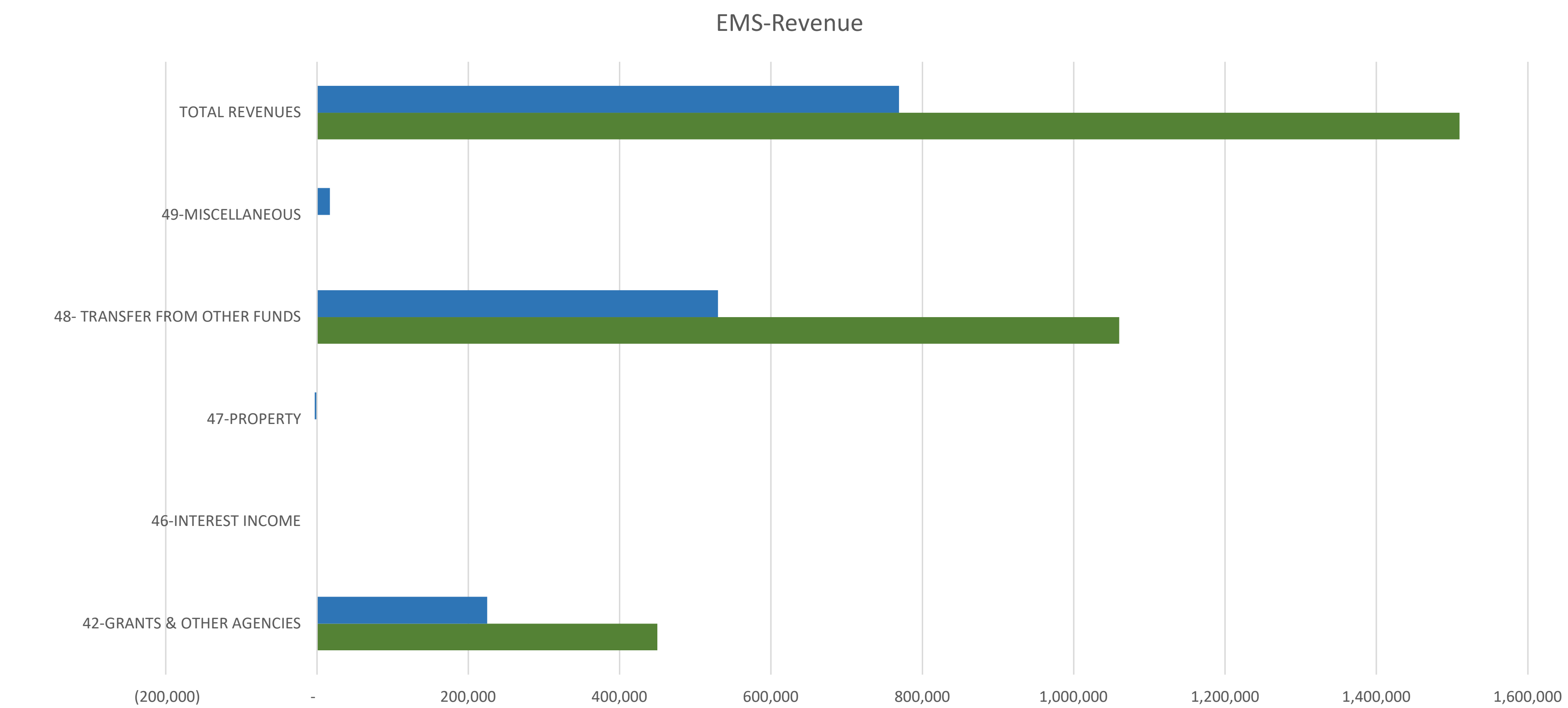
Overview - Revenues

The only income for EMS are the County's and City's annual contributions. Allegiance is receiving all the revenues since they are the ones making the calls.

Overview - Expenses

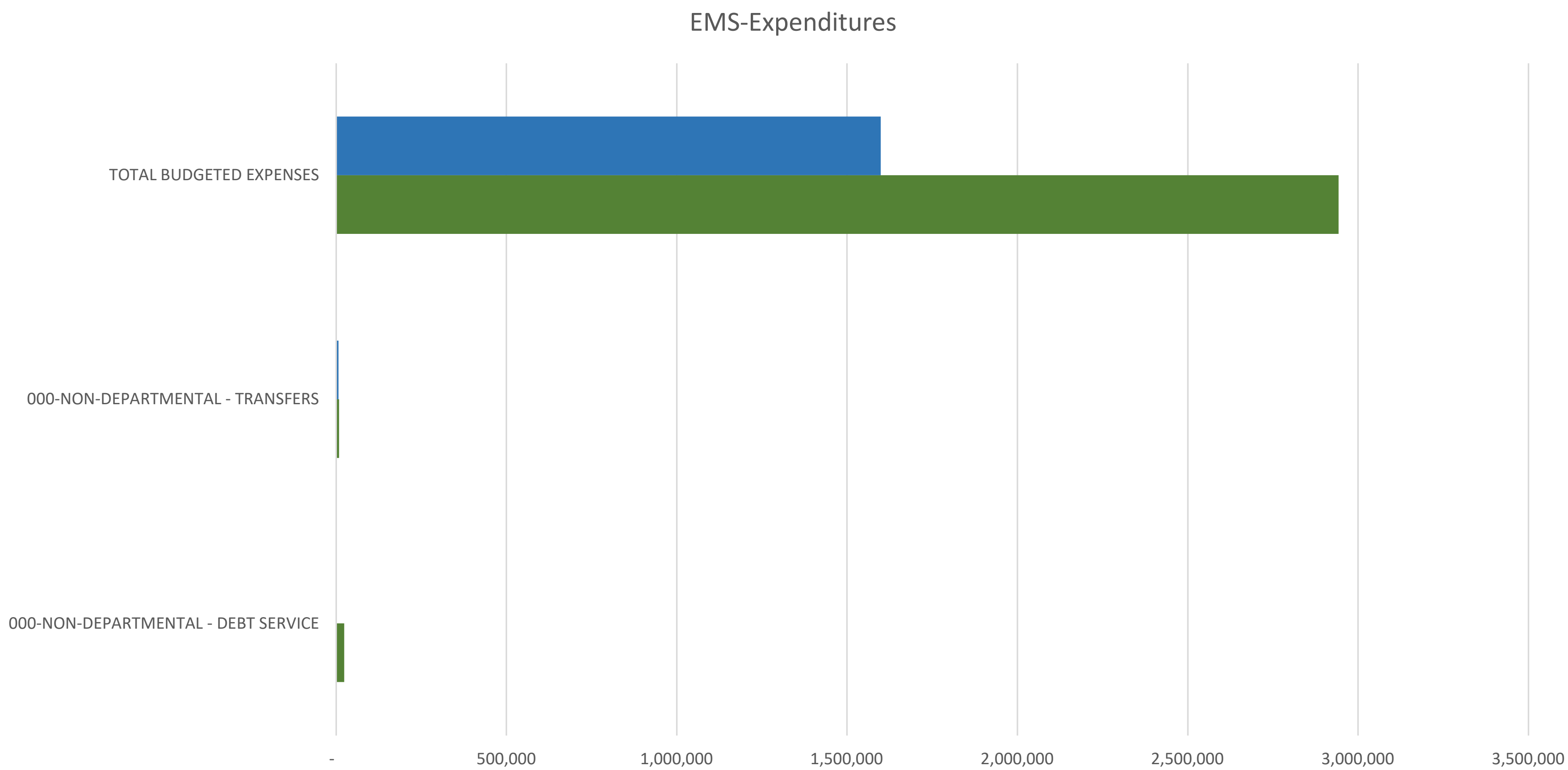
Footnotes:

[1] Depreciation Expense



	42-GRANTS & OTHER AGENCIES	46-INTEREST INCOME	47-PROPERTY	48- TRANSFER FROM OTHER FUNDS	49-MISCELLANEOUS	TOTAL REVENUES
YTD Actual	225,000	-	(2,891)	530,000	17,042	769,151
Amended Budget	450,000	-	-	1,060,000	-	1,510,000

YTD Actual Amended Budget



	000-NON-DEPARTMENTAL - DEBT SERVICE	000-NON-DEPARTMENTAL - TRANSFERS	TOTAL BUDGETED EXPENSES
YTD Actual	15	7,496	1,598,425
Amended Budget	23,737	8,706	2,942,939

YTD Actual Amended Budget

CITY OF BIG SPRING
YEAR TO DATE OCTOBER 1, 2025 TO MARCH 31, 2026
2nd QTR - 50%
LANDFILL

REVENUES	Revised Budget	Budget Amendments	Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
41-LICENSES & PERMITS	119,500		119,500	61,481	58,019	51.45%
43-GENERAL SALES/OTHER SE	2,102,600		2,102,600	1,131,964	970,636	53.84%
46-INTEREST INCOME	275,000		275,000	119,976	155,024	43.63%
49-MISCELLANEOUS	30		30	48	(18)	158.40%
TOTAL REVENUES	2,497,130	-	2,497,130	1,313,469	1,183,661	52.60%

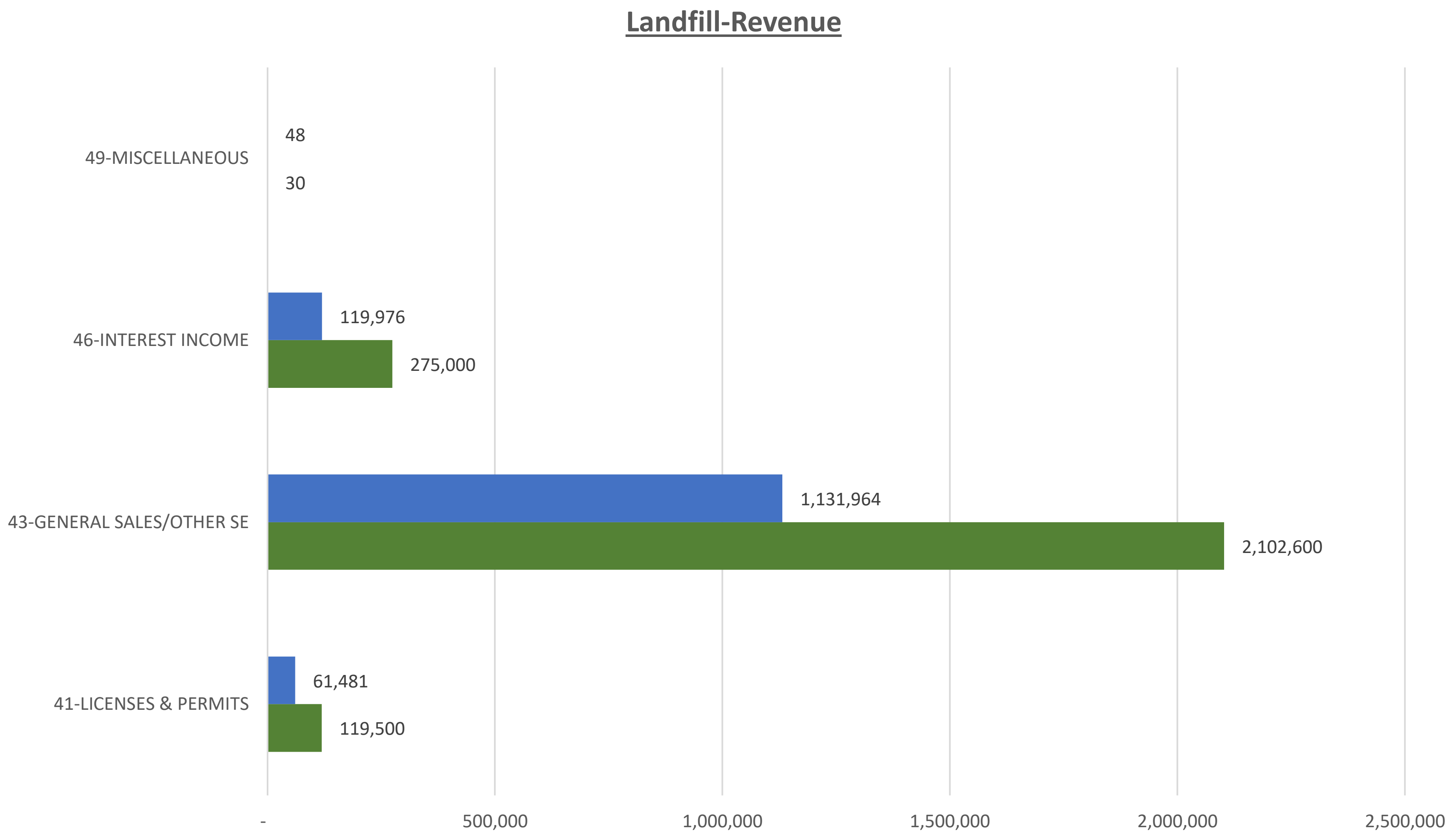
EXPENDITURES	Revised Budget			YTD Actual	Budget Balance	% of Budget to Date
000-NON-DEPARTMENTAL				6,274	(6,274)	0.00%
350-LANDFILL	3,277,793		3,277,793	2,307,669	970,124	70.40%
000-NON-DEPARTMENTAL - DEBT SERVICE	73,439		73,439	-	73,439	0.00%
000-NON-DEPARTMENTAL - TRANSFERS	5,721		5,721	3,086	2,635	53.94%
TOTAL BUDGETED EXPENSES	3,356,953	-	3,356,953	2,317,029	1,039,924	69.02%
NET INCREASE (DECREASE)	(859,823)	-	(859,823)	(1,003,559)	143,736	

Overview - Revenue
This chart compares 1st Qtr 24-25 to Current Fiscal Year

	24-25	25-26	Difference	% of Increase
from Sanitation	398,617	407,306	8,689	2%
Tipping	564,171	670,050	105,879	19%
	962,788	1,077,356	114,568	12%

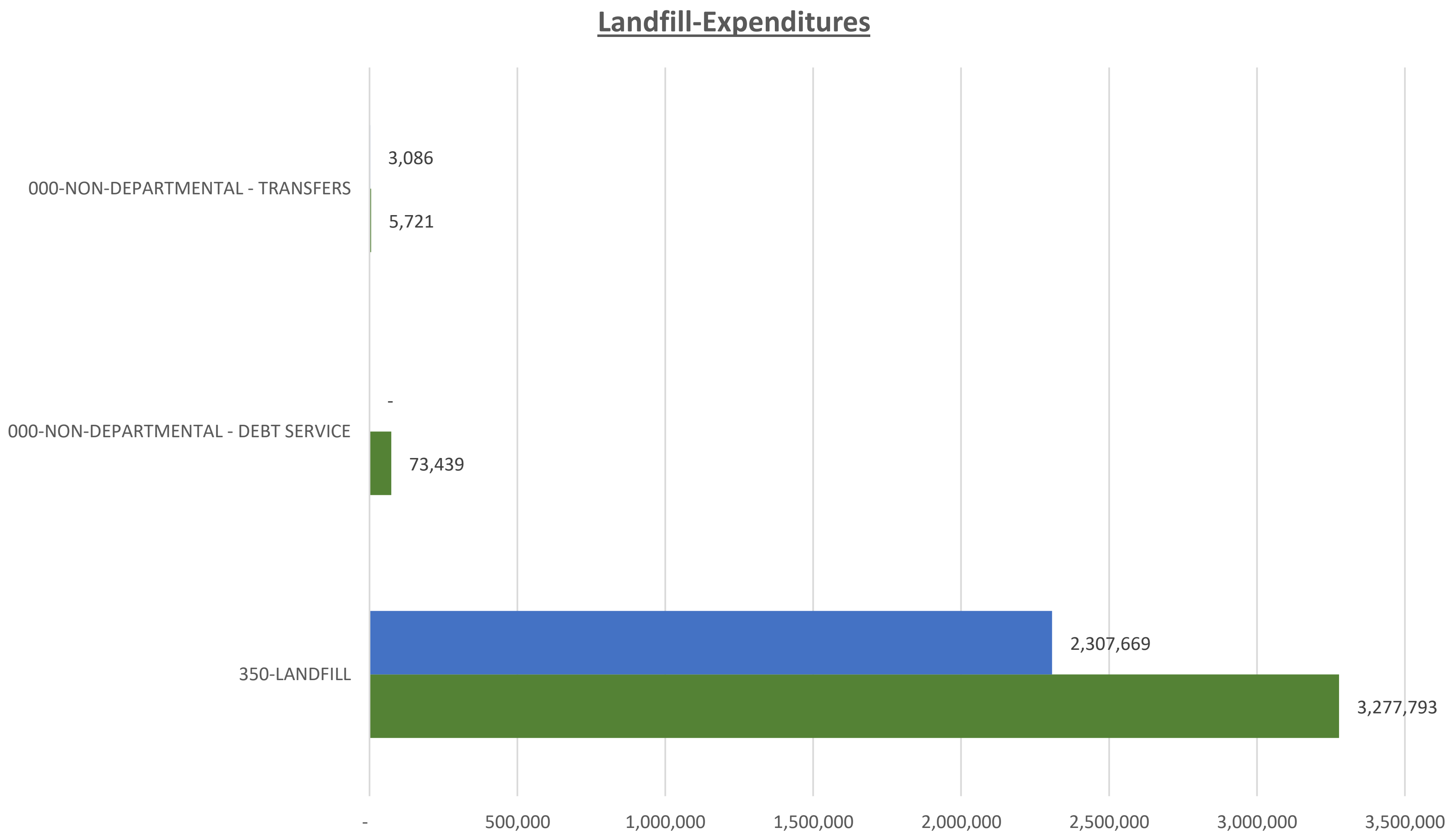
Overview - Expenses
The compactor for the landfill was purchased in October, causing the expenses to be trending over budget. The cost of the compactor was $914k

Budget Amendments



	41-LICENSES & PERMITS	43-GENERAL SALES/OTHER SE	46-INTEREST INCOME	49-MISCELLANEOUS
YTD Actual	61,481	1,131,964	119,976	48
Revised Budget	119,500	2,102,600	275,000	30

YTD Actual   Revised Budget



	350-LANDFILL	000-NON-DEPARTMENTAL - DEBT SERVICE	000-NON-DEPARTMENTAL - TRANSFERS
YTD Actual	2,307,669	-	3,086
Revised Budget	3,277,793	73,439	5,721

CITY OF BIG SPRING
YEAR TO DATE OCTOBER 1, 2025 TO MARCH 31, 2026
2nd QTR - 50%
SANITATION FUND

REVENUES	Revised Budget	Budget Amendments	Amended Budget	YTD Actual	Budget Balance	% of Budget to Date
43-GENERAL SALES/OTHER SE	4,056,000		4,056,000	1,874,599	2,181,401	46.22%
46-INTEREST INCOME	7,800		7,800	-	7,800	0.00%
47-PROPERTY	95,000		95,000	59,835	35,165	62.98%
49-MISCELLANEOUS	-		-	1,024	(1,024)	0.00%
TOTAL REVENUES	4,158,800	-	4,158,800	1,935,458	2,223,342	46.54%

EXPENDITURES	Revised Budget			YTD Actual	Budget Balance	% of Budget to Date
330-SANITATION	4,313,911		4,313,911	1,756,470	2,557,441	40.72%
000-NON-DEPARTMENTAL - DEBT SERVICE	134,620		134,620	131	134,489	0.10%
000-NON-DEPARTMENTAL - TRANSFERS	19,486		19,486	3,086	16,400	0.00%
TOTAL BUDGETED EXPENSES	4,468,017	-	4,468,017	1,759,688	2,708,329	39.38%
NET INCREASE (DECREASE)	(309,217)	-	(309,217)	175,770	(484,987)	

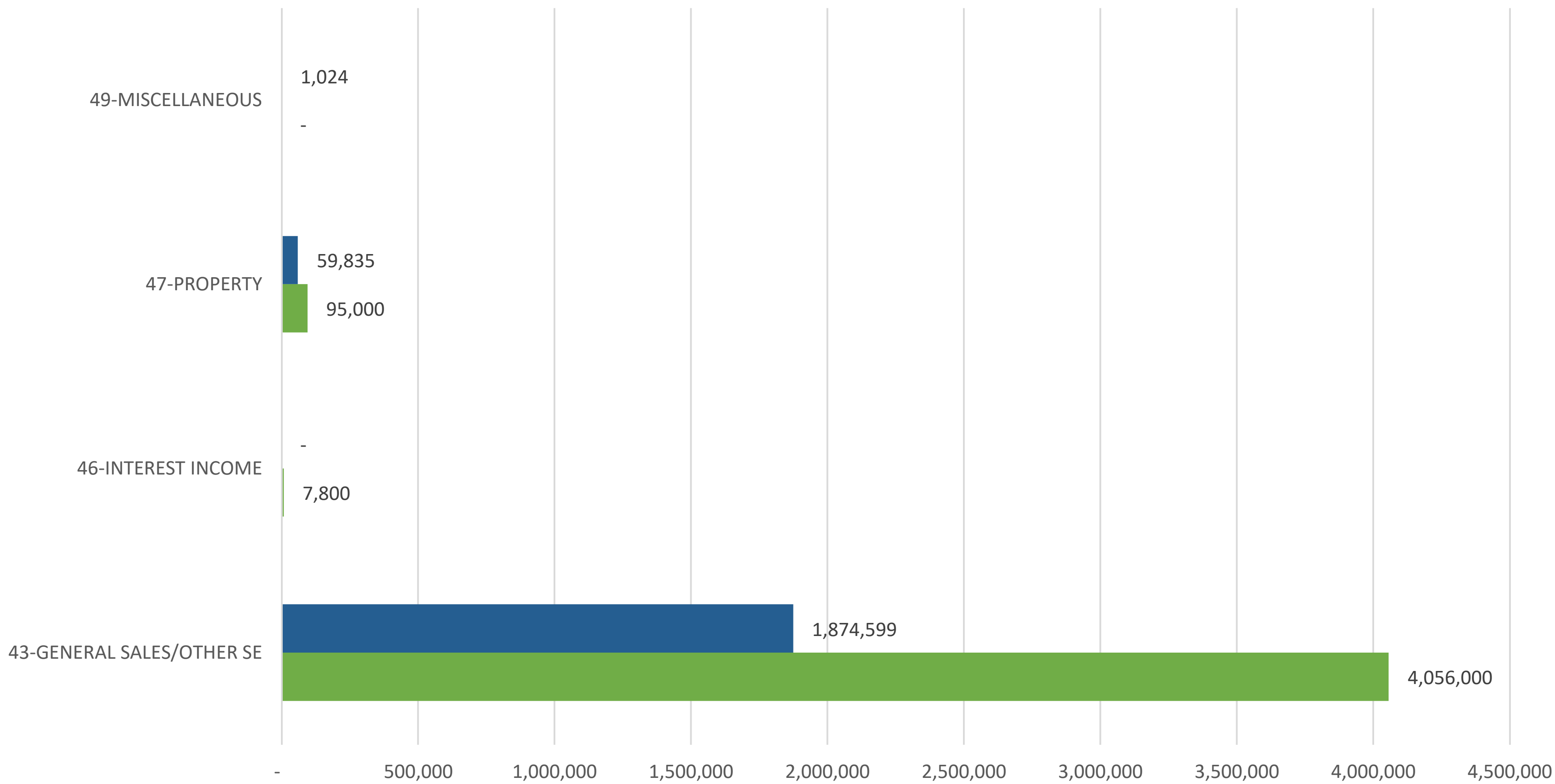
Overview - Revenue
Revenue is trending about 3.6% above last year's revenue.

This chart compares 1st Qtr 24-25 to Current Fiscal Year

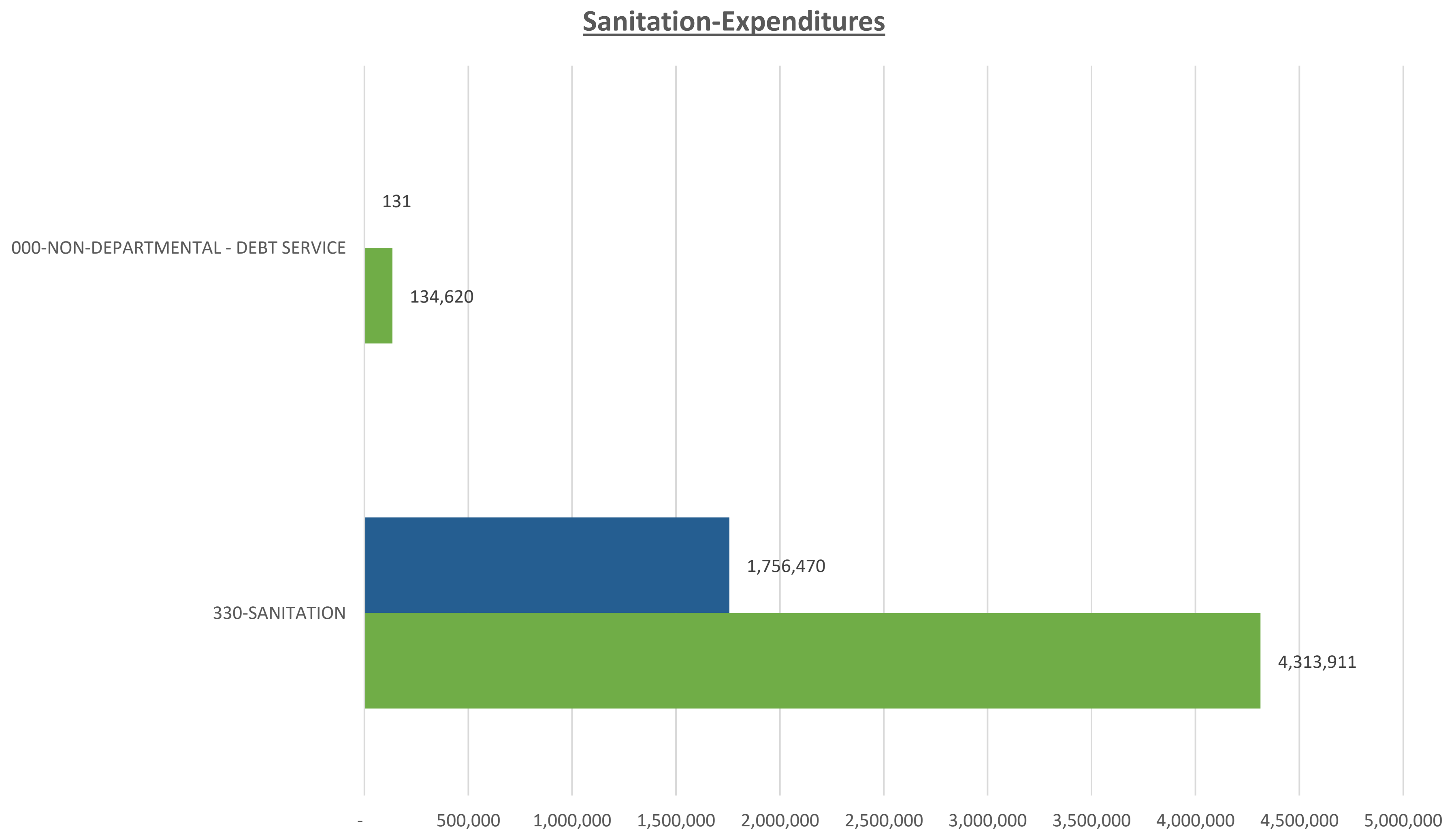
	24-25	25-26	Difference	% of Increase
REFUSE COLLECTION SERVICES	1,703,164	1,763,984	60,820	3.6%

Overview - Expenses

Sanitation-Revenues



	43-GENERAL SALES/OTHER SE	46-INTEREST INCOME	47-PROPERTY	49-MISCELLANEOUS
YTD Actual	1,874,599	-	59,835	1,024
Revised Budget	4,056,000	7,800	95,000	-



	330-SANITATION	000-NON-DEPARTMENTAL - DEBT SERVICE
YTD Actual	1,756,470	131
Revised Budget	4,313,911	134,620

City of Big Spring
Cash and Texpool Account Balances
Quarter Ending March 31, 2026

		Market Value 12/31/25		Quarterly Interest Income	Net Additions/ Decreases		Balance as of 3/31/26
Checking Accounts							
Operating Checking Account	$	3,120,213.87			6,046,150.61	$	9,166,364.48
Payroll Checking Account	$	901,010.59			(767,444.28)	$	133,566.31
Health Insurance Checking Account	$	3,664,751.17			618,671.26	$	4,283,422.43
Worker's Comp Insurance Account	$	2,330,531.40			(253,942.78)	$	2,076,588.62
Total Checking	**$**	**10,016,507.03**	**$**	**-**	**5,643,434.81**	**$**	**15,659,941.84**

		Market Value 6/30/23		Quarterly Interest Income			Market Value 3/31/26
TexPool Funds							
Airpark	$	617,721.62	$	6,164.53	-	$	623,355.77
Landfill Closure	$	5,175,819.41	$	51,651.41	-	$	5,223,027.22
Operating Account	$	3,602,911.76	$	35,954.85	-	$	3,624,468.57
Cemetery	$	436,624.76	$	4,357.23	-	$	440,607.13
Total TexPool	**$**	**9,833,077.55**	**$**	**98,128.02**	**-**	**$**	**9,911,458.69**
Prosperity Bank							
CD - Maturity 12/11/20	$	14,114.73	$	97.39	-	$	14,212.12
Total Prosperity Bank	**$**	**14,114.73**	**$**	**97.39**	**-**	**$**	**14,212.12**
BBVA Compass							
Money Market - 6748561224	$	7,442,302.40	$	55,670.45	-	$	4,467,279.36
Total BBVA Compass	**$**	**7,442,302.40**	**$**	**55,670.45**	**-**	**$**	**4,467,279.36**

		Market Value 3/31/26		Estimated Annual Income		Unrealized Gain/Loss		Par Value 3/31/26
Total Bonds - US Government Issues		29,632,199.65		1,093,771.87		310,172.07		29,938,000.00
Corporate Issues (CD's)		3,939,159.68		168,883.00		19,159.68		3,920,000.00
Cash & Equivalents		342,849.60		11,414.01				
Total Safekeeping	**$**	**33,914,208.93**	**$**	**1,274,068.88**		**329,331.75**	**$**	**33,858,000.00**
Total Cash & Investments	**$**	**61,220,210.64**	**$**	**1,427,964.74**	**$**	**5,972,766.56**	**$**	**63,910,892.01**

		Oct	Nov	Dec		Average
TexPool Funds		4.1500%	3.8500%	3.8500%		3.9489%
Prosperity Bank	Money Market	3.1400%	3.0100%	2.9200%		3.0232%

Sandra G Smith - Finance Director

Todd Darden - City Manager

Memorandum

To: Todd Darden
CC: John Medina, Tami Davis, Sandy Smith
From: Jay Holt, Fire Chief
Date: April 17th, 2026

Big Spring Fire Department is requesting approval to accept a $55,830.82 donation given by Surge Energy. This donation was given to us for the purpose of purchasing a Polaris Ranger Crew XP 1000 Fire Department Edition. We would like to thank Surge for their generous donation and recommend that council approve this donation.

1401 APRON DR, BIG SPRING, TX 79720
T 432-264-2304

SURGE Energy

7850 N. Sam Houston Pkwy. W., Suite 300 • Houston, TX 77064

March 30, 2026

City Council of Big Spring, TX
307 E 4th St
Big Spring, TX 79720

Subject: Donation to Fire Department for Polaris Ranger Crew XP 1000 with accessories

Dear Members of the City Council,

I am writing on behalf of Surge Energy ("Surge"). We are an oil & gas production company headquartered in Houston, Texas, and operating over 900 wells in Howard County and Borden County.

In October 2025, Surge hosted the 2nd Annual Howard County Benefit Clay Shoot, raising nearly $170,000. It is Surge's desire to use a portion of these funds to help improve the safe and efficient operations of the Big Spring Fire Department.

Working directly with Jay Holt, Fire Chief of BSFD, a need was identified for an all-terrain vehicle for use during fire department operations. A quote for the vehicle has been obtained in the amount of **$55,830.82**. Surge would like to provide funding to the Big Spring Fire Department to make this purchase.

Included with this letter is the quote for the vehicle. I am happy to provide additional details if needed and to work with Mr. Holt and the City Council to ensure Surge's donation is steered correctly toward the purchase of this all-terrain vehicle for the Big Spring Fire Department.

Thank you,

Page E. Sch

Page Schwertner
Sr. Executive Advisor
Surge Energy

Enclosure – Polaris Quote

POLARIS

Polaris Sales Inc., Medina, MN 55340
gov.info@polaris.com
Phone: 866-468-7783
www.polaris.com/gov

QUOTE

Contact Information

Name:	Jay Holt	Quote Number:	QUO-56630-J8N8T0
Email:	jholt@mybigspring.com	Revision #:	2
Phone:	4322642315	Date:	2/5/2026 2:46 PM
Fax:		Quote Expires:	3/7/2026
Bill To:	Big Spring Fire Department 1401 Apron Dr Big Spring, TX 79720	Contract Name: Contract #: Expiration Date:	Polaris Direct
Ship To:	Big Spring Fire Department 1401 Apron Dr Big Spring, TX 79720	Cage: Duns#: Tax ID#: Customer#:	3FP69 123399383 41-1921490

Freight	Delivery Terms	Payment Terms	Payment Methods
FOB Destination-CONUS US Continental (CONUS) Only	240 Days	Net 45	Visa Mastercard Wire Check

Item #	QTY	Description	MSRP	Discount Price	Extended	Install Amount
R26RSU99AS	1	RANGER Crew XP 1000 NorthStar Edition Premium Sunset Red - 49 State	$32,999.00	$31,203.13	$31,203.13	$0.00
2889241	1	Door Mounted Sideview Mirrors	$179.99	$154.15	$154.15	$37.50
5419353	4	Pro Armor Harvester Tire (28x10-14) - each	$229.99	$196.97	$787.88	$120.00
2883966	1	Action - XP 1000 / XD 1500 / GENERAL Custom Graphics for Fire or Law Enforcement	$999.99	$856.41	$856.41	$0.00
2883979	1	Action - XP 1000's Deluxe Emergency Light Kit	$8,531.99	$7,306.99	$7,306.99	$0.00
2883982	1	Action - XP 1000 Premium Emergency Light Bar (requires roof mount Dlx Light Pkg & inc'l 100W Siren/PA)	$7,999.99	$6,851.38	$6,851.38	$0.00

Polaris Sales Inc., Medina, MN 55340
gov.info@polaris.com
Phone: 866-468-7783
www.polaris.com/gov

QUOTE

Freight	Delivery Terms	Payment Terms	Payment Methods
FOB Destination-CONUS US Continental (CONUS) Only	240 Days	Net 45	Visa Mastercard Wire Check

Item #	QTY	Description	MSRP	Discount Price	Extended	Install Amount
2891717	1	Roof Lightbar Mount for Crew XP 1000	$279.99	$239.79	$239.79	$0.00
2891485	1	QTAC Rescue Skid with IV pole and O2 mounts (req. installation package)	$4,594.99	$4,490.82	$4,490.82	$0.00
2891502	1	XP 1000 / Kinetic RESCUE / Trail Boss Fire Installation Package	$1,599.99	$1,370.27	$1,370.27	$412.50

Comments:

SUBTOTAL	$53,260.82
INSTALL*	$570.00
FREIGHT	$2,000.00
TAX	$0.00
TOTAL	$55,830.82

Vehicle model year and color are subject to change dependent upon delivery date.

Acceptance and Payment Information

To accept the above quotation, please provide a purchase order via email (gov.info@polaris.com) and include the following:

- Bill to Address
- Billing Phone Number
- Ship to Address
- Point of Contact for Delivery
- Point of Contact E-Mail
- Point of Contact Phone
- Quote Number
- Alternate Point of Contact (Required)
- Do you have a loading dock, ramps, or forklift for offloading
- Tax exempt form for state we are shipping (or inform if taxable)

If you would like to submit payment via credit card, please call (866) 468-7783 to process payment during our hours of operation from 8:30 AM to 4:30 PM CST Monday through Friday. We accept Visa, Mastercard & American Express.

ORDINANCE NO. ____________

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BIG SPRING, TEXAS, AMENDING ORDINANCE NUMBER 024-2025 WHICH ADOPTED THE ANNUAL BUDGET FOR THE CITY OF BIG SPRING, TEXAS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2025 AND ENDING SEPTEMBER 30, 2026 AUTHORIZING THE TRANSFER OF APPROPRIATIONS WITHIN THE AIRPARK FUND FOR THE REPLACEMENT OF THE ROOF AT FIRE STATION ONE; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS the City Council adopted the annual 2025-26 budget for the City of Big Spring, Texas on September 23, 2025 (“Budget”); and

WHEREAS the City Manager and the Finance Director recommend that the City Council increase the Airpark Fund budgeted expenditures and amend the Budget previously approved;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BIG SPRING, TEXAS, AS FOLLOWS THAT:

SECTION 1. The Airpark Fund Budget of the Annual Budget for the City of Big Spring, Texas for the Fiscal Year beginning October 1, 2025 and ending September 30, 2026 is hereby increased by the amount of $35,225.00 to account 410-021-610-6201-000 Buildings, and a decrease to account 410-021-610-5311-000 Maintenance of Buildings to replace the leaky roof at Fire Station One, which was damaged due to hail. There is no impact to the fund balance.

SECTION 2. The remaining portions of Ordinance Number 024-2025 shall remain in full force and effect.

SECTION 3. Should any section, paragraph, sentence, clause, phrase or word of this ordinance be declared unconstitutional or invalid for any purpose, the reminder of this ordinance shall not be affected thereby.

SECTION 4. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict.

SECTION 5. This ordinance shall be in full force and effective after the second passage.

PASSED AND APPROVED on first reading at a regular meeting of the City Council on the _____ day of **__________, 2026** with all members of the Council present voting “aye” for the passage of same.

PASSED AND APPROVED on second and final reading at a second regular meeting of the City Council on the **_____** day of **__________, 2026** with all members of the council present voting “aye” for the passage of same.

____
Robert H. Moore III, Mayor

ATTEST:

____
Tami L. Davis, City Secretary

Memorandum

Date: March 24, 2026

From: Sandy Smith, Finance Director

To: Mayor and City Council

Re: Resolution Restricting the Insurance Proceeds From DRCC

The purpose of the proposed resolution is to formally restrict insurance proceeds received from the DRCC claim into a restricted fund balance to ensure the funds are used solely for their intended purpose, comply with governmental accounting standards, strengthen financial controls, and maintain audit compliance.

The City has received insurance proceeds related to damages associated with the DRCC. These proceeds were provided to reimburse the City for specific losses and costs related to that event. Under generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) guidance, insurance proceeds intended for a specific purpose should not be treated as discretionary operating revenue. Without formal action by City Council, the proceeds would be reflected in the City's unassigned or assigned fund balance, which could allow the funds to be inadvertently used for unrelated purposes and create audit, compliance, and transparency concerns.

Adopting a formal resolution to restrict these proceeds is necessary for the following reasons:

1. **Legal and Purpose Compliance**
   Insurance proceeds are intended only to offset costs directly related to the DRCC loss. Restricting the funds ensures they are used solely for eligible repair, replacement, or recovery expenditures.
2. **GASB Compliance**
   GASB fund balance classifications require amounts constrained by external requirements or formal governing body action to be reported as **restricted fund balance**. A council resolution provides the required formal constraint.
3. **Audit and Internal Control Considerations**
   External auditors routinely review the classification and use of insurance

proceeds. A formal restriction demonstrates strong internal controls and reduces audit findings or reclassification adjustments.

4. **Transparency and Accountability**
   Establishing a restricted fund balance provides a clear audit trail and allows City Council and the public to easily track how insurance proceeds are used.
5. **Protection of City Financial Position**
   Restricting the funds prevents the proceeds from being inadvertently used for recurring operations or unrelated expenses, helping preserve the City's long-term financial integrity.

Staff recommends that City Council adopt a resolution restricting the insurance proceeds received from the DRCC claim to a restricted fund balance, dedicated exclusively to DRCC-related recovery, repair, and associated costs. This action aligns with best accounting practices, audit requirements, and prudent financial management.

RESOLUTION NO. ______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BIG SPRING, TEXAS, RESTRICTING THE INSURANCE PROCEEDS RECEIVED AS A RESULT OF THE ARSON AND DESTRUCTION OF THE DORA ROBERTS COMMUNITY CENTER TO THE DESIGN, CONSTRUCTION, AND EQUIPPING OF A NEW COMMUNITY CENTER; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Dora Roberts Community Center, a public facility owned and operated by the City of Big Spring, was totally destroyed as a result of an act of arson, rendering the facility unusable; and

WHEREAS, the City has received, or expects to receive, insurance proceeds related to the loss and destruction of the Dora Roberts Community Center; and

WHEREAS, the City Council desires to ensure that all insurance proceeds related to this loss are preserved and used exclusively for the public purpose of replacing the destroyed facility; and

WHEREAS, applicable accounting standards promulgated by the Governmental Accounting Standards Board (GASB) allow for the restriction of governmental fund balance through enabling legislation adopted by the City Council; and

WHEREAS, the City Council finds that restricting these insurance proceeds will promote fiscal accountability, transparency, and the long-term public interest;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BIG SPRING, TEXAS AS FOLLOWS, THAT:

SECTION 1. All insurance proceeds received by the City as a result of the arson and destruction of the Dora Roberts Community Center are hereby restricted for the sole and exclusive purpose of the planning, design, construction, furnishing, and equipping of a new community center to replace the Dora Roberts Community Center.

SECTION 2. Pursuant to this Resolution, the restricted portion of these insurance proceeds shall be reported as Restricted Fund Balance in the City's governmental funds in accordance with GASB Statement No. 54, as amended.

SECTION 3. The restricted insurance proceeds may not be used for any purpose other than those expressly authorized above unless and until this restriction is formally removed or modified by subsequent action of the City Council adopted with the same level of authority as this Resolution and in compliance with applicable law.

SECTION 4. The City Manager and Director of Finance are hereby authorized and directed to take all necessary administrative actions to properly account for and report these restricted funds and to ensure compliance with this Resolution.

SECTION 5. Should any section, subsection, sentence, clause, or phrase of this Resolution be declared invalid, such decision shall not affect the validity of the remaining portions of this Resolution.

SECTION 6. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED on first reading at a regular meeting of the City Council on the ___ day of __________, 20__.

PASSED AND APPROVED on second and final reading at a regular meeting of the City Council on the ___ day of __________, 20__.

____
Robert H. Moore III, Mayor

ATTEST:

____
Tami L. Davis, City Secretary

ORDINANCE NO. ________

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BIG SPRING, TEXAS, AUTHORIZING ZC26-01, AMENDING THE BIG SPRING ZONING ORDINANCE BY REZONING APPROXIMATELY 0.57 ACRES OF LAND IN SECTION 8, BLOCK 32, T-1-S, T&P RR. CO. SURVEY, BIG SPRING, HOWARD COUNTY, TEXAS, FROM AGRICULTURAL (AG) TO SINGLE FAMILY 2 (SF-2); PROVIDING FOR REPEAL OF CONFLICTING LEGISLATION; PROVIDING FOR SEVERABILITY; FINDING AND DETERMINING THAT THE MEETINGS AT WHICH THE ORDINANCE WAS DISCUSSED WERE OPEN TO THE PUBLIC AS REQUIRED BY LAW; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Danja Ann Hernandez, a natural person, is the owner of a tract of land contiguous to the City of Big Spring and described as approximately 0.57 acres out of the NE/4 of Section 8, Block 32, T-1-S, T&P RR Co. Survey, Howard County, Texas, and which is further described as follows (the “Property”):

> The Property is a 0.57-acre tract of land out of the NE/4 of Section 8, Block 32, T-1-S, T&P RR Co. Survey, Howard County, Texas, conveyed to Danja Ann Gonzales by Bobby Dale Barber and Cheryll Ann Barber by a general warranty deed dated July 10, 2025, and recorded in volume 2303, pages 636-639 of the real property records of Howard County, Texas, and which is further described in metes and bounds as follows:
>
> BEGINNING at a 1/2" I.R. with cap set in the west right-of-way line of Virginia Street (30.0’ right-of-way) for the NE corner of this tract; from said rod the NW corner of Block 4, Cedar Ridge addition as filed in Envelope No. 14-B, Plat Records of Howard County, Texas bears N. 75° 14’ 10” E. 30.0’ and N. 14° 37’ 50” W. 25.0’ and from said rod set the NE corner of Section 8, Block 32, T-1-S, T&P RR Co. Survey, Howard County, Texas, bears N. 14° 37’ 50” W. 75.0’ and N. 75° 14’ 10” E. (Record Bearing) 1251.94’
>
> THENCE S. 14° 37’ 50” E. along the west right-of-way line of said Virginia Street, a distance of 138.0’ to a 1/2" I.R. with cap set for the SE corner of this tract;
>
> THENCE S. 75° 14’ 10” W. parallel with the north line of said Section 8, a distance of 180.0’ to a 1/2" I.R. with cap set for the SW corner of this tract;
>
> THENCE N. 14° 37’ 50” W. parallel with the west right-of-way line of said Virginia Street, a distance of 138.0’ to a 1/2" I.R. with cap set for the NW corner of this tract;
>
> THENCE N. 75° 14’ 10” E. parallel to the north line of said Section 8, a distance of 180.0’ to the PLACE OF BEGINNING, containing 0.57 acres of land.
>
> Note: The east 20-ft of this tract will be used as a utility easement.

WHEREAS, the City received a Petition Requesting Annexation by Area Landowners, executed by Danja Ann Hernandez as of the 9th day of March, 2026, petitioning the City Council of Big Spring to extend the present city limits so as to include the Property as part of the City of Big Spring, Texas; and

WHEREAS, a Municipal Services Agreement dated as of March 24, 2026, was negotiated by and between Danja Ann Hernandez and the City of Big Spring; and

WHEREAS, Ordinance No. 016-2026 annexing the Property into the city limits of the City of Big Spring was passed by City Council on first reading on March 24, 2026, and on second and final reading on April 14, 2026; and

WHEREAS, pursuant to Section 3-2, Zoning Ordinance of the City of Big Spring, Texas, all land annexed into the City shall be temporarily zoned as an Agricultural District until permanent zoning is established by the City Council; and

WHEREAS, the Planning and Zoning Commission held a public hearing to solicit public comment and considered a zone change of the Property from Agricultural (AG) to Single Family 2 (SF-2) during a regular meeting on April 21, 2026; and

WHEREAS, the Planning and Zoning Commission voted 5-0 to recommend that this zone change application be approved; and

WHEREAS, the City Council held a public hearing during a regular meeting on April 28, 2026; and

WHEREAS, the City Council has considered this request and has determined that approval is in the best interest of the City;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BIG SPRING, TEXAS, THAT:

SECTION 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

SECTION 2. The City Council hereby authorizes a rezone of approximately 0.57 acres located in Section 8, Block 32, T-1-S, T&P RR. Co. Survey, Big Spring, Howard County, Texas, from Agricultural (AG) to Single Family 2 (SF-2) and such change is hereby approved by order of the City Council of Big Spring.

SECTION 3. The City of Big Spring Zoning Map shall be amended to reflect the zoning designation of the above-described Property as Single Family 2 (SF-2).

SECTION 4. Should any one or more sections or clauses of this Ordinance be adjudged unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Ordinance, and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

SECTION 5. All provisions of any ordinance, rule, regulation, or order of the City in conflict with this Ordinance are hereby repealed to the extent they are in conflict.

SECTION 6. It is hereby officially found and determined that the meetings at which this Ordinance was adopted were open to the public and that public notice of the time, place and purpose of said meetings was given as required by law.

SECTION 7. This Ordinance is ordered to be codified.

SECTION 8. This Ordinance shall become effective upon its second publication according to law.

SECTION 9. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and of the United States of America.

PASSED AND APPROVED on first reading at a regular meeting of the City Council on the ___ day of ____________, ______, with all members present voting "aye" for the passage of same.

PASSED AND APPROVED on second and final reading at a regular meeting of the City Council on the ___ day of ____________, ______, with all members present voting "aye" for the passage of same.

Robert H. Moore, III, Mayor

ATTEST:

Tami L. Davis, City Secretary