City of Lubbock, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended
September 30, 2013

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City of Lubbock
TEXAS

Comprehensive Annual Financial Report
List of Elected and Appointed Officials
For the Fiscal Year Ended September 30, 2013

City Council

Glen C. Robertson	Mayor
Karen Gibson	Mayor Pro Tem - District 5
Victor Hernandez	Council Member - District 1
Floyd Price	Council Member - District 2
Todd R. Klein	Council Member – District 3
Jim Gerlt	Council Member - District 4
Latrelle Joy	Council Member – District 6

Appointed Officials

James Loomis	City Manager
Sam Medina	City Attorney
Rebecca Garza	City Secretary

Finance Staff

Pamela Moon, CPA	Executive Director of Finance
Cheryl Brock	Executive Director of Fiscal Policy
Brack Bullock	Accounting Supervisor
Linda Cuellar, CPA	Accounting Supervisor
Deborah Hansard	Senior Accountant
Bill Sullivan, CPA	Senior Accountant
Veronica Valderaz	Senior Accountant
Zane Graham	Grant Accountant
Rhonda Gentry	Grant Accountant
Andy Burcham	Chief Financial Officer LP&L
Damian Pantoya, CPA	Director of Finance LP&L

City of Lubbock, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2013

TABLE OF CONTENTS

Page

List of Elected and Appointed Officials i
Table of Contents ii

INTRODUCTORY SECTION
Letter of Transmittal 1
Certificate of Achievement in Financial Reporting 15
Organization Chart 16

FINANCIAL SECTION
Independent Auditor's Report on Financial Statements and Supplementary Information 17
Management's Discussion and Analysis 20
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 35
Statement of Activities 36
Fund Financial Statements:
Governmental Fund Financial Statements
Balance Sheet – Governmental Funds 38
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....41
Proprietary Fund Financial Statements
Statement of Net Position – Proprietary Funds.....42
Reconciliation of the Statement of Net Position - Proprietary Funds to the Statement of Net Position 47
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds..... 48
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds to the Statement of Activities.....51
Statement of Cash Flows - Proprietary Funds 52

Notes to Basic Financial Statements 55

Required Supplementary Information:
Schedule of Funding Progress 97
General Fund Mandatory Budgetary Comparison Schedule 99

Other Supplementary Information:

Special Revenue Funds and Debt Service Fund
Budgetary Comparison Schedule ……...103

Combining Fund Statements and Schedules:

Nonmajor Governmental Funds
Combining Balance Sheet – Nonmajor Governmental Funds...……110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 116
Nonmajor Enterprise Funds
Combining Statement of Net Position – Nonmajor Enterprise Funds.....124
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds.....128
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....130
Internal Service Funds
Combining Statement of Net Position – Internal Service Funds 134
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds 138
Combining Statement of Cash Flows – Internal Service Funds 140
Nonmajor Component Units
Combining Statement of Net Position – Nonmajor Component Units.....144
Combining Statement of Activities – Nonmajor Component Units 146
Discretely Presented Component Units
Statement of Net Position – Urban Renewal Agency. 148
Statement of Revenues, Expenses and Changes in Fund Net Position – Urban Renewal Agency 149
Statement of Net Position – Vintage Township Public Facilities Corp. 150
Statement of Revenues, Expenses and Changes in Fund Net Position – Vintage Township Public Facilities Corp 151

STATISTICAL SECTION (unaudited)

Table A: Net Position by Component.....154
Table B: Changes in Net Position.....155
Table C: Fund Balance of Governmental Funds..... 157
Table D: Changes in Fund Balances of Governmental Funds.....158
Table E: Tax Revenues by Source 159
Table F: Assessed and Estimated Actual Value of Taxable Property 160
Table G: Principal Taxpayers 161
Table H: Property Tax Levies and Collections.....162
Table I: Property Tax Rates – Direct and Overlapping Governments.....163
Table J: Ratio of Outstanding Debt by Type 164
Table K: Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita…….165
Table L: Computation of Legal Debt Margin 166
Table M: Revenue Bond Coverage – LP&L and Water Bonds.....167
Table N: Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures 168
Table O: Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds in Governmental Activities…….. 169
Table P: Demographic Statistics.....170
Table Q: Principal Employers.....171

Table R: Full-time Equivalents City Government Employees by Function ..172
Table S: Operating Indicators by Function/Program 173
Table T: Capital Assets Statistics by Function/Program 174

COMPLIANCE REPORTS

Schedule of Expenditures of Federal Awards 175
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 180
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 182
Schedule of Findings and Questioned Costs 184
Summary Schedule of Prior Audit Findings 187
Schedule of Expenditures of State Awards 188
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards* 190
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the State of Texas *Uniform Grant Management Standards* 192
Schedule of Findings and Questioned Costs 194
Summary Schedule of Prior Audit Findings 197

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February 17, 2014

Honorable Mayor, City Council, and Citizens of Lubbock, Texas:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Lubbock, Texas for the fiscal year ended September 30, 2013. The purpose of the CAFR is to provide accurate and meaningful information concerning the City's financial condition and performance. In addition, independent auditors have verified that the City has fairly presented its financial position, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

The CAFR satisfies Section 103.001 of the Texas Local Government Code requiring annual audits of all municipalities. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of the City. We also believe all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed: 1) to protect the City's assets from loss, theft, or misuse; and 2) to compile sufficient, reliable information for the preparation of the City's financial statements, in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by BKD, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves:

- examining evidence on a test basis that supports the amounts and disclosures in the financial statements,
- evaluating the appropriateness of accounting principles used and reasonableness of significant accounting estimates made by management, and
- evaluating the overall financial statement presentation.

The independent auditors have concluded that the City's financial statements are in conformity with GAAP, are fairly presented, and there is a reasonable basis for providing an unmodified opinion. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the City's financial statements is part of a broader, federally mandated "Single Audit," which is designed to meet the special needs of federal granting agencies. These reports are available in the City's CAFR. The standards governing Single Audit engagements require the independent auditor to report on several facets of the City's financial processes and controls:

- Fair presentation of the financial statements,
- Internal controls over financial reporting and the administration of federal awards, and
- Compliance with legal and grant requirements.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A. The City's MD&A can be found immediately following the report of the independent auditors.

CITY OVERVIEW

Description of the City

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1909, and first adopted its Home Rule Charter in 1917. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The Mayor is elected at-large for a two-year term ending in an even-numbered year. Each of the six members of the City Council is elected from a single-member district for a four-year term of office. City Council elections are held every two years, with elections for Council members in Districts 1, 3, and 5 being staggered with elections for Council members in Districts 2, 4, and 6. The City Manager is the chief administrative officer of the City.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically as the City Council deems appropriate. The 2010 Census population for the City was 229,573; the estimated 2013 population is 236,362. The City covers approximately 123.8 square miles.[1] The organization chart of the City is shown following the transmittal letter.

In accordance with generally accepted accounting principles and Codification of Governmental Accounting Standards, Section 2100, *"Defining the Financial Reporting Entity,"* these financial statements present the City (the primary government) and its component units. On October 1, 2011 the City implemented GASB Statement No. 61: The Financial Reporting Entity: Omnibus. This amended GASB Statements No. 14 and No. 34. The component units discussed below are included in the City's financial reporting entity because of the significance of their operational or financial relationship with the City. The criteria established by the GASB for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included. West Texas Municipal Power Agency (WTMPA) is a blended component unit. Discretely presented component units include Urban Renewal Agency (URA), Civic Lubbock, Inc., Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc., Lubbock Economic Development Alliance, and the Vintage Township Public Facilities Corporation. Additional information on the component units can be found in the footnotes.

[1] City of Lubbock GIS Department.

City Services

The City provides a full range of services including public safety (police and fire protection), electric, water, wastewater, storm water, solid waste, public transportation (airport and transit), health and social services, cultural and recreation, highways and streets, planning and zoning, and general administrative services.

Public Safety: The Police Department serves and protects the public by conducting criminal investigations and enforcing laws governing public safety and order. As part of an effort to reach the goal of two officers for every 1,000 residents, the Police Department hired 35 new police recruits in FY 2013. As of September 30, 2013, the department was staffed with 399 sworn officers. In FY 2013, the Police Department responded to 255,877 primary and backup dispatched calls for service with an average response time to Priority 1 calls of 4.16 minutes.

The Lubbock Fire Department is dedicated to providing unparalleled emergency response and life safety services for the City. As of September 30, 2013, the Fire Department operated 18 fire stations and was staffed with 389 sworn firefighters. Three new fire stations were approved in the 2009 bond election: Fire Stations 16, 18, and 19. The construction of Fire Station 16 began in January 2011 and was completed in January 2012. The construction of Fire Station 18 began in November 2011 and was completed in February 2013. The construction of Fire Station 19 began in October 2013 and is scheduled to be complete in September 2014. The relocation and construction of Fire Station 1 is currently in the design and engineering phase. Many improvements continued to be made to citywide fire stations as a result of $1 million in funding for fire station renovations being appropriated in the FY 2011 and FY 2012 budgets. In 2013, the Fire Department responded to 32,106 calls, or an average of 87.96 calls per day, approximately double the number of calls answered in 2012. The increase in the number of calls is a result of improvements to the 911 call transfer system in late 2012.

Electric Utility: Electric service in the City is provided by *Lubbock Power and Light* (LP&L) and South Plains Electric Cooperative. LP&L is the municipally operated electric provider with 101,165 meters, an average daily consumption of 7,074,967 kWh, 37 substations, 4,514 total miles of primary and secondary distribution lines, and approximately 105 miles of transmission lines. LP&L is managed by the Electric Utility Board (EUB) since November 2, 2004, when Lubbock voters elected to amend the City Charter to provide for a governing EUB. The City Council retains authority for appointment of board members, approval of the operating and capital budget, approval of rates for electric service, eminent domain, and approval of debt financing.

In 1983, the cities of Lubbock, Brownfield, Floydada, and Tulia, created the West Texas Municipal Power Agency (WTMPA) as a joint power agency. WTMPA is a municipal power agency that was created to enhance the negotiating strength of the individual cities in obtaining favorable electric power contracts and in coordinating joint planning for additional generation. WTMPA provides electricity to its four member cities. WTMPA is governed by an eight-member Board of Directors. The board consists of two directors from each participating city. Each member city appoints two members to the WTMPA board; however, an affirmative vote of the “majority in interest” is required to approve the operating budget, approve capital projects, approve debt issuance, and approve any amendments to WTMPA rules and regulations. One member is elected as the president who presides over monthly meetings. Directors serve without compensation. WTMPA has no employees and instead contracts for services to meet its general operating needs. WTMPA may engage in the business of generation, transmission, sale, and exchange of electric energy to its four members. WTMPA may also participate in power pooling and power exchange agreements with other entities. The City maintains the “majority in interest” vote based on kilowatt purchases and consequently has majority voting control. As the City purchases approximately

95.2 percent of the electricity brokered, WTMPA provides services almost exclusively to the City and is therefore presented as a blended enterprise fund. Separate audited financial statements may be obtained through the City.

Water Utility: To assist with the strategic development of additional water supplies, the City Council established the Lubbock Water Advisory Commission (LWAC) in July 2003, with the primary objective of developing a 100-year water supply plan. In July 2007, with the recommendation of the LWAC, the City Council approved the 2007 Strategic Water Supply Plan. The most current Plan (2013 Strategic Water Supply Plan) was adopted by the City Council in February 2013. This Plan includes an emphasis on water conservation strategies. The City also works closely with the Region O Water Planning Group in contributing to the preparation of a portion of the State Water Plan, which includes the City's water supply needs and alternatives.

The daily capacity of the City water supply and treatment is 76 million gallons, with an average utilization of 37.1 million gallons per day. The City currently receives its water from three different sources: Roberts County Well Field, Bailey County Well Field, and Lake Alan Henry. The Roberts County Well Field is owned by the Canadian River Municipal Water Authority (CRMWA). Lubbock is one of CRMWA's eleven member cities. Bailey County Well Field and Lake Alan Henry are owned by the City.

The City obtained 7.7 billion gallons of its annual water supply from CRMWA in FY 2013. This was the second year that Lake Meredith, one of the CRMWA owned sources, did not have enough water to use. At the beginning of FY 2012, the Lake had reached its designated unstable water level and was no longer usable. Consequently, CRMWA now supplies 100 percent ground water from the Ogallala Aquifer in Roberts County to help meet the needs of member cities. In 2011, CRMWA increased its ground water rights to 407,566 acres with an estimated 22 million acre-feet of water within those rights. CRMWA was successful in purchasing an additional 144,000 acres of ground water rights from Mesa Water that are contiguous to existing water rights in Roberts County. In October 2010, CRMWA completed the expansion of the Roberts County Well Field to increase its production capacity. The project included 12 miles of 54-inch pipe to transport the well water to the existing transmission pipeline. Fifteen new water wells have been installed that are capable of producing approximately 2,500 gallons per minute per well. In addition, electrical supply lines and infrastructure were installed to provide power to the well pumps. This expansion allows CRMWA to deliver up to 65,000 acre-feet of water to its member cities each year. The volume from the expansion of the Roberts County Well Field replaces a portion of the volume received from Lake Meredith, although the aqueduct supplying water to the southern cities cannot be filled with the existing well field infrastructure.

The Bailey County Well Field contains 175 active water wells with 83,305 acres of water rights, providing 3.9 billion gallons of the City's annual water supply in FY 2013. In October 2011, the City completed the construction of eight additional wells to maintain the well field production rates. The City is currently planning to add additional wells to the Bailey County Well Field to maintain well field production rates.

The City finished construction on Lake Alan Henry in 1993. In 2010, the City began construction on Phase I of the Lake Alan Henry project: two new pump stations, a 51-mile raw water pipeline from the Lake to the City, a new South Water Treatment Plant with membrane technology, and 19 miles of treated water transmission lines. Phase I of the Lake Alan Henry project was completed in August 2012 and is capable of providing 15 million gallons of water per day to the City. Lake Alan Henry supplied 2.0 billion gallons of the City's annual water supply in FY 2013. The South Water Treatment Plant includes a 225 million gallon terminal storage reservoir and a high service pump station to transfer the treated water into the City's distribution system.

The City provides water service to over 82,231 meters through 1,625 miles of distribution lines. The City also provides treated water to Shallowater, Ransom Canyon, Buffalo Springs Lake, Reese Redevelopment Authority, Lubbock Cooper ISD, and Roosevelt ISD.

Wastewater Utility: Wastewater collection and treatment is provided within the city limits to residential, commercial, and industrial customers. As of December 31, 2013, the collection system consisted of 1,119 miles of sanitary sewer lines and 32 lift stations. The wastewater treatment plant has a permitted capacity of 31.5 million gallons per day and an average utilization of approximately 18 million gallons per day. The peak utilization of the wastewater treatment plant is 25 million gallons per day. The treated wastewater is disposed of or reused in various ways. In 2013, approximately 65 percent of the wastewater was used to irrigate crops at the Lubbock Land Application Site and at the Hancock Land Application Site. In addition, Xcel Energy used approximately 13 percent of the treated wastewater and 22 percent was discharged into the North Fork of the Double Mountain Fork of the Brazos River. Currently, dewatered solids generated during the wastewater treatment process are hauled and disposed of at the City's regional solid waste landfill in Abernathy, Texas.

As part of the City's Strategic Water Supply Plan, projects are underway to improve the quality of the treated wastewater so it can be reused in beneficial ways. The City has completed Phase I, Phase II, and the Digester Upgrade of Phase III of a four-phase project to upgrade the Southeast Water Reclamation Plant. Phase I included upgrades and improvements to the influent lift station. Phase II included upgrades to Plant 3 for filtration and ultraviolet disinfection, and Plant 4 for biological nutrient removal, filtration, and ultraviolet disinfection. Phase III includes design and construction improvements to anaerobic digesters and the solids handling facility. The upgrades to digesters No. 8 and No. 9 were completed in May 2013. The upgrades included new covers, new mixing system, new heating system, and gas piping. Design for the upgrades to the solids handling facility has been completed with construction beginning the first part of 2014. The upgrades include new sludge thickening and dewatering equipment, sludge holding tank upgrades, odor control for the solids handling facility and influent lift station, and new sludge loading facilities. Phase IV will include upgrades to Plant 3 for biological removal. These efforts will improve the quality of the City's effluent discharge and prepare it for possible future reuse. The high quality effluent will be discharged into the North Fork.

The 2008 Wastewater Master Plan recommended several improvements to the collection system in order to meet population growth as well as aging infrastructure replacement needs. Engineering design is complete on the South Lubbock Sanitary Sewer System Expansion Phase I/B and construction is complete on Phase 1/A of this expansion. The project consists of engineering design and construction of large diameter sanitary sewer interceptors for the expansion of the existing sanitary sewer system. This will relieve the surcharge of sewer mains currently servicing multiple sewer sheds in south Lubbock. In addition, the Canyon Lakes System Reuse Study is now complete. The study determined the most viable location for discharging high quality treated effluent into the Canyon Lakes System. This study also assisted the City to determine the location of the proposed Northwest Wastewater Treatment Plant that will be used to relieve the surcharge of sewer mains serving north Lubbock. The feasibility study and the design of the proposed Northwest Wastewater Treatment Plant project began in November 2010. Construction of the diversion pipe line, wastewater treatment plant and the outfall line will begin in the spring of 2015 and the anticipated completion date is in the later part of 2016.

Storm Water Utility: The City's storm water run-off is primarily conveyed through the City's street system that discharges into 144 playa lakes. The subsurface drainage, via storm sewer pipes with curb inlets, conveys water to two small intermittent streams (Blackwater Draw and Yellowhouse Draw) which both converge at the upper reaches of the North Fork of the Double Mountain Fork of the Brazos River. The City's municipal separate storm sewer system (MS4) is made up of approximately 1,152 miles of paved and unpaved streets, 559 linear miles of paved and unpaved alleys, 1,239 storm sewer inlets, 93.4

miles of subsurface storm sewer pipe, six detention basins, 144 playa lakes, and one pump station. Maintenance of all of the storm sewers, including street cleaning, is funded through storm water fees.

During FY 2013, a primary focus of the Storm Water Utility was to begin construction of Phase 1 of the Northwest Lubbock Drainage Improvements Project. The project will connect six playa lakes to a new drainage system to help reduce the risk of flooding in the northwest region of Lubbock. Another major focus was to begin the process of changing the way the storm water utility fee is charged to customers. Finally, continued compliance with both the City's MS4 Permit and the comprehensive Storm Water Ordinance is being emphasized.

Solid Waste Utility: The City provides garbage collection and disposal services to 69,234 residential customers and 2,828 commercial customers. One of the City's two landfill sites is designated as the Caliche Canyon Landfill and includes a citizen transfer station. Drainage improvements to comply with changes in Texas Commission on Environmental Quality regulations were completed in FY 2013. The second site is the West Texas Regional Disposal Facility located in Abernathy, Texas, which opened in 1999, one of the largest permitted areas for a landfill in the State of Texas. With 1,260 acres, the expected useful life of this landfill is 230 years.

Public Transportation: A key component of Lubbock's transportation system is the Lubbock Preston Smith International Airport, located seven miles north of the City's central business district on 3,000 acres of land adjacent to Interstate 27. The Airport is operated as a department of the City, with the guidance of an advisory board, and includes a 220,000 square foot passenger terminal building. The Airport has two commercial service runways, 11,500 and 8,000 feet in length. The Airport's third general aviation runway is 2,869 feet in length. Air traffic control services include a 24-hour Federal Aviation Administration control tower and a full range of instrument approaches. The Airport is served by three major passenger airlines and two major cargo airlines. It facilitates over 50 commercial flights per day. A project to extend and rehabilitate the 8,000 foot runway in order to eliminate the intersection of the two runways and to enhance the capacity of the Airport was completed in FY 2012. A project to design the rehabilitation of the 11,500 foot runway is underway. The estimated cost of the project is $50 million and is funded by federal grant entitlements and Passenger Facility Charges.

Citibus provides public transportation for the City and is managed by McDonald Transit Associates, Inc. Transit services provided by Citibus include Fixed Route, CitiAccess (paratransit), Evening (NiteRide), and other special services. CitiAccess is a curb-to-curb service for passengers in the community who are unable to utilize the regular fixed route service. The Citibus evening service is designed to meet the needs of CitiAccess and fixed route passengers who make use of public transportation. A majority of evening service passengers work at night and use the service for after hours transportation to and from their jobs. Citibus also provides route service for Texas Tech University. Additionally, Citibus is the contracted agent for passenger sales and freight shipping and receiving for Greyhound Lines, Inc., which operates from the Citibus Downtown Transfer Plaza.

Health and Social Services: The City has a housing and community development program implemented and administered through funding from the federal Community Development Block Grant (CDBG) Program, HOME Investment Partnership Program, and Emergency Shelter Grant (ESG) Program. With these programs, the City completed work on 167 houses in FY 2013 through the use of CDBG and HOME funds and assisted 3,178 individuals through the ESG Program with emergency shelter and essential homeless prevention services.

The City also received funding from the Texas Department of Housing and Community Affairs. These funds allow the City to offer additional programs to its citizens. Through these programs in FY 2013, 85 households received assistance in repairing the heating and/or cooling systems in their homes; 3,107 households received utility assistance; 103 individuals graduated from the Self-Sufficiency Program; and

approximately 34,000 residents received referral assistance through the Information and Referral Hotline. ***Cultural and Recreation Activities:*** Cultural and recreation services are provided by the City through four libraries, 80 parks, and 60 playgrounds. Other recreational facilities include four swimming pools, 61 tennis courts, 51 baseball and softball fields, 49 soccer fields, three disk golf courses, a cultural arts center, five community centers, and five senior centers. To further enhance quality of life and to provide support to tourism, the City operates the Memorial Civic Center, the City Bank Coliseum and Auditorium, the Buddy Holly Center, the Wells Fargo Amphitheatre, and the Silent Wings Museum.

The City is financially accountable for a legally separate civic services corporation (Civic Lubbock, Inc.), which is reported separately within the City's financial statements as a discretely presented component unit. Additional information on this legally separate entity can be found in the notes to the financial statements.

Highways and Streets: The City is responsible for the construction and maintenance of 1,095 miles of paved streets, 57 miles of unpaved streets, and 559 miles of paved and unpaved alleys.

In 2004, the City Council established the Gateway Streets Program. The program, funded with 40 percent of franchise fees, opens areas of the City for development through thoroughfare construction. The Gateway Streets Program consists of the Northwest Passage, City thoroughfare streets and Texas Department of Transportation (TxDOT) improvements in northwest Lubbock, as well as other thoroughfare improvements located in southwest Lubbock.

The City thoroughfare streets that have recently been completed as part of the Gateway program include: Indiana Avenue from 103rd Street to FM 1585, Quaker Avenue from 98th Street to 114th Street, Quaker Avenue from 114th Street to FM 1585, and Frankford Avenue from 98th Street to 114th Street.

Other major street improvement projects under construction or recently completed include the following:

- 34th Street reconstruction from Indiana Avenue to University Avenue (2009 Bond Election) was completed in 2013. The reconstruction of 34th Street from Indiana Avenue through Quaker Avenue is scheduled to begin in 2014.

- Paving of 114th Street between Slide Avenue and University Avenue was completed in 2013.

- The continuation of the City-wide 10-year Street Maintenance Program.

- 98th Street sanitary sewer remediation, reconstruction of the street between Albany Avenue and Huron Avenue with seven-lane concrete pavement is scheduled to be completed in 2014.

- The design on 98th Street between University Avenue and SH 87 is scheduled for 2014 with construction to begin in FY 2015.

Annual Budget Process

The annual operating budget serves as the foundation of the City's financial planning and control. All City departments submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing the proposed Operating Budget and Capital Program. The City Manager then presents the proposed Operating Budget and Capital Program to the City Council for review, as required by City Charter. The City Council is required to hold a public hearing on the proposed Operating Budget and Capital Program and to adopt it no later than September 30, the close of the City's fiscal year. The adopted Operating Budget and Capital Program appropriates

funding at the departmental level in the General Fund, at the fund level in the other funds, and at the project level in the Capital Program.

The General Fund Operating Budget is adopted on a basis other than GAAP, with the main difference being that capital lease proceeds and related capital outlays are not budgeted. Budgetary control is maintained at the department level. Management may make administrative transfers and increases or decreases between accounts below the department level without City Council approval. However, any transfer of funds between departments, the legal level of control, or higher level shall be presented to City Council for approval by ordinance before such funds can be transferred between departments or expended. All annual operating appropriations lapse at the end of the fiscal year. Capital Project and grant appropriations do not lapse at fiscal year end, but remain in effect until the project or grant is completed and closed.

ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is perhaps best understood when it is considered within the context of the City's economy. The following information is provided to highlight a broad range of economic forces that support the City's operations.

Local Economy

Improvements in national, state, and local economic measures suggest that the economy is recovering and, in the case of Lubbock, has recovered from recessionary pressures. Most relevant measures of the economy have returned to pre-downturn 2008 levels and continue to improve. Core economic indicators, including sales tax receipts, construction activity, and unemployment, all suggest that Lubbock will continue to see solid expansion in the future.[2]

Lubbock has a stable economy with historically consistent and steady growth. Over the past twenty years, Lubbock's agriculturally-based economy has diversified, which has minimized the effects of business cycles experienced by individual sectors.

The Southern High Plains District, comprised of 16 counties surrounding Lubbock, is one of the most productive agricultural areas in the United States. In 2012, 11.6 percent of the nation's upland cotton crop and 38.5 percent of the state's upland cotton crop were produced by farmers in the Southern High Plains District. After a severe drought in the State, the Southern High Plains production was 1,925,300 bales, up 98.5 percent from the 969,900 bales in 2011, but still down 50.0 percent from the 3.9 million bales produced in the fall of 2010.[3]

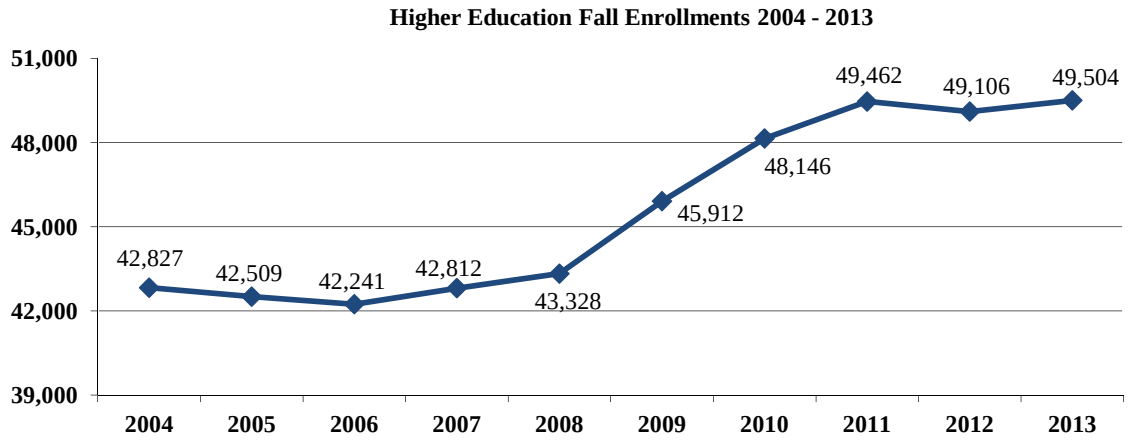
The City has strong manufacturing, wholesale and retail trade services, health care, education, and government sectors. Manufacturing includes a diverse group of employers who support approximately 5,000 workers.[4] A central location and access to transportation have contributed to Lubbock's development as a regional warehousing and distribution center. Lubbock serves as the major retail trade center for a 26-county retail trade area of more than a half million people.

[2] Ingham Economic Reporting, September-2013, Lubbock Economic Index and Consumer Price Index, Amarillo, Texas: Karr Ingham.

[3] United States Department of Agriculture, National Agriculture Statistics Service, retrieved from http://www.nass.usda.gov/Quick_Stats/.

[4] Texas Workforce Commission, *MSA Employment and Unemployment Data*.

Lubbock is home to three universities and one community college: Texas Tech University, Lubbock Christian University, Wayland Baptist University – Lubbock Center, and South Plains College. Fall 2013 enrollment for all higher education institutions in Lubbock was 49,504, an increase of 0.8 percent from the Fall 2012 enrollment of 49,106. The increase was due to enrollment increases Texas Tech and Texas Tech Health Science Center experienced which offset the decreases experienced at South Plains College, Lubbock Christian University, and Wayland Baptist University.[5] Texas Tech has set a goal to reach enrollment of 40,000 students by 2020. The availability of graduates in the City is an added advantage to local industries as the universities and colleges continue to produce a ready source of qualified labor.



The health care and social assistance sector is also a vital component of the Lubbock economy, with 23,012 employees and payroll of approximately $882 million.[6] Lubbock is home to several medical facilities including: University Medical Center, Covenant Medical Center, The Lubbock Heart Hospital, and Grace Medical Center. The Texas Tech University Health Sciences Center also provides health care as well as training and research opportunities for health care professionals.

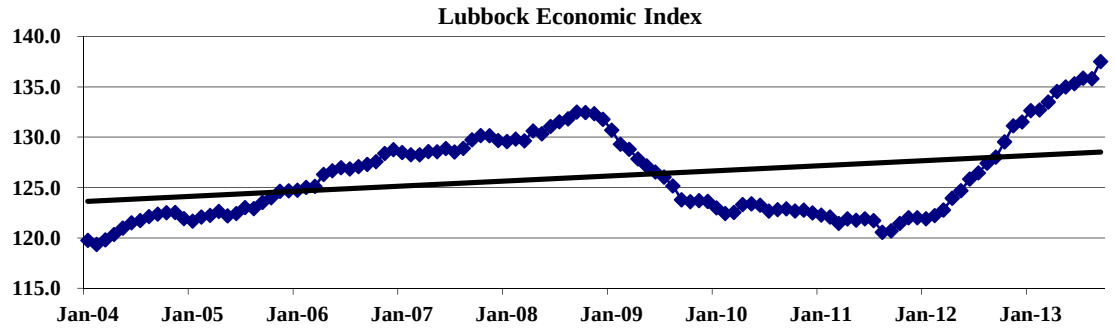
Lubbock Economic Index: The Lubbock Economic Index is designed to represent the general condition of the Lubbock economy by tracking local economic indicators. The base year for the index was 1996, when the index was set at 100. The economic index for September 2013 was 137.5, which represents an increase of 7.4 percent from the September 2012 level of 128.0.

Due to the impact of the national recession, the Lubbock Economic Index declined from October 2008 to August 2011. In September 2011, the trend reversed and the economic index began to show signs of recovery until it finally reached the pre-downturn level in January 2013 and continued to rise throughout the year. In September 2013, auto sales also surpassed the peak level achieved in 2008.[7] Housing prices continued to increase at a steady pace and existing home sales experienced a solid increase during the year.

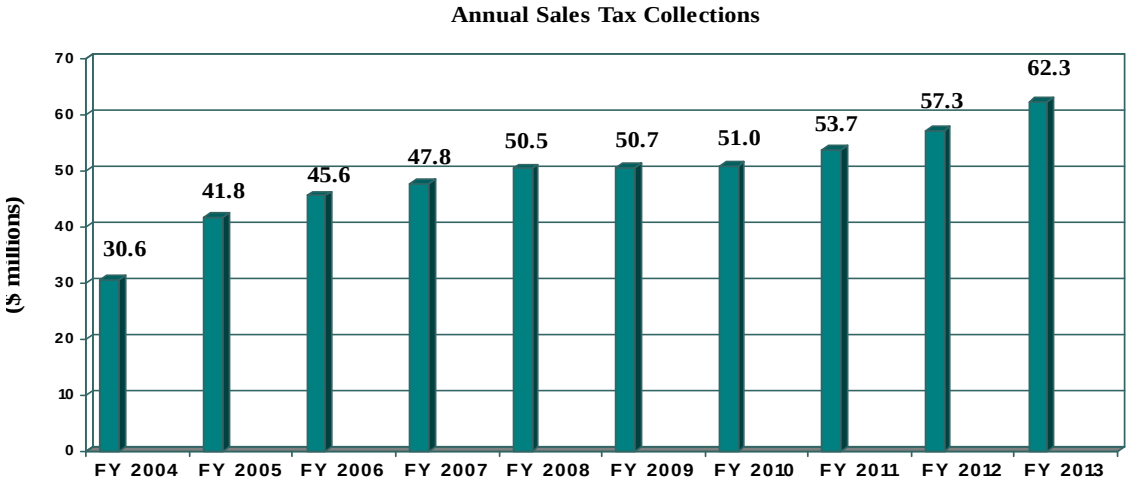
[5] City of Lubbock Finance Department survey of enrollments at higher education facilities.

[6] U.S. Census Bureau, *2011 County Business Patterns, retrieved from http://censtats.census.gov/cgi-bin/cbpnaic/cbpsect.pl (2-year delay in publication).*

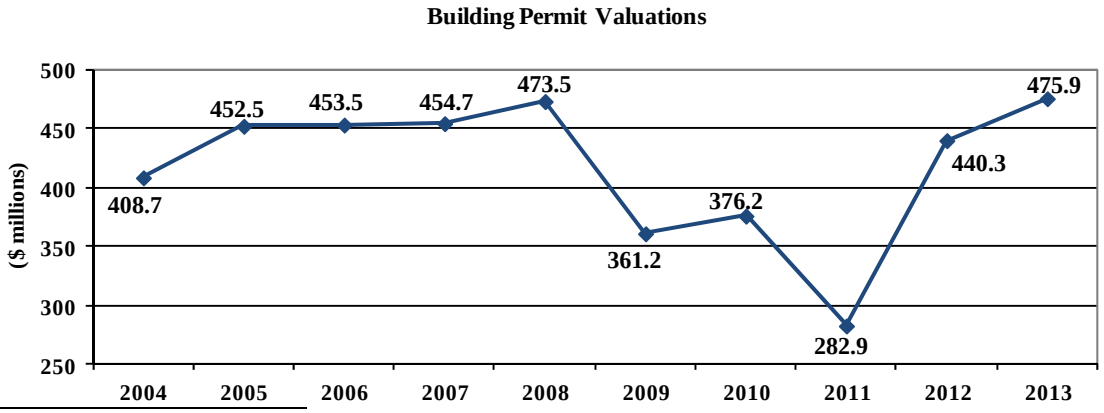
[7] Ingham Economic Reporting, September-2013, Lubbock Economic Index and Consumer Price Index, Amarillo, Texas: Karr Ingham.



Sales Tax Collections: Sales tax collections for FY 2013, totaling $62,250,140, were 8.6 percent higher than collections through the same period in FY 2012. FY 2013 collections hit an all-time record high with the second largest year-to-year percentage increase in the last 10 years.[8]



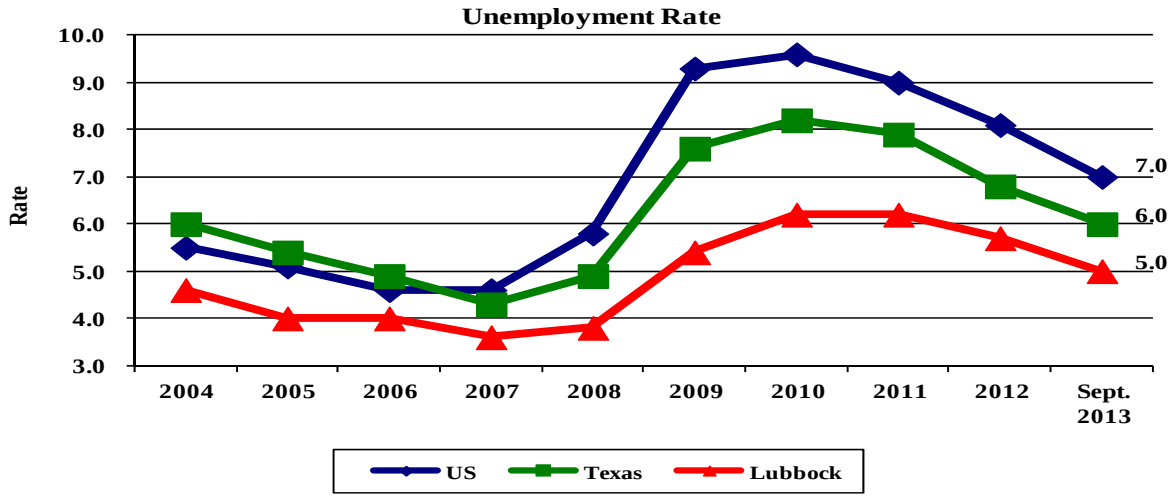
Building Permit Valuations: The construction sector experienced an increase during 2013, with the value of all building permits issued through December up 8.0 percent from the same period in 2012. The $475.9 million in building permits issued through December 2013 is a significant increase from the $282.9 million issued through December 2011 and is slightly greater than the $473.5 million issued in 2008, the previous record high year. The yearly comparison is below:



[8] City of Lubbock Finance Department, Historic Schedule of Sales Tax Receipts, October 2005 through September 2013.

New residential permits significantly increased in 2013 with the total number issued through December 41.0 percent higher than 2012 levels. The total new residential valuations were $274.7 million, 32.4 percent higher than the same time period in 2012.[9] The average home sales price for FY 2013 was $154,458, an increase of 6.5 percent over FY 2012.[10]

Employment: The total non-agricultural employment estimate for September 2013 was 132,700, an increase of 1.8 percent from the September 2012 estimate of 130,300. The unemployment rate for the Lubbock Metropolitan Statistical Area in September 2013 was 5.0 percent, the fourth lowest in the State of Texas. Historically, Lubbock has had a low rate of unemployment that is well below the national and state unemployment rates.[11]



ECONOMIC DEVELOPMENT

In 1995, the City Council created Market Lubbock, Inc. (MLI), a non-profit corporation to oversee economic development for the City. MLI is funded with .02937 cents of the property tax allocation. In October 2004, the Lubbock Economic Development Alliance (LEDA), an economic development sales tax corporation, assumed responsibility for economic development. LEDA program strategies include business retention, business recruitment, workforce development, foreign trade zone, and the bioscience initiative. LEDA is funded by a 1/8 cent economic development sales tax. Total allocated tax revenues for MLI and LEDA for FY 2013 were $8,872,094. During the last year, through their business retention, expansion, and attraction programs, LEDA assisted 9 companies by incenting the creation of 295 new jobs with an annual payroll of $20.9 million and capital investment of $18.0 million.

The City's Finance Department is responsible for tracking and maintaining economic and demographic information for the City, assisting with city-related business issues, the enterprise zone and tax abatement programs, three Tax Increment Financing Reinvestment Zones, and all Public Improvement Districts.

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[9] City of Lubbock Building Inspection Department, December 2013 and December 2012 *Building Inspection Statistical Report.*

[10] Texas A&M University Real Estate Center, *Lubbock MLS Housing Activity Report*, retrieved from http://recenter.tamu.edu/data/datahs.html.

[11] Texas Workforce Commission, LMCI Economic Profiles, retrieved from: http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce. Note: The methodology for calculating the unemployment rate was changed in 2005. The Lubbock MSA also changed in 2005 to include both Lubbock and Crosby Counties.

Lubbock Business Park: The Lubbock Business Park (Park) is a 586-acre tract of land located off of Interstate 27, approximately one mile south of Lubbock Preston Smith International Airport. The Park is being developed by LEDA as a recruitment tool to assist in the recruitment of new businesses to the area. The Park has shovel ready lots available for businesses who would like to relocate to Lubbock or expand an existing business.

The City of Lubbock, Lubbock County, Lubbock Hospital District, and High Plains Underground Water District are participating in this public/private project with the creation of a Tax Increment Financing Reinvestment Zone that will assist in funding the public infrastructure necessary to develop the Park. According to the latest Project and Finance Plan for the Lubbock Business Park Tax Increment Financing Reinvestment Zone (LBP Zone), there are planned expenditures of approximately $45.2 million for public infrastructure improvements, which will result in an increase in taxable value of approximately $208.7 million over the LBP Zone's 30-year life. The 2013 appraised value of the LBP Zone was $45.9 million with a net taxable value of $38.4 million, which is a $38 million increase over the 2009 base year value.

Overton Park: Overton Park, a former blighted area called North Overton, is a 300-acre revitalization project adjacent to the downtown area of Lubbock. Projects that have been constructed in Overton Park since the beginning of the redevelopment include: seven student-oriented apartment complexes; The Centre, an apartment complex built over upscale retail; City Bank; Super Wal-Mart; The Overton Hotel and Conference Center; Racer Car Wash; condominiums; and many small specialty restaurants and retail establishments. In FY 2013, the U Club Townhomes apartment complex on Glenna Goodacre Boulevard and Avenue V was completed and new construction began on the Potbelly Sandwich Shop.

The City of Lubbock, Lubbock County, Lubbock Hospital District, and High Plains Underground Water District are participating in this public/private project with the creation of a Tax Increment Financing Reinvestment Zone that has funded the replacement of the 80-year old infrastructure. According to the latest Project and Finance Plan for the North Overton Tax Increment Financing Reinvestment Zone (Overton Zone), there were planned expenditures of $40.4 million, of which $40.1 million has been expended as of September 30, 2013, for the replacement and upgrade of public improvements including roads, water, sewer, relocation underground of the electric infrastructure, lighting, and landscaping in the parkway. These improvements will result in an increase of taxable value of approximately $373.9 million over the Overton Zone's 30-year life. The 2013 appraised value of the Overton Zone was $355.4 million, which is a $328.4 million increase over the 2002 base year value.

North and East Lubbock Community Development Corporation: The Lubbock community, at-large, has experienced growth throughout the last 5-plus decades. However, the north and east Lubbock communities have experienced population destabilization, economic instability, and housing deterioration during the last 50-plus years. North and east Lubbock also has experienced an out-migration of people resulting in the 2012 population of 18,523, down 46 percent from the 2000 population of 34,416. In response to the deterioration of north and east Lubbock, the City created the North and East Lubbock Community Development Corporation (NELCDC) in 2004 to oversee and promote development in the area. The City also committed to provide funding to the NELCDC from 2004-2008, and has recently reinstated such funding during Fiscal Year 2013. King's Dominion, a new single-family housing development, consists of twenty-seven homes. The NELCDC has also placed 102 families into scattered site developments. At the end of 2013, the NELCDC had originated $2.8 million in mortgages for King's Dominion and an additional $11.7 million for scattered site developments. As collaboration between the public and private sectors, the NELCDC partnered with G.S. Gill, M.D. to revitalize an older neighborhood, and in 2010 concluded the venture with the completion of a 21,000 square-foot shopping center on Parkway Drive. The shopping center includes an occupied pad-site, icehouse, and dental clinic.

Downtown Redevelopment: The City of Lubbock Central Business District (CBD) has developed over the years with traditional office, retail, and governmental agency uses. As with many cities in the last ten to twenty years, retail has moved to shopping areas and other areas outside the CBD, and office development has stagnated. In an effort to reverse the trend, the City of Lubbock, Lubbock County, Lubbock Hospital District, and High Plains Underground Water District created a Tax Increment Financing Reinvestment Zone to assist in the redevelopment of downtown in December 2001, with a termination date of December 31, 2020. On September 24, 2009, the City Council approved an extension of the termination date to December 31, 2040 in order to provide additional funding to implement the project and finance plan. According to the latest Project and Finance Plan for the Central Business District Tax Increment Financing Reinvestment Zone (CBD Zone), there are planned expenditures of approximately $40.1 million for public infrastructure improvements, which will result in an increase in taxable value of approximately $170.3 million over the CBD Zone's 40-year life. The 2013 appraised value of the CBD Zone was $181.7 million, which is a $75.8 million increase over the 2001 base year value.

A Revitalization Action Plan for downtown Lubbock was completed in FY 2008. The Plan was approved by the Planning and Zoning Commission and the City Council. In 2008, the City Council contracted with McDougal Land Company, LT to provide Consulting/Master Developer services to implement the Plan. In December 2008, the first step in the implementation of the Plan was put into place when the City Council contracted with SGS Engineering to provide coordination and design services for the relocation of overhead utilities underground in the downtown target area, and in November 2011, the City of Lubbock executed a contract with Utility Contractors of America to construct the first phase of the relocation of the utilities underground. The construction of phase one of the project is complete and the design of Phase II is underway. In addition, the City Council approved a master zoning case for the downtown area on December 15, 2010, with a revision on September 13, 2012. The zoning case will assist in implementing design standards for exterior renovations of current buildings as well as for new development in downtown.

FINANCIAL INFORMATION

Long-term financial planning

The City uses ten-year rate models for long-range planning in all major enterprise funds as a basis for budget discussion and policy decision-making. These models are based on current projects and policies and are continually monitored and updated throughout the year. The rates in the models are calculated to provide financially sound net position reserves, as established by City Council Policy.

The City Council has approved goals for the General Fund unrestricted fund balance, which is set at a minimum of an amount equal to 20 percent of operating revenues to meet unanticipated contingencies and fluctuations in revenue. Enterprise funds also have appropriable net position reserve policies, ranging from 8 to 25 percent of operating revenue. LP&L must maintain three months gross retail electric revenue, as determined by taking the average monthly gross retail electric revenue from the previous fiscal year. Water and Wastewater funds maintain appropriable net position in an amount equal to 25 percent of operating revenues. The Solid Waste, Airport, and Storm Water funds maintain appropriable net position of 15 percent of operating revenues. Appropriable net position has a slightly different definition than GAAP unrestricted net position. Excesses and deficits are addressed in the subsequent year budget process.

Utility funds make payments in lieu of property taxes and franchise fees to the General Fund. The amount LP&L pays in lieu of property tax is based on one percent of gross revenues. The payment in

lieu of property taxes for other utility funds is calculated by applying the property tax rate to the fixed assets of the fund.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2012. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report in which contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. The City of Lubbock has received this award for eight consecutive years.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would particularly like to thank the Accounting Supervisors, Senior Accountants, Accountants, Executive Director of Budget, and Senior Financial Analysts for their countless hours of work on this financial report. We express our appreciation to all members of City departments who assisted with and contributed to the preparation of this report. Credit is also given to the City Council and the Audit Committee for their interest and support in planning and conducting the operations of the City in a responsible manner.

Respectfully submitted,

James Loomis
City Manager

Pamela Moon, CPA
Executive Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lubbock

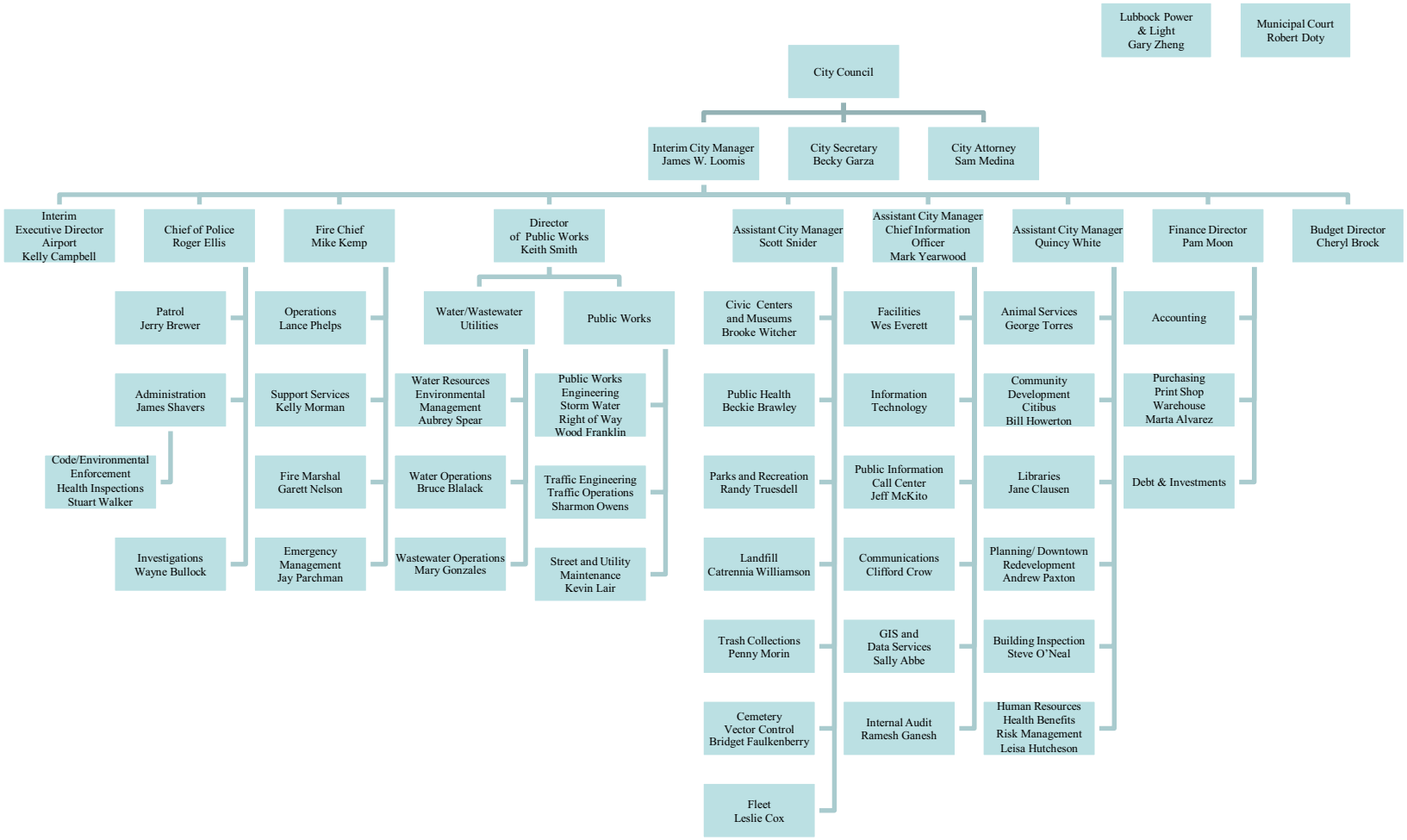
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

Organization Chart



Revised 8/12/2013

BKD LLP
CPAs & Advisors

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972.702.8262 // fax 972.702.0673 // bkd.com

Independent Auditor's Report on Financial Statements and Supplementary Information

The Honorable Mayor and
Members of the City Council
City of Lubbock, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lubbock, Texas (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Civic Lubbock, Inc., Market Lubbock Economic Development Corporation d/b/a Market Lubbock, Inc. and Lubbock Economic Development Alliance, component units of the City, which statements reflect total assets and program revenues of $20,523,586 and $17,948,815, respectively, and represent 80% and 96% of the aggregate discretely presented component units' total assets and program revenues, respectively, at September 30, 2013, and for the year then ended. The financial statements of these entities were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component unit Civic Lubbock, Inc. and the major fund West Texas Municipal Power Agency, were not audited in accordance with *Government Auditing Standards.*

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lubbock, Texas, as of September 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note I.I* to the financial statements, in 2013 the City changed its method of accounting for deferred outflows of resources, deferred inflows of resources and bond issuance cost with the adoption of Governmental Accounting Standards Board Statements No. 63 and No. 65. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary and pension and other post-employment benefits information listed in the table of contents be presented to supplement the financial statements. Such information, although not part of the 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 basic financial statements as a whole. The accompanying combining fund statements and schedules, the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and schedule of expenditures of State awards required by the state of Texas *Uniform Grants Management Standards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The accompanying information in the introductory and statistical sections as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
February 17, 2014

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2013

The Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the City of Lubbock for the fiscal year ended September 30, 2013.

Readers of the financial statements are encouraged to consider the information included in the transmittal letter and in the other sections of the Comprehensive Annual Financial Report (CAFR) e.g., combining statements and the statistical section in conjunction with the MD&A.

Financial Highlights

The following financial highlights summarize the City's financial position and operations as presented in more detail in the Basic Financial Statements (BFS).

- The City's assets and deferred outflows exceeded its liabilities at September 30, 2013 by $799.1 million (net position), of which $113.6 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $56.6 million as a result of operations during the fiscal year.
- The ending unassigned fund balance for the General Fund was $33.7 million, or 28.0 percent of total General Fund revenues, an increase of $5.7 million from the prior year.
- The City's governmental funds reported combined ending fund balances of $94.4 million, of which $30.3 million is available for spending at the City's discretion.
- The City's enterprise funds reported combined ending net position of $705.8 million, of which $109.8 million is available for spending at the City's discretion.
- During FY 2013, the City issued $158.8 million in bonded debt, of which $75.5 million was used for capital projects and the remaining refunded existing debt for debt service savings.

Overview of the Financial Statements

Basic Financial Statements: The MD&A is intended to serve as an introduction to the City's BFS. The BFS are comprised of three components: 1) Government-Wide Financial Statements (GWFS), 2) Fund Financial Statements (FFS), and 3) Notes to Basic Financial Statements (Notes). The CAFR contains other supplementary information in addition to the BFS.

Government-Wide Financial Statements: The GWFS, shown on pages 35-37 of the CAFR, contain the *Statement of Net Position* and the *Statement of Activities*, described below:

The *Statement of Net Position* presents information on the City's assets, liabilities (including capital assets and short- and long-term liabilities), and deferred inflows/outflows of resources with the difference reported as *net position* using the accrual basis of accounting. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each of the City's functions or programs. Direct expenses are specifically associated with an activity and are

therefore clearly identifiable with that activity. Program revenues include charges paid by the recipient of the goods or services offered by the program. Program revenues also include grants and contributions restricted to meeting the operational or capital requirements of a particular activity. Revenues not directly related to a specific activity are presented as general revenues. The comparison of direct expenses with revenues from activities identifies the extent to which each activity is self-financing, or alternatively, draws from any City generated general revenues.

Governmental activities (activities principally supported by taxes and intergovernmental revenues) of the City include administrative services as well as general government, community services, cultural and recreation, economic and business development, fire, health, police, other public safety, and streets and traffic. Business-type activities (activities intended to recover all of their costs through user fees and charges) of the City include Electric, Water, Wastewater, Solid Waste, Storm Water, Transit, Airport, Civic Centers, Cemetery, and Lake Alan Henry Recreation. Electric includes Lubbock Power and Light (LP&L) and West Texas Municipal Power Agency (WTMPA). All changes in net position are reported as soon as the underlying event occurs (accrual basis), regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as uncollected taxes and earned, but unused vacation leave.

Component Units: The GWFS include the City (the "primary government"), and five legally separate entities (the "component units") for which the City is financially accountable. The component units consist of: Urban Renewal Agency (URA), Market Lubbock Economic Development Corporation, d/b/a Market Lubbock, Inc., Lubbock Economic Development Alliance, Civic Lubbock, Inc., and Vintage Township Public Facilities Corporation. The component units provide community services, economic development services, arts and cultural activities, and public improvement financing for the City. Financial information for the component units is reported separately in the GWFS to differentiate them from the City's financial information.

Fund Financial Statements: A *fund* is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The principal role of funds in the financial reporting model is to demonstrate fiscal accountability. The City, as with other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the FFS is on major funds. Major funds are those that meet minimum criteria (a percentage of assets, liabilities, revenue, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), or those that the City chooses to report as major funds given their qualitative significance. Non-major funds are aggregated and shown in a single column in the appropriate financial statements. Combining schedules of nonmajor funds are included in the CAFR following the Required Supplementary Information (RSI) and Other Supplementary Information (OSI). All funds of the City can be divided into two categories: *governmental funds* and *proprietary funds.*

***Governmental FFS*:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the GWFS. However, unlike the GWFS, governmental FFS focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the City's fiscal year. Such information is useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the GWFS (modified accrual versus accrual basis of accounting, and current financial resources versus economic resources), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS. By doing so, the reader may better understand the long-term impact of near-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to facilitate the comparison between governmental funds and governmental activities.

The City maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Governmental Capital Projects Fund, which are considered to be major funds. The governmental FFS can be found on pages 38-41 of the CAFR. Data for the other 27 governmental funds are combined into a single, aggregated presentation.

The City adopts a budget annually for the General Fund and most other funds. In the RSI section, a budgetary comparison statement for the General Fund has been provided to demonstrate compliance with the budget.

Proprietary FFS: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the GWFS. Enterprise FFS provide the same type of information as the GWFS, only in more detail. The City uses enterprise funds to account for LP&L, Water, Wastewater, WTMPA, Storm Water, Transit, Solid Waste, Airport, Civic Centers, Cemetery, and Lake Alan Henry Recreation activities, of which the first five activities are considered to be major funds by the City and are presented separately. The latter six activities are considered non-major funds and are combined into a single aggregated presentation.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle service operations and fueling, central warehouse and printing services, information technology services, risk management, health benefits, and investment pool funds. The services provided by the internal service funds benefit both governmental and business-type activities, and accordingly, they have been included within governmental activities and business-type activities, as appropriate, in the GWFS. All internal service funds are combined into a single aggregated presentation in the proprietary FFS. Reconciliations are provided for the proprietary fund statement of net position and the proprietary fund statement of revenues, expenses, and changes in fund net position for comparison between enterprise funds and business-type activities. The proprietary FFS can be found on pages 42-53 of the CAFR.

Notes to Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes can be found on pages 55-95 of the CAFR.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain RSI concerning the City's progress in funding its obligation to provide pension and post retirement benefits to its employees and retirees. The General Fund budgetary comparison demonstrating the legal level of budgetary control can also be found as part of the RSI. Certain special revenue funds and the debt service fund budgetary comparison schedules are presented in Other Supplementary Information, demonstrating compliance at the legal level of budgetary control. The RSI can be found on pages 97-101 of the CAFR and OSI can be found on pages 103-105.

Government-Wide Financial Analysis

As noted earlier, net position serves as a useful indicator of the City's financial position. Assets exceeded liabilities by $799.1 million (*net positon*) at the close of the fiscal year, compared to assets exceeding liabilities by $747.5 million (*net position*) at the end of the prior fiscal year. As a result of operations, total net position increased by $56.6 million during the period. However, due to the adoption of GASB statement No. 65, there was a restatement of previously reported net position of $5.0 million resulting in a change in net position below of $51.6 million.

City of Lubbock Net Position
For the Year Ended September 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Current and other assets	$ 135,897	$ 131,980	$ 383,660	$ 384,769	$ 519,557	$ 516,749
Capital assets	354,347	319,729	1,280,927	1,246,552	1,635,274	1,566,281
Total assets	490,244	451,709	1,664,587	1,631,321	2,154,831	2,083,030
Total defererred outflows of resources	3,222	-	8,449	-	11,671	-
Current liabilities	23,113	52,121	39,176	109,156	62,289	161,277
Noncurrent liabilities	383,637	336,406	921,433	837,823	1,305,070	1,174,229
Total liabilities	406,750	388,527	960,609	946,979	1,367,359	1,335,506
Net position:*						
Net investment in capital assets	77,399	55,235	561,354	542,640	638,753	597,875
Restricted	11,035	9,996	35,740	33,035	46,775	43,031
Unrestricted	(1,718)	(2,049)	115,333	108,667	113,615	106,618
Total net position	$ 86,716	$ 63,182	$ 712,427	$ 684,342	$ 799,143	$ 747,524

*The cumulative effect of applying GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" resulted in beginning statement of net position being restated. FY 2012 was not restated.

Approximately 79.9 percent of the City's net position reflects its investment in capital assets, e.g., land, buildings, infrastructure, machinery and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. The City uses capital assets to provide services to citizens; consequently, those assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets cannot be used to liquidate the liabilities.

The City has restricted net position totaling 5.9 percent of total net position, which represent resources subject to external restrictions on how they may be used. Such resources include bond funds restricted to be spent for specified capital projects, debt service reserves restricted by bond covenants, passenger facility charges restricted for airport improvements, and special revenue funds restricted for specific purposes. The remaining balance of unrestricted net position of $113.6 million may be used to meet the City's ongoing obligations.

The City reports positive balances in all three categories of net position for the City as a whole, with negative unrestricted net position of $1.7 million for governmental activities and positive $115.3 million for business-type activities. The governmental unrestricted net position improved by $.3 million from FY 2012.

City of Lubbock Changes in Net Position
For the Years Ended September 30
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
Revenues:	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Program Revenues:						
Charges for services	$ 10,535	$ 9,700	$ 388,730	$ 353,385	$ 399,265	$ 363,085
Operating grants and contributions	7,221	12,095	8,243	8,400	15,464	20,495
Capital grants and contributions	21,260	8,962	16,324	28,428	37,584	37,390
General Revenues:						
Property taxes	65,362	60,935	-	-	65,362	60,935
Sales taxes	62,250	57,304	-	-	62,250	57,304
Other taxes	7,414	6,370	-	-	7,414	6,370
Franchise fees	9,127	9,728	-	-	9,127	9,728
Investment earnings	205	345	229	485	434	830
Other	5,843	9,686	1,774	3,508	7,617	13,194
Total revenues	189,217	175,125	415,300	394,206	604,517	569,331
Expenses:						
Administrative services/general govt.	13,287	11,564	-	-	13,287	11,564
Community services	6,983	5,493	-	-	6,983	5,493
Cultural and recreation	17,582	16,968	-	-	17,582	16,968
Economic and business development	16,258	15,101	-	-	16,258	15,101
Fire	42,646	41,336	-	-	42,646	41,336
Health	4,410	5,437	-	-	4,410	5,437
Police	59,262	58,549	-	-	59,262	58,549
Other public safety	6,803	6,881	-	-	6,803	6,881
Streets and traffic	22,367	26,411	-	-	22,367	26,411
Interest on long-term debt	13,058	13,653	-	-	13,058	13,653
Electric	-	-	202,251	187,682	202,251	187,682
Water	-	-	58,815	57,043	58,815	57,043
Wastewater	-	-	22,747	25,510	22,747	25,510
Solid Waste	-	-	18,067	16,761	18,067	16,761
Storm Water	-	-	11,252	10,882	11,252	10,882
Transit	-	-	12,905	12,810	12,905	12,810
Airport	-	-	14,111	11,739	14,111	11,739
Civic Centers	-	-	3,961	3,876	3,961	3,876
Cemetery	-	-	668	726	668	726
Lake Alan Henry	-	-	514	509	514	509
Total expenses	202,656	201,393	345,291	327,538	547,947	528,931
Change in net position before transfers	(13,439)	(26,268)	70,009	66,668	56,570	40,400
Transfers	36,973	25,571	(36,973)	(25,571)	-	-
Change in net position	23,534	(697)	33,036	41,097	56,570	40,400
Net position - beginning of year*	63,182	63,879	679,391	643,245	742,573	707,124
Net position - end of year	$ 86,716	$ 63,182	$ 712,427	$ 684,342	$ 799,143	$ 747,524

*The cumulative effect of applying GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" resulted in beginning statement of net position being restated. FY 2012 was not restated.

Changes in Net Position: Details of the above summarized information can be found on pages 36-37 of the CAFR.

Governmental activities: The City's governmental activities experienced an increase in net position of $23.5 million, compared to a decrease of $.7 million during the prior fiscal year. Key elements of the operational increase include:

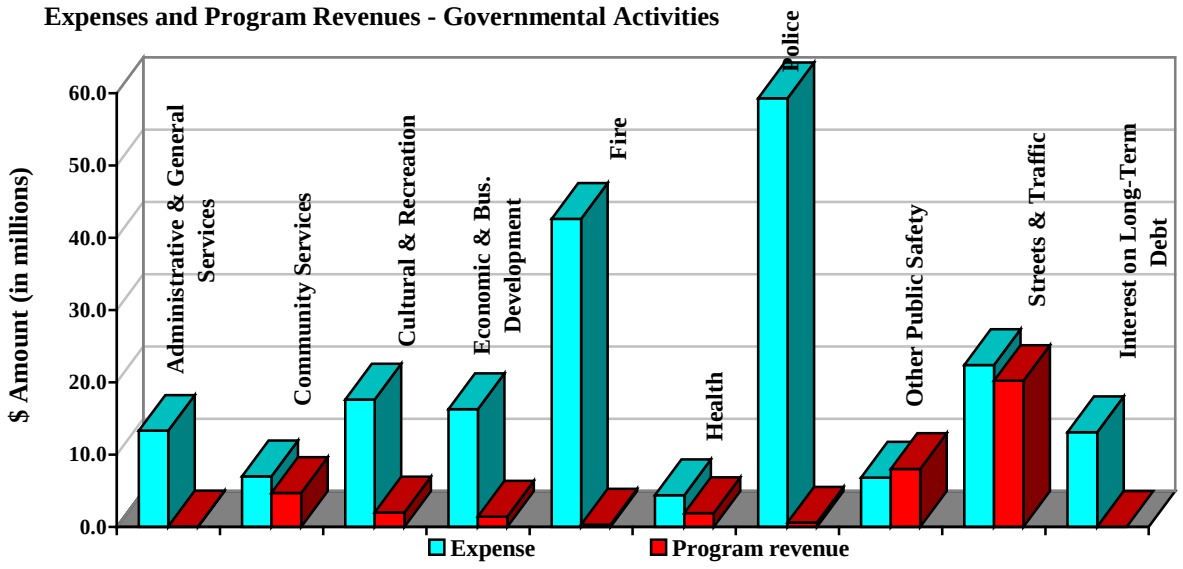
- Revenues increased $14.1 million, from $175.1 million in FY 2012 to $189.2 million in FY 2013.
  - The City experienced an $8.2 million increase in total program revenues from FY 2012 to FY 2013. Charges for services increased $0.8 million from FY 2012 to FY 2013. Operating grants and contributions decreased $4.9 million as the Federal and State governments cut funding in many grants including health department, library, community services, mental health, and economic development. This was offset by an increase in capital grants and contributions totaling $12.3 million. In FY 2013, the City's component units, Lubbock Economic Development Alliance (LEDA) and Market Lubbock, Inc. (MLI), completed Phase I development of the Lubbock Business Park and the Lubbock Railport. LEDA and MLI contributed $17.0 million to the City of Lubbock in streets, alleys, and avenues at the Lubbock Business Park and Railport. Developers contributed an additional $3.0 million in donated streets. Capital grants from the Federal government decreased in FY 2013.
  - Property tax revenue increased from $60.9 million in FY 2012 to $65.4 million in FY 2013. The property tax rate was increased from $0.4740 per $100 of assessed value in 2012 to $0.49211 per $100 of assessed value in 2013. Taxable assessed values increased from $12.6 billion in 2012 to $13.1 billion in 2013, as building permit valuations continued to climb.
  - Sales tax revenue totaled $62.3 million, an increase of $5.0 million from the prior year. The Lubbock economy entered into a recession in October 2008; however, Lubbock's diverse economy, comprised of agricultural, educational, and medical sectors lessened the effects of the recession. Since FY 2008, sales tax growth has risen less than one percent annually; however in FY 2013, Lubbock experienced an 8.7 percent increase. This was the second largest year to year percentage increase in the last 10 years.
  - Franchise fees decreased from $9.7 million in FY 2012 to $9.1 million in FY 2013, primarily due from the City recognizing additional revenue as the result of a franchise audit in the prior year.

- Total expenses increased $1.3 million, from $201.4 million to $202.7 million in FY 2013.
  - Employee compensation increased due to a 3 percent merit increase that was effective on October 1, 2012. The Texas Municipal Retirement System (TMRS) contribution rate decreased slightly from 19.95 percent in FY 2012 to 19.48 percent in FY 2013 and the Lubbock Fire Pension Fund rate decreased from 23.42 percent in FY 2012 to 23.02 percent in FY 2013. Expenses related to benefits increased due to rising health care costs.
  - Community services expenses increased $1.5 million in FY 2013, due to an increase in spending of prior year HOME funds.
  - Fire Department expenses increased $1.3 million to $42.6 million in FY 2013. This increase was expected with the addition of 15 firefighters for the newly constructed Station No. 17.
  - Police services increased $.7 million to $59.2 million in FY 2013, with the majority of the increase due to additional salary and benefit costs.
  - Streets and traffic decreased by $4.0 million to $22.4 million in FY 2013, with $3.7 million of the decrease due to a Gateway street project that involved Quaker Avenue, Erskine and a Loop 289 interchange in the prior year. Streets also saw a $.5 million decrease in depreciation expense for FY 2013.

- Interest expense decreased $0.6 million to $13.1 million from the prior year as a result of refunded debt at lower interest rates.

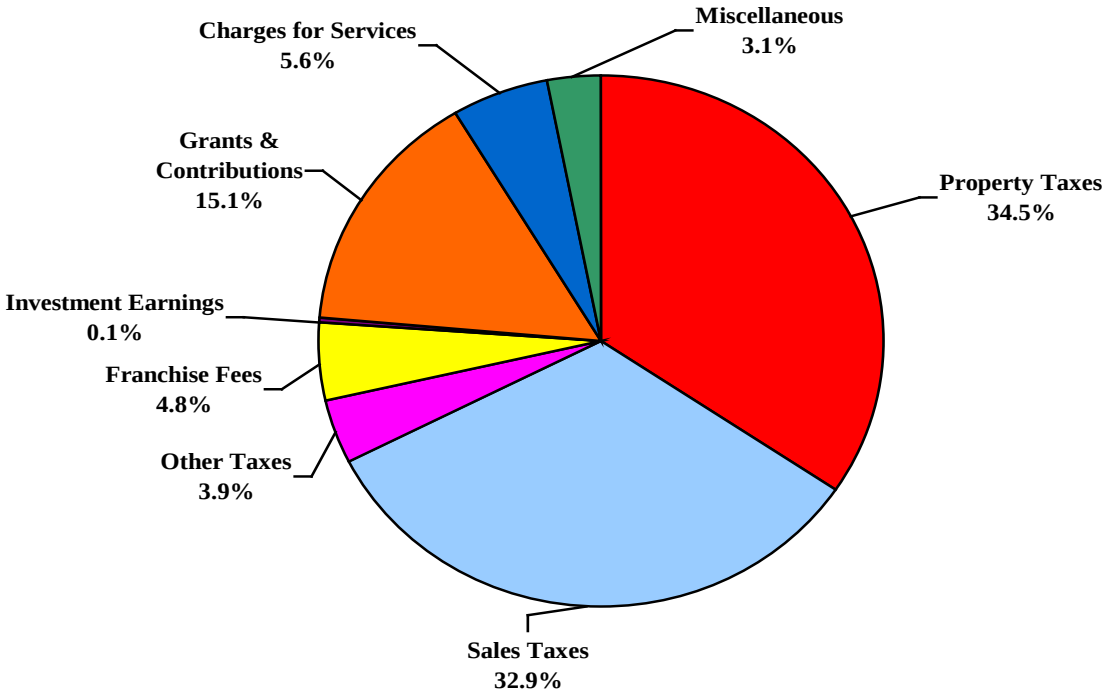
- Transfers from business-type activities during FY 2013 increased governmental activities' net position by $37.0 million. During the prior fiscal year, the transfers increased governmental activities' net position by $25.6 million.
  - Net transfers from business-type activities included payments in lieu of taxes, franchise fees, and indirect costs of operations for centralized services such as payroll and purchasing to governmental activities. Enterprise funds funded higher transfers to the General Fund for the following reasons: 1) continued construction of infrastructure increased payment in lieu of taxes and 2) increased metered sales in Electric increased the utility fund franchise fees. Other factors related to the increase in net transfers were Storm Water increased funding of street debt and a transfer from Risk Management surplus to the Health Fund.

The following graph depicts the expenses and program revenues generated through the City's various governmental activities.



The following graph reflects the source of revenues and the percentage each source represents of the total.

Revenues by Source - Governmental Activities



Business-type activities: Revenues from the City's business-type activities totaled $415.3 million, compared to $394.2 million in FY 2012, an increase of $21.1 million. Key elements of the revenue increase from operations include:

- Charges for services for business-type activities totaled $388.7 million in FY 2013, an increase of $35.3 million from the prior year.
  - Electric operations, which include LP&L and WTMPA, totaled $220.1 million in FY 2013, an increase of $24.3 million. The increase was related to an increase in the purchased power recovery factor necessary to cover higher purchased power pass-through costs; and also related to an average 9.7 percent increase in electric rates approved by the Electric Utility Board and City Council, effective June 1, 2013.
  - Water operations totaled $81.0 million in FY 2013, an increase of $8 million. The increase was primarily due to a change in rate structure, implemented to encourage conservation. This change involved lowering the base charge per meter size and increasing volume rates in three tiers. Another factor in the increase was that water volume usage increased 1.5 percent in FY 2013 from 13.3 billion gallons used in FY 2012 to 13.5 billion gallons used in FY 2013. In 2013, Lubbock had rainfall of 12.61 inches compared to 11.43 inches in 2012.
  - Wastewater operations totaled $33.6 million, an increase of $2.0 million. This was due to a 10.0% increase in volume rates to $2.25, while the base rates remained flat at $14.00 per month for the ¾" water meter customer and $17.06 per month for the 1" water meter customer.

- Storm Water operations totaled $19.3 million, an increase of $.3 million. While Storm Water residential rates remained flat at $14.00 per month and as did the commercial rate at $92.92 per month, the revenue increase was expected due to residential and commercial customer growth.

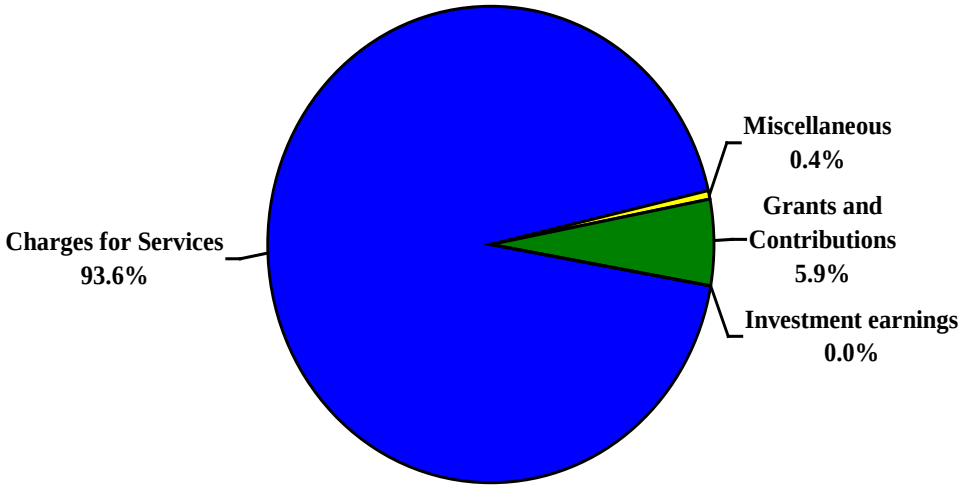
- Operating grants, capital grants and contributions produced $24.6 million in revenue for business-type activities during FY 2013, down $12.3 million from the prior year. Of that decrease, $17.6 million is related to Airport capital grants and contributions, which decreased from $22.8 million in FY 2012 to $5.2 million in FY 2013. The decrease in the Airport Fund is due to the completion of a multi-phase rehabilitation project on one of its runways, with a cost of over $40 million in prior years. This decrease was offset by moderate increases in Water, Wastewater, Storm Water, and Transit.

Expenses for business-type activities were $345.3 million in FY 2013, an increase of $17.8 million.

- Electric operating expenses were $202.3 million, an increase of $14.6 million from the prior year. A big driver in the operating expense increase is due to higher fuel costs, which are directly correlated to natural gas prices. Within total operating expenses, the purchased power cost, which increased $10.7 million from $125.9 million in FY 2012 to $136.6 million, represented 71.8 percent of the total operating expense for FY 2013. Other factors contributing to the operating expense increase were higher labor and benefit costs, increased tree-trimming expenses, and unplanned events including a major storm power outage in June and major generator weld repair. Partially offsetting the increase were lower maintenance costs related to the distribution network.
- Expenses in the Water fund were $58.8 million in FY 2013, up $1.8 million over FY 2012. This increase was primarily due to higher expenses for Lake Alan Henry repairs and maintenance necessary to maintain and operate the dam and structures associated with the operations of the facilities. Other factors contributing to the increase were higher labor and benefit costs, chemical expenses, utility expenses and depreciation expense. Partially offsetting the increases was a decrease in interest expense from $17.7 million in FY 2012 to $15.6 million in FY 2013, a result of refunded debt at lower interest rates.
- Expenses in the Wastewater fund decreased by $2.8 million in FY 2013 to $22.7 million. This decrease was primarily due to $2.1 million incurred in FY 2012 for the 98th street sewer line remediation work. Interest expense in FY 2013 decreased by $.7 million as a result of refunded debt at lower interest rates.
- Expenses for Transit, Airport, Civic Centers, Cemetery, and Lake Alan Henry were $32.2 million, a $2.5 million increase from FY 2012. Most of the increase was in Airport, which saw an increase of $2.4 million in depreciation expense FY 2013. This was due to completion of projects to extend Runway 08/26 and associated Taxiway J. and to replace nine passenger loading bridges. These projects were in excess of $40 million and were added to depreciable assets in the Airport fund.

The following graph reflects the revenue sources generated by the business-type activities. As noted earlier, the activities include LP&L and WTMPA (Electric), Water, Wastewater, Storm Water, Solid Waste, Transit, Airport, Civic Centers, Cemetery, and Lake Alan Henry.

Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

***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. The GASB has defined five types of fund balances, which, are more fully described in the footnotes to the financials. The City uses four of the five types of fund balances defined: nonspendable, restricted, committed, and unassigned.

The unassigned fund balance serves as a useful measure of the City's resources available for spending at the end of the fiscal year.

At the end of the year, the City's governmental funds reported combined ending fund balances of $94.4 million, compared to $98.0 million (restated) at the end of the prior fiscal year.

The General Fund is the chief operating fund of the City. In FY 2013 the General Fund had $33.7 million unassigned fund balance compared to $28.1 million unassigned fund balance in FY 2012. This is 35.7 percent of the ending governmental fund balance, compared to 28.6 percent of the ending governmental fund balance, at the end of the prior fiscal year. As a measure of the General Fund's liquidity, it is useful to compare both the unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represented 28.0 percent of total General Fund revenues compared to 24.7 percent of total General Fund revenue in the prior year.

Proprietary funds: The City's proprietary fund statements provide essentially the same type of information found in the GWFS, but in more detail. Unrestricted net position of the major proprietary funds at the end of September 30, 2013 and 2012 are as follows with amounts presented in thousands:

	2013	2012
LP&L	$ 54,083	$ 50,696
Water Fund	28,548	23,221
Wastewater Fund	13,264	10,143
WTMPA	1,877	1,590
Storm Water	(305)	2,498
	$ 97,467	$ 88,148

The LP&L Fund unrestricted net position increased by $3.4 million, compared to a decrease of $19.8 million in the prior year. In FY 2013, LP&L retained a rate consultant to develop a long-term financial forecast, cost-of-service, and proposed rate design study. As a result, the Electric Utility Board and City Council approved a 9.7 percent increase in base rates, which became effective on June 1, 2013.

The Water Fund unrestricted net position increased by $5.3 million compared to an increase of $3.9 million in the prior year. Revenues increased $7.9 million in comparison to FY 2012. This increase was as a result of a change in rate structure implemented to encourage water conservation. The change was intended to be revenue neutral; however, water usage in the higher tiers was higher than expected, resulting in overall revenue increases. Precipitation was still very low in FY 2013 even though it was more than twice as much as the drought season of FY 2011. Despite the increase in rates, these low levels of precipitation have led to higher usage of water by citizens on their lawns.

The Wastewater Fund unrestricted net position increased by $3.1 million compared to an increase of $1.4 million in the prior year. This increase in net position in FY 2013 was planned to stabilize rates for future operational growth and capital program requirements. Wastewater operational revenue increased by $2.0 million, due to higher volume usage.

The WTMPA Fund unrestricted net position increased by $.3 million compared to a increase of $0.1 million during the prior fiscal year. This fund has very little fluctuation in net position since operating revenues are set to break even with operating expenses.

The Storm Water Fund unrestricted net position decreased by $2.8 million compared to a $.5 million increase in the prior fiscal year. One factor was an increase in transfers out to cover debt service of $1.3 million in FY 2013. The other factor in the increase is related to the infrastructure project at Maxey Park.

General Fund Budgetary Highlights

The Adopted Operating Budget for the General Fund, including transfers, totaled $144.1 million.

The final adopted budget revenue for FY 2013, including transfers in, totaled $142.8 million compared to actual revenue of $148.7 million. Revenue and transfers-in in the General Fund exceeded budget by $5.9 million. Sales tax was over budget by $4.1 million. Budget projections on sales tax were conservative as the City experienced several years of limited growth in sales tax as the nation faced a four-year recession.

The transfer from the Electric fund was $0.7 million over budget due to the 9.7 percent rate increases in June 2013. The City's licenses and permits was $.5 million over budget as building permits increased.

The original operating expenditure budget for the General Fund, including transfers out, totaled $143.5 million. During FY 2013, an amendment was passed to increase the Internal Audit and City Council departments' appropriations in the amount of $0.2 million. An amendment to fund the North and East Lubbock Community Development Corporation in the amount of $0.3 million was approved in FY 2013. Both of these amendments were covered by increasing the budgeted sales tax revenue. In addition, an amendment was passed to appropriate an additional $.1 million using fund balance to contribute to the Lubbock Regional Public Safety Memorial. After supplements, the final General Fund expenditure budget totaled $144.1 million.

The City ended the fiscal year with expenditures and transfers out totaling $143.5 million, $0.6 million less than budgeted. The Streets department was under budget by $.6 million mostly due to being understaffed as they experience difficulty filling equipment operator positions. This is due to the oil field business attracting employees by offering higher wages. The Police department expenditures were under budget due to staffing levels as well, due to the stringent requirements related to the positions. The Fire department was over budget by $.3 million due to retirements which led to higher separation pay and also due to higher overtime and certification pay than budgeted. The other factor is that the City budgeted $.8 million savings in anticipation of normal attrition.

The City budgets on a basis other than Generally Accepted Accounting Principles (GAAP), with the main difference being that capital lease proceeds and related capital outlay are not budgeted.

Capital Assets and Debt Administration

Capital assets: The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities at September 30, 2013 totaled $1.6335 billion, a $67.2 million increase over the prior fiscal year's balance of $1.5663 billion. The investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and infrastructure.

City of Lubbock Capital Assets
(Net of Accumulated Depreciation)
September 30
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	$ 20,238	$ 19,626	$ 60,966	$ 58,396	$ 81,204	$ 78,022
Buildings	30,695	30,756	107,896	111,271	138,591	142,027
Improvements other than buildings	238,824	217,452	898,501	857,847	1,137,325	1,075,299
Machinery and equipment	29,296	21,644	98,975	96,048	128,271	117,692
Construction in progress	35,294	30,252	114,589	122,989	149,883	153,241
Total	$ 354,347	$ 319,730	$ 1,280,927	$ 1,246,551	$ 1,635,274	$ 1,566,281

Major capital asset projects and purchases during the fiscal year included the following:

- Storm water infrastructure at Maxey Park, totaling $19.5 million

- Transformers and overhead and underground electric lines for LP&L, totaling $5.2 million
- Reconstruction of 34th Street Paving from Indiana Avenue to Avenue Q, totaling $5.2 million
- Various Gateway Street projects, totaling $4.8 million
- Bailey County Well Field supply line, totaling $4.5 million
- Southeast Water Reclamation Plant improvements, totaling $3.7 million
- Design and construction of a Northwest Water Reclamation Plant, totaling $1.6 million

At the end of the fiscal year, the City had construction commitments of $210.1 million. The reconstruction of 34th street is a large active project. The Wastewater Fund continues to make upgrades to the Southeast Water Reclamation Plant. This project will enable the facility to produce a consistent supply of stream quality discharge. The Water Fund continues to drill wells in Bailey County to restore our production capacity to more than 60 million gallons per day.

Additional information about the City's capital assets can be found on pages 70-73 of the CAFR.

Long-term debt: A summary of the City's total outstanding debt follows:

	Governmental Activities		Business-type Activities		Totals	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
General obligation bonds	$ 287,580	$ 286,227	$ 695,835	$ 702,723	$ 983,415	$ 988,950
Revenue and conract bonds	-	-	131,588	129,153	131,588	129,153
Total	$ 287,580	$ 286,227	$ 827,423	$ 831,876	$ 1,115,003	$ 1,118,103

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter that limits the maximum tax rate for all City purposes to $2.50 per $100 of assessed valuation. The Attorney General of the State of Texas permits an allocation of $1.50 of the $2.50 maximum tax rate for general obligation bonds debt service. The FY 2013 interest and sinking fund tax rate per $100 of assessed valuation was $0.106, which is significantly below the maximum allowable tax rate.

As of September 30,2013, the City's total outstanding debt has decreased by $3.1 million, or .03 percent from the prior fiscal year. The decrease in outstanding debt is attributed to the issuance of $158.8 million in debt, offset by the payment of scheduled principal payment totaling $72.8 million and refunded debt of $89.1 million.

During the fiscal year, the City issued the following bonds and certificates:

- $49.4 million Tax and Waterworks System Surplus Revenue Certificates of Obligation, Series 2013. These certificates were issued for the purpose of paying contractual obligations to be incurred for various public improvements and renovations including Northwest Water Reclamation Plant, South Lubbock sanitary sewer system expansion, Northwest Lubbock and Maxey Park project, animal shelter expansion, improvements and extensions to City streets, park and recreation system improvements, and radio system upgrades.

- $16.6 million Electric Light and Power System Revenue Refunding and Improvement Bonds, Series 2013. These bonds will be used for the purpose of paying contractual obligations to be incurred for the purposes of acquiring, purchasing, constructing, improving, renovating, enlarging, and/or equipping property, buildings, structures, facilities, and/or related infrastructure for the electric system. The remaining proceeds were used to refund a portion of the City's outstanding indebtedness for the purpose of achieving debt service savings. The bonds refunded $3.4 million in outstanding debt, which resulted in a decrease of $.6 million in total debt service requirements.

- $42.1 million General Obligation Refunding and Improvement Bonds, Series 2013. These bonds will be used for the purpose of paying contractual obligations to be incurred for the purpose of paying contractual obligations to be incurred for various public improvements including firefighting facilities and street improvements. The remaining proceeds were used to refund a portion of the City's outstanding indebtedness for the purpose of achieving debt service savings. The bonds refunded $37.5 million in outstanding debt, which resulted in a decrease of $4.7 million in total debt service requirements.

- $39.7 million General Obligation Refunding Bonds Taxable, Series 2013. These bonds were used to advance refund a portion of the City's outstanding indebtedness for the purpose of achieving debt service savings. The bonds refunded $36.4 million in outstanding debt, which resulted in a decrease of $4.3 million in total debt service requirements.

- $11.0 million Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2012 were issued to advance refund a portion of their outstanding indebtedness for the purpose of achieving debt service savings. The bonds reduced total debt service requirements by $1.3 million.

In April 2013, all three rating agencies reaffirmed the City's bond rating of Aa2 from Moody's Investor Service, AA+ from Fitch Ratings, Inc., and AA+ from Standard and Poor's. Fitch and Standard and Poor's agencies also characterize the City's rating outlook as stable, while Moody's did not issue an outlook.

Additional information about the City's long-term debt can be found on pages 81-86 of the CAFR.

Economic Factors and the Next Fiscal Year's Budget and Rates

- In September 2013, the average unemployment rate for the Lubbock area was 5.2 percent consistent with the rate of 5.6 percent in September of the previous year. The rate compares favorably to the state's unemployment rate of 6.3 percent and the national rate of 7.0 percent for September 2013.

- Taxable retail sales figures reflected a 8.6 percent increase in FY 2013, compared to FY 2012. Sales tax revenue was $62.3 million in FY 2013.

- The total number of new residential permits through September 2013 increased 40.0 percent from 2012 levels, and valuation amounts were $202.0 million which is 27.6 percent higher than the same time period in 2012.

- Hotel occupancy tax receipts increased to $6.1 million in FY 2013 from $5.2 million in FY 2012.

The following factors were considered in preparing the City's budget for FY 2013.

- The City has adopted an increased tax rate of $0.50441 for FY 2013. The property tax rate will increase $.0123 per $100 valuation to fund projects authorized in the 2009 Bond Election. The bond election authorized $50.6 million in streets, traffic control, and fire station projects. The property tax rate is broken down as follows: General Fund $0.36080; Debt Service Fund $0.11656; and Economic Development Fund $0.02705. Property tax revenues are expected to increase by 4.0 percent for FY 2013 related to the tax rate increase.

- Sales tax revenues in FY 2013 are expected to increase 9.7 percent compared to the FY 2012 budget, based on projections by InghamEcon, LLC and the large increase in sales tax revenue witnessed in FY 2013.

- Payments in lieu of property tax are expected to increase $.8 million. The increase will be the result of higher capital asset values and the increased property tax rate.

- Compensation costs are expected to increase 6.3 percent in FY 2014. Of the total $4.7 million compensation increase for the General Fund, the increase for the Fire and Police Departments is expected to be $2.4 million and is due to the addition of 15 firefighters for the newly constructed Station No. 19. The other factor in the compensation increase is an approved merit increase for all employees as of October 1, 2013 and step increases for all eligible firefighters and police officers.

- Pension costs are projected to increase $0.2 million due to the FY 2013 salary increases for full-time employees. This increase is offset by the contribution rate decreasing from 19.48 percent to 19.02 percent of payroll for police and non-civil service employees and the firefighter contribution rate decreasing from 23.02 percent to 22.63 percent.

- The master lease program is expected to decrease General Fund expenditures by $0.2 million.

Requests for Information

The financial report is designed to provide a general overview of the City of Lubbock's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Executive Director of Finance, City of Lubbock, P.O. Box 2000, Lubbock, Texas, 79457.

City of Lubbock, Texas
Statement of Net Position
September 30, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 12,056,152	$ 25,096,183	$ 37,152,335	$ 7,560,469
Investments	51,312,688	102,259,662	153,572,350	2,115,629
Receivables (net of allowance for uncollectibles)	13,981,931	50,390,203	64,372,134	1,540,070
Internal balances	56,016	(56,016)	-	-
Due from other governments	2,553,387	3,571,821	6,125,208	-
Due from others	3,040,844	161,268	3,202,112	-
Inventories	128,333	2,848,586	2,976,919	144,930
Prepaid expenses	1,792,389	2,243,056	4,035,445	18,951
Restricted assets:				
Cash and cash equivalents	-	-	-	354,170
Investments	48,232,580	195,285,671	243,518,251	-
Pledges and leases receivable	2,742,988	-	2,742,988	-
Investment in property	-	-	-	178,228
Mortgage receivables	-	-	-	4,798,474
Goodwill	-	1,859,604	1,859,604	-
Capital assets (net of accumulated depreciation):				
Non-depreciable	55,531,453	175,555,261	231,086,714	8,657,923
Depreciable	298,815,132	1,105,371,850	1,404,186,982	131,444
Total assets	490,243,893	1,664,587,149	2,154,831,042	25,500,288
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	3,221,994	8,449,286	11,671,280	-
Total deferred charge on refunding	3,221,994	8,449,286	11,671,280	-
LIABILITIES				
Accounts payable	12,327,670	24,339,380	36,667,050	1,321,643
Accrued liabilities	3,385,878	2,791,840	6,177,718	81,150
Accrued interest payable	1,547,174	5,393,762	6,940,936	86,039
Customer deposits	2,324,612	6,642,363	8,966,975	-
Unearned revenues	3,528,411	8,922	3,537,333	264,837
Noncurrent liabilities due within one year:				
Compensated absences	8,060,555	3,509,957	11,570,512	-
Accrued insurance claims	1,416,957	2,380,790	3,797,747	-
Contracts and leases payable	5,357,519	5,178,580	10,536,099	1,591,301
Bonds and notes payable	19,378,434	52,943,622	72,322,056	7,000
Noncurrent liabilities due in more than one year:				
Compensated absences	16,440,863	3,319,790	19,760,653	-
Post employment benefits	27,193,337	13,545,887	40,739,224	-
Net pension obligation	7,494,575	4,607,906	12,102,481	-
Accrued insurance claims	142,406	1,421,439	1,563,845	-
Landfill closure and postclosure care	-	5,079,349	5,079,349	-
Contracts and leases payable	16,341,468	16,283,397	32,624,865	1,987,865
Bonds and notes payable	281,810,523	813,162,150	1,094,972,673	2,188,000
Total liabilities	406,750,382	960,609,134	1,367,359,516	7,527,835
NET POSITION				
Net investment in capital assets	77,397,989	561,354,143	638,752,132	8,789,367
Restricted for:				
Passenger facility charges	-	593,899	593,899	-
Debt service	5,515,226	35,146,277	40,661,503	-
Special revenue	4,656,490		4,656,490	5,049,175
Capital projects	863,625	-	863,625	-
Primary government agreement	-	-	-	100,000
Unrestricted	(1,717,825)	115,332,982	113,615,157	4,033,911
Total net position	$ 86,715,505	$ 712,427,301	$ 799,142,806	$ 17,972,453

See accompanying Notes to Basic Financial Statements

City of Lubbock, Texas
Statement of Activities
For the Year Ended September 30, 2013

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
Administrative services and general government	$ 13,287,438	$ 28,615	$ -	$ -
Community services	6,983,062	-	4,983,036	-
Cultural and recreation	17,581,835	1,283,204	198,785	501,782
Economic and business development	16,258,386	994,292	-	439,395
Fire	42,646,239	27,435	-	-
Health	4,409,889	524,984	1,334,641	-
Police	59,261,383	210,808	73,604	271,976
Other public safety	6,803,117	7,358,641	630,820	-
Streets and traffic	22,366,616	107,299	-	20,046,237
Interest on long-term debt	13,058,063	-	-	-
Total governmental activities	202,656,028	10,535,278	7,220,886	21,259,390
Business-type activities:				
Electric	202,250,921	220,111,810	10,276	73,865
Water	58,814,951	80,899,076	1,527,182	2,983,597
Wastewater	22,746,920	33,578,597	69,201	3,017,439
Solid Waste	18,066,734	19,538,678	8,931	7,034
Storm Water	11,251,520	19,285,819	20,597	2,643,274
Transit	12,904,611	5,921,604	4,218,232	2,288,385
Airport	14,111,055	7,780,680	2,388,523	5,185,727
Civic Centers	3,961,490	701,855	-	121,790
Cemetery	667,863	434,993	-	3,076
Lake Alan Henry	514,491	476,437	-	-
Total business-type activities	345,290,556	388,729,549	8,242,942	16,324,187
Total primary government	$ 547,946,584	$ 399,264,827	$ 15,463,828	$ 37,583,577
Component units:				
Urban Renewal Agency (URA)	$ -	$ 204,527	$ -	$ -
Civic Lubbock, Inc.	2,380,333	2,128,595	351,955	-
Market Lubbock, Inc.	7,046,095	84,085	7,261,734	-
Lubbock Economic Development Alliance	18,542,419	-	7,365,622	552,297
Vintage Township Public Facilities Corporation	177,175	-	-	750,653
Total component units	$ 28,146,022	$ 2,417,207	$ 14,979,311	$ 1,302,950
General revenues:				
Property taxes				
Sales taxes				
Occupancy taxes				
Other taxes				
Franchise taxes				
Investment earnings				
Miscellaneous				
Transfers, net				
Total general revenues and transfers				
Change in net position				
Net position - beginning restated				
Net position - ending				

See accompanying Notes to Basic Financial Statements

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (13,258,823)	$ -	$ (13,258,823)	$ -
(2,000,026)	-	(2,000,026)	-
(15,598,064)	-	(15,598,064)	-
(14,824,699)	-	(14,824,699)	-
(42,618,804)	-	(42,618,804)	-
(2,550,264)	-	(2,550,264)	-
(58,704,995)	-	(58,704,995)	-
1,186,344	-	1,186,344	-
(2,213,080)	-	(2,213,080)	-
(13,058,063)	-	(13,058,063)	-
(163,640,474)	-	(163,640,474)	-
-	17,945,030	17,945,030	-
-	26,594,904	26,594,904	-
-	13,918,317	13,918,317	-
-	1,487,909	1,487,909	-
-	10,698,170	10,698,170	-
-	(476,390)	(476,390)	-
-	1,243,875	1,243,875	-
-	(3,137,845)	(3,137,845)	-
-	(229,794)	(229,794)	-
	(38,054)	(38,054)	
-	68,006,122	68,006,122	-
(163,640,474)	68,006,122	(95,634,352)	-
-	-	-	204,527
-	-	-	100,217
-	-	-	299,724
-	-	-	(10,624,500)
-	-	-	573,478
-	-	-	(9,446,554)
65,361,484	-	65,361,484	-
62,250,140	-	62,250,140	-
6,147,539	-	6,147,539	-
1,266,378	-	1,266,378	-
9,126,818	-	9,126,818	-
204,991	229,354	434,345	1,072
5,843,077	1,774,039	7,617,116	-
36,973,388	(36,973,388)	-	-
187,173,815	(34,969,995)	152,203,820	1,072
23,533,341	33,036,127	56,569,468	(9,445,482)
63,182,164	679,391,174	742,573,338	27,417,935
$ 86,715,505	$ 712,427,301	$ 799,142,806	$ 17,972,453

City of Lubbock, Texas
Balance Sheet
Governmental Funds
September 30, 2013

	General Fund	Governmental Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,885,493	$ 718,582	$ 3,288,872	$ 8,892,947
Investments	20,793,349	3,058,389	13,997,908	37,849,646
Taxes receivable (net)	11,397,974	-	1,317,931	12,715,905
Accounts receivable (net)	907,732	12,538	287,052	1,207,322
Interest receivable	31,083	-	19,614	50,697
Due from other funds	3,113,219	-	-	3,113,219
Due from other governments	-	-	2,553,387	2,553,387
Due from others	1,008,708	-	1,551,261	2,559,969
Inventory	115,585	-	-	115,585
Restricted investments	-	30,652,718	15,806,218	46,458,936
Pledges and leases receivable	-	-	2,742,988	2,742,988
Total assets	$ 42,253,143	$ 34,442,227	$ 41,565,231	$ 118,260,601
LIABILITIES				
Accounts payable	$ 3,989,748	$ 2,957,722	$ 2,120,260	$ 9,067,730
Accrued liabilities	3,157,291	868	49,081	3,207,240
Accrued interest payable	-	-	-	-
Customer deposits	-	-	2,324,612	2,324,612
Due to other funds	-		4,175,162	4,175,162
Unearned revenue - other	57,566	64,037	3,406,808	3,528,411
Total liabilities	7,204,605	3,022,627	12,075,923	22,303,155
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,211,905	-	371,537	1,583,442
Total deferred inflows of resources	1,211,905	-	371,537	1,583,442
FUND BALANCES				
Nonspendable	115,585	-	-	115,585
Restricted	-	30,652,718	21,366,255	52,018,973
Committed	-	766,882	11,156,940	11,923,822
Unassigned	33,721,048	-	(3,405,424)	30,315,624
Total fund balances	33,836,633	31,419,600	29,117,771	94,374,004
Total liabilities, deferred inflows of resources, and fund balances	$ 42,253,143	$ 34,442,227	$ 41,565,231	$ 118,260,601

See accompanying Notes to Basic Financial Statements

City of Lubbock, Texas
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2013

Total fund balance - governmental funds	$ 94,374,004
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	354,346,585
Internal service funds (ISF's) are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The portion of the assets and liabilities of the ISF's primarily serving governmental funds are included in governmental activities in the statement of Net Position as follows:	
Net Position	13,091,994
General obligation bonds	2,818,477
Net book value of capital assets	(5,025,553)
Capital leases payable	1,047,874
Compensated absences	732,630
Post employment benefits	947,386
Net pension obligation	354,231
Amounts due from business-type ISF's for amounts undercharged	1,117,960
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities are as follows:	
General obligation bonds	(287,579,685)
Capital leases payable	(21,698,987)
Compensated absences	(24,501,418)
Post employment benefits	(27,193,337)
Net pension obligation	(7,494,575)
Accrued interest on general obligation bonds	(1,531,314)
Environmental remediation	(79,317)
Bond premiums and deferred charges on refunding are recognized as an other financing source in the fund statements. In the government wide statements premiums and deferred charges on refunding are amortized over the life of the bonds. Unamortized balances as of fiscal year end equal premiums $13,609,272 and deferred charges on refunding $3,221,994.	(10,387,278)
Actual City contributions to the firefighter's pension trust fund is greater than the actuarially determined required contribution. This will reduce future funding requirements and is not recognized as an asset at the fund level but is a prepaid expense in the Statement of Net Position.	1,792,389
Revenue earned but unavailable in the funds is deferred.	1,583,439
Net Position of governmental activities	$ 86,715,505

See accompanying Notes to Basic Financial Statements.

City of Lubbock, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2013

	General Fund	Governmental Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 103,075,174	$ -	$ 32,021,264	$ 135,096,438
Franchise taxes	5,155,471	-	3,971,347	9,126,818
Special assessments	-	-	834,233	834,233
Fees and fines	3,703,307	-	297,067	4,000,374
Licenses and permits	2,625,478	-	-	2,625,478
Intergovernmental	528,725	-	7,453,336	7,982,061
Charges for services	3,129,948	-	107,410	3,237,358
Interest	29,389	10,889	19,259	59,537
IRS Build America Bond Subsidy	-	-	439,395	439,395
Miscellaneous	2,176,468	111,630	4,184,762	6,472,860
Total revenues	120,423,960	122,519	49,328,073	169,874,552
EXPENDITURES				
Current:				
Administrative services and general government	12,041,031	-	-	12,041,031
Community services	-	-	6,473,828	6,473,828
Cultural and recreation	13,310,080	105,489	208,659	13,624,228
Economic and business development	561,593	-	13,886,575	14,448,168
Health	2,618,467	-	1,334,925	3,953,392
Fire	40,017,335	138,183	358	40,155,876
Police	54,113,978	-	876,649	54,990,627
Other public safety	5,310,003	323,116	788,967	6,422,086
Streets and traffic	6,504,464	264,183	571,253	7,339,900
Intergovernmental	-	-	84,547	84,547
Debt service:				
Principal	4,293,857	-	17,572,429	21,866,286
Interest and other charges	593,132	140,937	13,148,340	13,882,409
Capital outlay	5,543,846	26,062,665	5,405,851	37,012,362
Total expenditures	144,907,786	27,034,573	60,352,381	232,294,740
Revenues under expenditures	(24,483,826)	(26,912,054)	(11,024,308)	(62,420,188)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	17,306,305	26,388,695	43,695,000
Bond premium	-	1,674,333	4,315,790	5,990,123
Payment to the refunded bond escrow agent	-	-	(30,465,061)	(30,465,061)
Capital leases issued	5,778,891	-	-	5,778,891
Transfers in	28,305,596	2,323,964	23,050,039	53,679,599
Transfers out	(3,925,473)	-	(15,933,979)	(19,859,452)
Net other financing sources	30,159,014	21,304,602	7,355,484	58,819,100
Net change in fund balances	5,675,188	(5,607,452)	(3,668,824)	(3,601,088)
Fund balances - beginning	28,161,445	37,027,052	32,786,595	97,975,092
Fund balances - end of year	$ 33,836,633	$ 31,419,600	$ 29,117,771	$ 94,374,004

See accompaning Notes to Basic Financial Statements

City of Lubbock, Texas
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, 2013

Net change in fund balances - total governmental funds	$	(3,601,088)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $37,012,362 exceeded depreciation of $24,182,705 in the current period.		12,829,657
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds of $43,695,000 were exceeded by debt repayments of $17,572,429, and debt defeasance of 27,345,000.		1,222,429
Capital lease transactions provide current financial resources to governmental funds and repayment of principal is an expenditure. This is the amount by which proceeds of $5,778,891 was less than repayments of $4,293,857.		(1,485,034)
Bond premiums are recognized as an other financing source in the governmental funds, but are considered deferred assets on the Statement of Net Position. Premiums are amortized over the life of the bonds. This is the amount by which bond premium issued of $5,990,123 exceeded deferred refunding charges of $3,120,061 and amortization of $737,148.		(2,132,914)
Estimated long-term liabilities, excluding internal service funds are recognized as expenses in the Statement of Activities as incurred, but are recognized when current financial resources are used in the governmental funds.		
Compensated absences		(1,112,165)
Post retirement benefits		(6,496,687)
Net pension obligation		(59,151)
Environmental remediation		21,225
Property taxes levied and court fines and fees earned, but not available, are deferred in the governmental funds, but are recognized when earned (net of estimated uncollectibles) in the Statement of Activities. This amount is the net change in deferred property taxes and court fines and fees for the year.		(233,062)
Actual City contributions to the firefighter's pension trust fund are greater than the actuarially determined Net Pension Obligation (NPO). This amount is recognized as an expenditure at the fund level but is accrued when overpaid and reduces expenses on the Statement of Activities.		631,079
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		4,587,110
Accrued interest is recognized as expenses in the Statement of Activities as incurred, but is recognized when current financial resources are used in the governmental funds. This amount is the net change in the accrued interest this year.		120,238
Capital assets transactions include $20,058,822 developer donated streets and parks, plus $153,241 capital asset transfers in from business-type activities and less $970,359 disposition of assets and use of property.		19,241,704
Change in net position of governmental activities	$	23,533,341

See accompanying Notes to Basic Financial Statements.

City of Lubbock, Texas
Statement of Net Position
Proprietary Funds
September 30, 2013

	Enterprise Funds			
	LP&L	**Water**	**Wastewater**	**WTMPA**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 9,988,522	$ 5,409,530	$ 2,715,306	$ 1,462,154
Investments	42,512,560	23,023,724	11,556,723	403,931
Accounts receivable, net	30,931,472	9,774,227	3,501,034	657,731
Interest receivable	21,907	54,299	37,638	-
Due from others	-	3,302	2,216	-
Due from other funds	-	-	-	12,710,014
Due from other governments	-	43,585	61,648	-
Prepaid expenses	25,000	-	-	-
Inventories	128,665	168,129	-	-
Total current assets	83,608,126	38,476,796	17,874,565	15,233,830
Noncurrent assets:				
Restricted investments	14,892,345	80,283,464	67,187,048	-
Goodwill	1,859,604	-	-	-
Prepaid expenses	2,144,443	-	-	-
	18,896,392	80,283,464	67,187,048	-
Capital assets:				
Land	16,627,330	19,011,283	13,180,650	-
Construction in progress	18,804,138	8,435,799	50,662,868	-
Buildings	7,899,257	75,246,789	25,335,124	-
Improvements other than buildings	307,565,085	545,370,683	198,525,070	-
Machinery and equipment	62,278,569	39,214,534	26,889,252	-
Less accumulated depreciation	(181,924,750)	(162,142,905)	(96,464,401)	-
Total capital assets	231,249,629	525,136,183	218,128,563	-
Total noncurrent assets	250,146,021	605,419,647	285,315,611	-
Total assets	$ 333,754,147	$ 643,896,443	$ 303,190,176	$ 15,233,830
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	$ 777,990	$ 4,223,798	$ 478,830	$ -
Total deferred outflows of resources	$ 777,990	$ 4,223,798	$ 478,830	$ -

See accompanying Notes to Basic Financial Statements

Enterprise Funds			
Storm Water	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ 136,364	$ 3,377,705	$ 23,089,581	$ 5,169,807
1,846,355	14,375,985	93,719,278	22,003,426
1,910,869	3,469,311	50,244,644	-
16,622	10,437	140,903	12,663
-	154,298	159,816	482,328
-	3,404,886	16,114,900	-
-	3,466,588	3,571,821	-
-	73,613	98,613	-
-	805,782	1,102,576	1,758,756
3,910,210	29,138,605	188,242,132	29,426,980
22,849,521	9,392,184	194,604,562	2,454,753
-	-	1,859,604	-
-	-	2,144,443	-
22,849,521	9,392,184	198,608,609	2,454,753
5,377,733	6,768,963	60,965,959	65,343
32,499,318	4,152,742	114,554,865	949,977
64,580	68,380,487	176,926,237	1,668,618
115,356,628	193,432,911	1,360,250,377	1,245,339
6,161,061	86,883,957	221,427,373	13,530,928
(23,206,373)	(190,544,344)	(654,282,773)	(11,349,579)
136,252,947	169,074,716	1,279,842,038	6,110,626
159,102,468	178,466,900	1,478,450,647	8,565,379
$ 163,012,678	$ 207,605,505	$ 1,666,692,779	$ 37,992,359
$ 2,808,943	$ 159,725	$ 8,449,286	$ -
$ 2,808,943	$ 159,725	$ 8,449,286	$ -

City of Lubbock, Texas
Statement of Net Position
Proprietary Funds
September 30, 2013

	Enterprise Funds			
	LP&L	**Water**	**Wastewater**	**WTMPA**
LIABILITIES				
Current liabilities:				
Accounts payable	$ 808,066	$ 3,055,569	$ 1,267,873	$ 13,356,897
Accrued liabilities	1,516,859	199,994	112,167	-
Accrued interest payable	1,661,760	1,898,025	923,410	-
Due to other funds	12,710,014	-	-	-
Customer deposits	6,346,891	192,318	-	-
Unearned revenue - other	-	-	-	-
Compensated absences	1,643,954	541,105	276,330	-
Accrued insurance claims	-	-	-	-
Leases payable	5,143	677,496	450,904	-
Bonds payable	12,295,706	23,511,119	9,899,412	-
Total current liabilities	36,988,393	30,075,626	12,930,096	13,356,897
Noncurrent liabilities:				
Accrued insurance claims	-	-	-	-
Landfill closure and post closure care	-	-	-	-
Compensated absences	1,693,696	557,478	284,692	-
Post employment benefits	4,981,673	2,717,482	1,264,798	-
Net pension obligation	2,165,907	766,471	481,052	-
Leases payable	22,206	2,543,024	2,327,560	-
Bonds payable	117,143,959	382,014,188	161,228,195	-
Total noncurrent liabilities	126,007,441	388,598,643	165,586,297	-
Total liabilities	162,995,834	418,674,269	178,516,393	13,356,897
NET POSITION				
Net investment in capital assets	105,147,115	189,422,770	105,318,440	-
Restricted for:				
Passenger facility charges	-	-	-	-
Debt service	12,305,835	11,474,848	6,569,930	-
Unrestricted	54,083,353	28,548,354	13,264,243	1,876,933
Total net position	$ 171,536,303	$ 229,445,972	$ 125,152,613	$ 1,876,933

See accompanying Notes to Basic Financial Statements

Enterprise Funds			
Storm Water	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ 2,537,883	$ 2,284,398	$ 23,310,686	$ 4,288,634
41,365	887,143	2,757,528	133,633
691,758	215,941	5,390,894	18,725
-	2,342,943	15,052,957	-
-	103,154	6,642,363	-
-	8,922	8,922	-
89,619	877,989	3,428,997	321,982
-	-	-	3,797,747
564,574	3,473,396	5,171,513	317,635
4,360,704	2,859,310	52,926,251	222,371
8,285,903	13,053,196	114,690,111	9,100,727
-	-	-	1,563,845
-	5,079,349	5,079,349	-
92,330	608,186	3,236,382	575,016
585,366	3,471,629	13,020,948	1,472,325
176,427	887,589	4,477,446	484,691
2,563,889	8,759,559	16,216,238	804,465
119,235,130	33,041,901	812,663,373	3,112,253
122,653,142	51,848,213	854,693,736	8,012,595
130,939,045	64,901,409	969,383,847	17,113,322
32,321,041	128,129,951	560,339,317	3,947,673
-	593,899	593,899	-
2,866,073	1,768,609	34,985,295	160,982
(304,538)	12,371,362	109,839,707	16,770,382
$ 34,882,576	$ 142,863,821	$ 705,758,218	$ 20,879,037

City of Lubbock TEXAS

City of Lubbock, Texas
Reconciliation of the Statement of Net Position - Proprietary Funds
To the Statement of Net Position
September 30, 2013

Total net position - proprietary funds	$ 705,758,218

Amounts reported for business-type activities in the Statement of Net Position are different because:

Internal service funds (ISF's) are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The portion of assets and liabilities of the ISF's primarily serving enterprise funds are included in business-type activities in the Statement of Net Position as follows:

Net position of business-type ISF's	7,787,043
Amounts due to governmental ISF's for amounts overcharged	(1,117,960)
Net position of business-type activities	$ 712,427,301

See accompanying Notes to Basic Financial Statements.

City of Lubbock, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For The Year Ended September 30, 2013

	Enterprise Funds			
	LP&L	**Water**	**Wastewater**	**WTMPA**
OPERATING REVENUES				
Charges for services (net)	$ 212,656,108	$ 80,899,076	$ 33,578,597	$ 143,205,417
Total operating revenues	212,656,108	80,899,076	33,578,597	143,205,417
OPERATING EXPENSES				
Personal services	20,319,811	9,039,225	4,681,024	-
Insurance and claims	-	-	-	-
Supplies	1,690,974	1,637,562	899,321	-
Materials	-	-	-	-
Maintenance	3,591,927	2,529,098	1,017,279	-
Purchase of fuel and power	136,562,687	-	-	143,143,299
Billing office expense	-	2,566,959	1,150,915	-
Other services and charges	7,450,505	12,052,074	4,025,734	631,761
Depreciation and amortization	20,563,175	15,685,230	6,783,000	-
Total operating expenses	190,179,079	43,510,148	18,557,273	143,775,060
Operating income (loss)	22,477,029	37,388,928	15,021,324	(569,643)
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	31,706	133,002	28,719	395
Passenger facility charges/Federal grants	-	-	21,986	-
Disposition of assets	(44,617)	120,077	(286,989)	-
Miscellaneous	380,211	266,548	72,987	-
IRS Build America Bond Subsidy	10,276	1,527,182	47,215	-
Interest expense	(4,873,027)	(15,607,829)	(3,960,062)	-
Renewable Energy Credit Sales	-	-	-	498,772
Net nonoperating revenues (expenses)	(4,495,451)	(13,561,020)	(4,076,144)	499,167
Income (loss) before contributions and transfers	17,981,578	23,827,908	10,945,180	(70,476)
Capital contributions	73,865	2,983,597	3,017,439	-
Transfers in	-	130,701	84,294	357,882
Transfers out	(13,394,793)	(9,807,798)	(3,973,410)	-
Change in net position	4,660,650	17,134,408	10,073,503	287,406
Total net position - beginning of year, as restated	166,875,653	212,311,564	115,079,110	1,589,527
Total net position - ending	$ 171,536,303	$ 229,445,972	$ 125,152,613	$ 1,876,933

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			
Storm Water	**Nonmajor Enterprise Funds**	**Total Enterprise Funds**	**Internal Service Funds**
$ 19,285,819	$ 34,854,247	$ 524,479,264	$ 59,072,006
19,285,819	34,854,247	524,479,264	59,072,006
2,030,561	18,434,779	54,505,400	6,353,469
-	-	-	31,439,294
190,273	4,061,811	8,479,941	102,190
-	-	-	12,820,139
304,038	4,507,897	11,950,239	2,826,327
-	-	279,705,986	-
714,797	610,487	5,043,158	-
1,524,472	5,970,265	31,654,811	2,753,835
2,725,484	15,720,084	61,476,973	765,470
7,489,625	49,305,323	452,816,508	57,060,724
11,796,194	(14,451,076)	71,662,756	2,011,282
16,917	13,238	223,977	150,831
-	6,606,755	6,628,741	-
47,914	306,049	142,434	14,963
18,500	974,045	1,712,291	430,370
20,597	8,931	1,614,201	-
(3,839,209)	(1,462,002)	(29,742,129)	(57,070)
-	-	498,772	-
(3,735,281)	6,447,016	(18,921,713)	539,094
8,060,913	(8,004,060)	52,741,043	2,550,376
2,643,274	7,606,012	16,324,187	-
-	4,413,446	4,986,323	3,229,182
(7,679,330)	(4,123,359)	(38,978,690)	(3,229,182)
3,024,857	(107,961)	35,072,863	2,550,376
31,857,719	142,971,782	670,685,355	18,328,661
$ 34,882,576	$ 142,863,821	$ 705,758,218	$ 20,879,037

City of Lubbock TEXAS

City of Lubbock, Texas
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
To the Statement of Activities
For the Year Ended September 30, 2013

Net change in fund net position - total enterprise funds	$ 35,072,863
Amounts reported for business-type activities in the statement of activities are different because:	
Internal service funds (ISF's) are used by management to charge the costs of certain activities such as fleet services, central warehousing activities, management information activities, etc. to individual funds. The net revenue (expense) of certain ISF's is reported with business-type activities.	(2,036,737)
Change in net position of business-type activities	$ 33,036,127

See accompanying Notes to Basic Financial Statements.

City Of Lubbock, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	Enterprise Funds			
	LP&L	**Water**	**Wastewater**	**WTMPA**
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 202,881,450	$ 79,862,443	$ 33,369,102	$ 142,426,488
Payments to suppliers	(147,596,506)	(20,387,413)	(8,203,719)	(143,025,686)
Payments to employees	(20,319,811)	(9,239,219)	(4,793,191)	-
Other receipts	390,488	1,793,730	120,202	498,773
Net cash provided (used) by operating activities	35,355,621	52,029,541	20,492,394	(100,425)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in from other funds	-	130,701	84,294	357,882
Transfers out to other funds	(13,394,793)	(9,807,798)	(3,973,410)	-
Short-term interfund borrowings	-	-	-	-
Operating grants	-	-	21,986	-
Net cash provided (used) by noncapital and related financing activities	(13,394,793)	(9,677,097)	(3,867,130)	357,882
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(17,579,870)	(12,584,519)	(19,002,994)	-
Sale of capital assets	346,947	518,131	50,509	-
Principal paid on capital leases	(180,722)	(696,501)	(307,794)	-
Principal paid on bonds	(16,409,267)	(22,609,866)	(8,811,649)	-
Issuance of capital leases	-	1,242,102	1,113,097	-
Issuance of bonds	14,620,123	2,851,591	35,460,932	-
Bond issuance costs	(311,119)	(2,514,669)	(563,838)	-
Interest paid on bonds and capital leases	(5,900,036)	(16,703,784)	(4,595,965)	-
Capital grants and contributions	-	670,902	362,753	-
Net cash provided (used) by capital and related financing activities	(25,413,944)	(49,826,613)	3,705,051	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	28,560,168	52,617,516	13,769,654	-
Purchase of investments	(24,349,515)	(43,819,948)	(33,403,845)	(395)
Interest earnings on cash and investments	20,272	113,637	-	395
Net cash provided (used) by investing activities	4,230,925	8,911,205	(19,634,191)	-
Net increase (decrease) in cash and cash equivalents	777,809	1,437,036	696,124	257,457
Cash and cash equivalents - beginning of year	9,210,713	3,972,494	2,019,182	1,204,697
Cash and cash equivalents - end of year	$ 9,988,522	$ 5,409,530	$ 2,715,306	$ 1,462,154
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 22,477,029	$ 37,388,928	$ 15,021,324	$ (569,643)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	20,563,175	15,685,230	6,783,000	-
Other income	390,488	1,793,730	120,202	498,774
Change in current assets and liabilities:				
Accounts receivable	(9,774,658)	(1,036,633)	(209,495)	(28,479)
Inventory	42,006	27,356	-	-
Prepaid expenses	-	-	-	-
Due from other governments	-	(2,817)	37,701	-
Accounts payable	(1,552,716)	(2,680,442)	(1,698,944)	749,374
Due to/from other funds	750,451	(2,384)	9,740	(750,451)
Other accrued expenses	418,512	33,685	30,491	-
Customer deposits	539,451	16,950	-	-
Change in compensated absences and retirement benefits	1,501,883	805,938	398,375	-
Net cash provided by operating activities	$ 35,355,621	$ 52,029,541	$ 20,492,394	$ (100,425)
Supplemental cash flow information:				
Noncash capital contributions and other charges	$ 362,423	$ 2,312,695	$ 2,654,686	$ -

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			
Storm Water	Nonmajor Enterprise Funds	Totals	Internal Service Funds
$ 19,307,578	$ 35,036,796	$ 512,883,857	$ 58,770,247
(1,326,741)	(16,127,257)	(336,667,322)	(47,548,258)
(2,071,926)	(18,645,935)	(55,070,082)	(5,965,947)
39,097	982,976	3,825,266	440,339
15,948,008	1,246,580	124,971,719	5,696,381
-	4,413,446	4,986,323	3,229,182
(7,679,330)	(4,123,359)	(38,978,690)	(3,229,182)
-	908,168	908,168	-
-	4,218,232	4,240,218	-
(7,679,330)	5,416,487	(28,843,981)	-
(24,663,298)	(15,819,712)	(89,650,393)	(3,335,982)
183,853	1,066,693	2,166,133	19,127
(454,399)	(3,691,233)	(5,330,649)	(283,602)
(3,593,759)	(3,759,007)	(55,183,548)	(13,544)
924,040	6,511,283	9,790,522	291,029
5,695,353	64,120	58,692,119	2,842,825
(347,250)	(170,774)	(3,907,650)	-
(4,024,443)	(1,748,405)	(32,972,633)	(71,234)
-	9,862,635	10,896,290	-
(26,279,903)	(7,684,400)	(105,499,809)	(551,381)
-	11,510,065	106,457,403	7,351,897
17,578,122	(10,081,776)	(94,077,357)	(11,307,987)
295	8,062	142,661	144,771
17,578,417	1,436,351	12,522,707	(3,811,319)
(432,808)	415,018	3,150,636	1,333,681
569,172	2,962,687	19,938,945	3,836,126
$ 136,364	$ 3,377,705	$ 23,089,581	$ 5,169,807
$ 11,796,194	$ (14,451,076)	$ 71,662,756	$ 2,011,282
2,725,484	15,720,084	61,476,973	765,470
39,097	982,976	3,825,267	440,339
21,759	182,549	(10,844,957)	(301,759)
-	(47,552)	21,810	16,315
-	(66,146)	(66,146)	-
-	(43,696)	(8,812)	-
1,211,713	(2,098,903)	(6,069,918)	2,321,457
-	101,106	108,462	(45,494)
5,115	88,438	576,241	56,808
-	(13,179)	543,222	-
148,646	891,979	3,746,821	431,963
$ 15,948,008	$ 1,246,580	$ 124,971,719	$ 5,696,381
$ 2,643,274	$ 357,478	$ 8,330,556	$ -

City of Lubbock TEXAS

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Basic Financial Statements (BFS) of the City of Lubbock, Texas (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, including specialized industry practices as specified in the American Institute of Certified Public Accountants audit and accounting guide titled *State and Local Governments*. The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities related to business-type activities and enterprise funds, including component units, the City applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure, issued after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting policies are described below.

A. REPORTING ENTITY

The City is a municipal corporation governed by a Council-Manager form of government. The City, incorporated in 1909, is located in the northwestern part of the state. The City currently occupies a land area of 123.8 square miles and serves a population approximating 236,362. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City provides a full range of services including public safety (police and fire protection), electric, water and wastewater, storm water, solid waste, public transportation, health and social services, cultural-recreation, highways and streets, airport, planning and zoning, and general administrative services.

The BFS present the City and its component units and include all activities, organizations, and functions for which the City is considered to be financially accountable. The criteria considered in determining activities to be reported within the City's BFS are based upon and consistent with those set forth in the Codification of Governmental Accounting Standards, Section 2100, *"Defining the Financial Reporting Entity."* The criteria include the following:

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

As required by GAAP, the BFS present the reporting entity which consists of the City (the primary government), organizations 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 could cause the City's BFS to be misleading or incomplete.

BLENDED COMPONENT UNIT

West Texas Municipal Power Agency (WTMPA) is a legally separate municipal corporation, a political subdivision of Texas, and body politic and corporate, formed in 1983, governed by an eight-member Board of Directors. The board consists of two directors from each participating city. One member is elected as the president who presides over monthly meetings. Directors serve without compensation. WTMPA has no employees and instead contracts for services to meet its general operating needs. WTMPA may engage in the

business of generation, transmission, sale, and exchange of electric energy to the four participating public entities: Lubbock, Tulia, Brownfield, and Floydada. WTMPA may also participate in power pooling and power exchange agreements with other entities. WTMPA provides electricity to its four member cities with the City having a 95.2 percent interest in its operations. Each member city appoints two members to the WTMPA board; however an affirmative vote of the "majority in interest" is required to approve the operating budget, capital projects, debt issuance, and any amendments to WTMPA rules and regulations. The "majority in interest" relates to the following items: 1) WTMPA's operating budget or any budget amendment(s); 2) capital projects; 3) certain energy sales or sale or exchange of property with a value in excess of $20,000; and 4) any amendments to WTMPA rules and regulations requiring a quorum of seven voting board members, an affirmative vote of six voting board members, and an affirmative vote of the "majority in interest". The "majority in interest" weighted vote is assigned according to kilowatt purchases by each city during the previous year. Lubbock has a 95.2 percent "majority in interest" vote since it accounts for 95.2 percent of WTMPA's electrical sales. WTMPA provides services almost exclusively to the City and is therefore presented as a blended enterprise fund. Separate audited financial statements may be obtained through the City.

DISCRETELY PRESENTED COMPONENT UNITS

The financial data for the Component Units are shown in the Government-Wide Financial Statements. The Component Units are reported in a separate column to emphasize that they are legally separate from the City. The following Component Units are included in the reporting entity because the primary government is financially accountable, is able to impose its will on the organization, or can significantly influence operations and/or activities of the organization.

The **Urban Renewal Agency (URA)** is a legally separate entity that serves as an arm of the City. The URA is governed by State law and was formed to help eliminate slum and blight within the City. The URA board oversees loans made to businesses and citizens of Lubbock using funds accumulated by the City of Lubbock community development program. The URA also oversees the acquisition and disposition of real property. The URA manages the City of Lubbock Community Development loans and property program. The URA Board is composed of nine members appointed by the City Council. There are no separate financial statements available for the URA.

Civic Lubbock, Inc. is a legally separate entity that was organized to foster and promote the presentation of wholesome educational, cultural, and entertainment programs for the general moral, intellectual, physical improvement, and welfare of the citizens of Lubbock and the surrounding area. The eleven-member board is appointed by the City Council. The City Council reviews and accepts the annual budget. Separate audited financial statements for Civic Lubbock may be obtained from Civic Lubbock, Inc. at 1501 6th Street, Lubbock, Texas.

Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc. is a legally separate entity that was formed on October 10, 1995 by the City Council to create, manage, operate, and supervise programs and activities to promote, assist, and enhance economic development within and around the City. The City Council appoints the seven-member board and its operations are funded primarily through budgeted allocations of the City's property and hotel occupancy taxes. Separate audited financial statements may be obtained from Market Lubbock, Inc. at 1500 Broadway, Sixth Floor, Lubbock, Texas.

Lubbock Economic Development Alliance, Inc. is a legally separate entity that was formed on June 1, 2004 by the City of Lubbock to create, manage, and supervise programs and activities to promote, assist, and enhance economic development within and around the City. The City Council appoints the seven-member board and its operations are funded primarily through budgeted allocations of the City's sales and use taxes.

Separate audited financial statements may be obtained from Lubbock Economic Development Alliance, Inc. at 1500 Broadway, Sixth Floor, Lubbock, Texas.

The Vintage Township Public Facilities Corporation is a legally separate entity that was formed in 2007 with the sole purpose to assist the City in financing, refinancing, providing, or otherwise assisting in the acquisition, construction, and maintenance of certain public facilities benefiting the Vintage Township Public Improvement District. The three-member board is appointed by the City Council. The City Council reviews and accepts the annual budget. Separate audited financial statements are not available.

RELATED ORGANIZATIONS

The City Council is responsible for appointing the board members of some other organizations, but the City's accountability for these organizations do not extend beyond the board appointments. The City Council is not able to impose its will on these entities and there is no financial benefit or burden relationship. Bonds issued by these organizations do not constitute indebtedness of the City. The following related organizations are not included in the reporting entity:

The **Lubbock Fire Pension Fund (LFPF)** operates under provisions of the Texas Local Fire Fighters' Retirement Act for purposes of providing retirement benefits for the City's firefighters. The Mayor's designee, the Accounting Supervisor, three firefighters elected by active firefighters and two at-large members elected by the LFPF Board, govern its affairs. The Pension Fund is funded by contributions from the firefighters and City matching contributions. As provided by enabling legislation, the City's responsibility to the LFPF is limited to matching bi-weekly contributions made by the members. Title to assets is vested in the LFPF and not the City. The Texas State Pension Review Board is mandated to oversee all Texas public retirement systems in regard to their actuarial soundness and compliance with state law. The City cannot significantly influence the Pension Fund's operations. Separate audited financial statements may be obtained from the LFPF or from the City.

The **Housing Authority of the City of Lubbock** is a legally separate entity. The Mayor appoints the five-member board.

The **Lubbock Health Facilities Development Corporation** promotes health facilities development. The City Council appoints the seven-member board.

The **Lubbock Housing Finance Corporation, Inc.** was formed pursuant to the Texas Housing Finance Corporation Act to finance the cost of decent, safe, and affordable residential housing. The City Council appoints the seven-member board.

The **North and East Lubbock Community Development Corporation (CDC)** was incorporated in February 2004 to effectuate change in North and East Lubbock. The North and East Lubbock CDC is a local entity that drives social change and promotes autonomy and empowerment by increasing the supply of quality and affordable housing, generating economic activity, and coordinating the efficient delivery of social services. The 12-member board is selected by a board-appointed nominating committee.

The **Lubbock Education Facilities Authority, Inc.** is a non-profit corporation and instrumentality of the City and was created pursuant to the Higher Education Authority Act, Chapter 53 Texas Education Code, for the purpose of aiding institutions of higher education, secondary schools, and primary schools in providing educational facilities and housing facilities. The seven-member board is appointed by the City Council.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-Wide Financial Statements (GWFS) (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City and its blended component unit as a whole. The discretely presented component units are also aggregately presented within these statements. The effect of interfund activity has been removed from these statements by allocation of the activities of the various internal service funds to the governmental and business-type activities on a fund basis based on the predominant users of the services. Governmental activities, which are primarily 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. All activities, both governmental and business-type, are reported in the GWFS using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The GWFS focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The Government-Wide Statement of Net Position reports all financial and capital resources of the City. It is displayed in the format of assets plus deferred outflows of resources equals liabilities plus deferred inflows of resources, plus net position, with the assets and liabilities shown in order of their relative liquidity. Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Net investment in capital assets equals capital assets net of accumulated depreciation and is reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount. Restricted net position are those with constraints placed on their use as: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as net investment in capital assets or restricted, are shown as unrestricted. Reservations or designations of net position imposed by the City, whether by administrative policy or legislative actions of the City Council that do not otherwise meet the definition of restricted net position, are considered unrestricted in the GWFS.

The Government-Wide Statement of Activities demonstrates the degree to which the direct expenses for a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Fund Financial Statements (FFS) for governmental and proprietary funds are also part of the BFS. The focus of the FFS is on major funds, as defined by GASB Statement No. 34. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds, i.e., a percentage of assets, liabilities, revenue, or expenditures/expenses of fund category and of the governmental and enterprise funds combined. However, it also gives governments the option of displaying other funds as major funds. The City can elect to add some funds as major funds because of outstanding debt or community focus. Major individual governmental funds

and major individual enterprise funds are reported as separate columns in the FFS. Other non-major funds are combined in a single column in the appropriate FFS.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary FFS. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Because the enterprise funds are combined into a single business-type activities column on the GWFS, certain interfund activities between these funds are eliminated in the consolidation for the GWFS, but are included in the fund columns in the proprietary FFS. The effect of interfund activity has been eliminated from the GWFS. For instance, 95.2 percent of the operations of WTMPA representing transactions between WTMPA and Lubbock Power & Light (LP&L) have been eliminated for the GWFS presentation and for the electric business-type activities (BTA). Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's electric, water and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental FFS are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds. This presentation is necessary: 1) to demonstrate legal and covenant compliance; 2) to demonstrate the sources and uses of liquid resources; and 3) to demonstrate how the City's actual revenues and expenditures conform to the annual budget. 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, the government considers revenues to be available, generally, if they are collected within 45 days of the end of the current fiscal period. The City considers the grant availability period to be one year for revenue recognition. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when the liability has matured. Because the governmental FFS are presented on a different basis of accounting than the GWFS, reconciliations are provided immediately following each fund statement. These reconciliations explain the adjustments necessary to convert the FFS into the governmental activities column of the GWFS.

Property taxes, sales taxes, franchise taxes, occupancy taxes, grants, licenses, court fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

Fund Accounting

The City uses funds to report its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund balance/net position, revenues, and expenditures/expenses.

Governmental Funds are those through which most of the governmental functions of the City are financed. The City reports two major governmental funds:

The **General Fund**, as the City's primary operating fund, accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Governmental Capital Projects Fund** accounts for financing and construction of government capital projects, except for North Overton and Central Business District Tax Increment Financing Reinvestment Zone (TIF) capital projects and Gateway Streets Fund capital projects. Projects include public safety improvements, park improvements, street improvements, purchase of and construction of municipal buildings, and major maintenance, repair, and replacement of public buildings and facilities.

Enterprise Funds are used to account for operations: 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following major enterprise funds:

LP&L Fund accounts for the activities of the City-owned electric production and distribution system.

The **Water Fund** accounts for the activities of the City's water system.

The **Wastewater Fund** accounts for the activities of the City's sanitary wastewater system.

The **WTMPA Fund** accounts for the activities of power generation and power brokering to member cities. Member cities include Lubbock with 95.2 percent ownership, Tulia, Brownfield, and Floydada comprising the remaining 4.8 percent ownership.

The **Storm Water Fund** accounts for the activities of the storm water utility.

The City also reports the following non-major funds:

Governmental Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The **Debt Service Fund** is used to account for and report financial resources that are restricted to expenditures for principal and interest (other than debt service payments made by proprietary funds).

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays (other than those recorded in the proprietary funds).

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and

services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds are used to account for services to outside users where the full cost of providing services, including capital, is to be recovered through fees and charges, e.g., Lubbock Preston Smith International Airport (Airport Fund), Citibus (Transit Fund), Solid Waste, Cemetery, Civic Centers and Lake Alan Henry Recreational Funds.

Internal Service Funds are used to account for services provided to other departments, agencies of the departments, or to other governments on a cost reimbursement basis (i.e., Fleet Maintenance, Print Shop and Warehouse, Information Technology, Risk Management, Health Benefits, and Investment Pool).

D. BUDGETARY ACCOUNTING

The City Manager submits a proposed operating budget and capital program to the City Council annually for the upcoming fiscal year. Annual budgets are adopted for the General Fund, Debt Service Fund, Enterprise Funds, Internal Service Funds, and certain Special Revenue Funds. Public hearings are conducted to obtain citizen comments, and the budget is legally enacted through passage of an ordinance by the Council. City Council action is also required for the approval of any supplemental appropriations.

All budget amounts presented in the General Fund Budgetary Comparison Schedule in the Required Supplementary Information (RSI) section reflect the original budget and the amended budget, which have been adjusted for legally authorized supplemental appropriations to the annual budget during the fiscal year. The operating budget is adopted on a basis other than GAAP for the General Fund, with the main difference being that capital lease proceeds and related capital outlay are not budgeted. Budgetary control is maintained at the department level in the General Fund in the following expenditure categories: compensation, benefits, supplies, maintenance, professional services/training, other charges, scheduled charges, and capital outlay/reimbursements. Management may make administrative transfers and increases or decreases between accounts below the department level without Council approval. However, to satisfy the legal level of control, any transfer of funds between departments shall be presented to the Council for approval by ordinance before such funds can be transferred between departments or expended. All annual operating appropriations lapse at the end of the fiscal year.

All budget amounts presented in the Special Revenue Funds and Debt Service Fund Budgetary Comparison Schedule in the RSI reflect the final budget amounts, which have been adjusted for legally authorized supplemental appropriations to the annual budget during the fiscal year. Budgetary control is maintained at the fund level, the legal level of control for Special Revenue Funds and Debt Service Fund. The following Special Revenue Funds have legally adopted budgets: Abandoned Motor Vehicle, Animal Assistance, Cable Services, Central Business District TIF, Community Development Grant, Criminal Investigation, Debt Service, Department of Justice Asset Sharing, Economic Development Incentive, Emergency Management Grant, Gateway Streets, Hotel Motel Tax, Lubbock Business Park TIF, Lubbock Economic Development Alliance, Municipal Court, North Overton PID, North Overton District TIF, North Point PID, Quincy Park PID, Valencia PID, and Vintage Township PID.

Capital budgets and grant budgets do not lapse at fiscal year end, but remain in effect until the project is completed and closed. The following funds have project length budgets: Donations, Community Services, Health, Library, Police, and Other Grants Special Revenue Funds; and the Governmental, TIF, and Gateway Streets Capital Projects Funds.

In addition to the tax levy for general operations, in accordance with State law, the City Council sets an ad valorem tax levy for a sinking fund (General Obligation and Certificate of Obligation Debt Service) which, with cash and investments in the fund, is sufficient to pay all debt service due during the fiscal year.

E. ENCUMBRANCES

At the end of the fiscal year, encumbrances for goods and services that have not been received are canceled except in the Capital Projects Fund. Management has authority, by ordinance, to re-appropriate any encumbrances that were open at the prior fiscal year end. At the beginning of the next fiscal year, management reviews all open encumbrances and approves needed encumbrances. In FY 2014, management has not approved any reappropriation of encumbrances. There are no significant encumbrances at year end that have not been restricted, committed, or assigned.

F. ASSETS, LIABILITIES, AND FUND BALANCE/NET POSITION

Equity in Cash and Investments - The City pools the resources of the various funds in order to facilitate the management of cash and enhance investment earnings. Records are maintained which reflect each fund's equity in the pooled account. The City's investments are stated at fair value, which is based on quoted market prices as of the valuation date.

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and demand deposits.

Investments - Investments include securities in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Farm Credit Notes. Investments also include certificates of deposits and state investment pools. Restricted investments include investments that have been restricted for bond financed capital projects, funds that have been restricted by bond covenants for debt service requirements, and funds accumulated for passenger facility charges.

Property Tax Receivable - The value of all real and business property located in the City is assessed annually on January 1 in conformity with Subtitle E of the Texas Property Code. Property taxes are levied on October 1 on those assessed values and the taxes are due on receipt of the tax bill. On the following January 1, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The taxes are considered delinquent if not paid before February 1. Therefore, at fiscal year end all property taxes receivable are delinquent, but are secured by a tax lien.

At the GWFS level, property tax revenue is recognized upon levy. In governmental funds, the City records property taxes receivable upon levy and defers tax revenue until the taxes are collected or available. For each fiscal year, the City recognizes revenue in the amount of taxes collected during the year plus an estimate of taxes to be collected in the subsequent 45 days. The City allocates property tax revenue between the General, certain Special Revenue, and Debt Service Funds based on tax rates adopted for the year of levy. The Lubbock Central Appraisal District assesses property values, bills, collects, and remits the property taxes to the City. The City adjusts the allowance for uncollectible taxes and deferred tax revenue at fiscal year end based upon historical collection experience. To write off property taxes receivable, the City eliminates the receivable and reduces the allowance for uncollectible accounts.

Enterprise Funds Receivables - Within the LP&L, Water, Wastewater, Storm Water, and WTMPA Enterprise Funds, services rendered but not billed as of the close of the fiscal year are accrued. This amount is reflected in the accounts receivable balances of each fund. Amounts billed are reflected as accounts receivable net of an allowance for uncollectible accounts.

Inventories - Inventories consist of expendable supplies held for consumption. Inventories are valued using the average cost method of valuation, and are accounted for using the consumption method of accounting, i.e., inventory is expensed when used rather than when purchased.

Prepaid Items - Prepaid items are accounted for under the consumption method.

Capital Assets and Depreciation - Capital assets, including public domain infrastructure (streets, bridges, sidewalks and other assets that are immovable and of value only to the City), are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. These capital assets are reported in the GWFS and the proprietary funds. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair value on the date of donation.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Infrastructure/Improvements	10-60 years
Buildings	15-50 years
Equipment	3-15 years
Water Rights	85 years

Interest Capitalization – Because the City issues general-purpose capital improvement bonds, which are recorded within the proprietary funds, the City capitalizes interest costs for business-type activities and enterprise funds according to the FASB Accounting Standard 34 and 62, which was subsequently codified as FASB Codification 835 - Interest. The City capitalized interest of approximately $4,877,086 net of interest earned, for the business-type activities and the enterprise funds during the current fiscal year.

Deferred Outflows/Inflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has a deferred charge on a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred or amortized over the shorter of the life of the refunded and new debt.

Deferred inflows of resources represent and acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include property taxes and municipal court fines in the governmental funds. The City has no items for reporting in that category in the proprietary funds.

Classification of Fund Equity - Fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors, or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance, which is the highest action level by City Council. Assigned fund balances are constrained by intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by City management based on Council direction. Unassigned fund balances include residual positive fund balances within the General Fund that have not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City designates restricted amounts to be spent first if both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, followed by assigned,

and lastly unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The proprietary funds and GWFS have three classifications of net position: 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position. In the first category, capital assets are netted with bonded and capital lease debt. Restricted net position include debt service, grantor, and other government restrictions for proprietary funds and the same categories as restricted fund balance for governmental activities.

The City Council has approved goals for the General Fund unrestricted fund balance, which is set at a minimum of an amount equal to twenty percent of operating revenues in order to meet unanticipated contingencies and fluctuations in revenue. Enterprise Funds also have appropriate net asset reserve policies, ranging from 8 to 25 percent of operating revenue. The LP&L Fund maintains general reserves equal to three months gross revenue from all retail electric sales.

Use of Estimates - The preparation of financial statements in conformity with 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 along with reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

G. REVENUES, EXPENSES AND EXPENDITURES

Interest Income on pooled cash and investments is allocated monthly based on the percentage of a fund's pooled cash and investments monthly balance compared to the total city-wide monthly balance in pooled cash and investments. Bond funds and other separate nonpooled cash are distributed to the fund where the cash and investment is recorded.

Sales Tax Revenue for the City results from an allocation of 1.5 percent of the total sales tax levy of 8.25 percent, which is collected by the State of Texas and remitted to the City monthly. The tax is collected by the vendor and is required to be remitted to the State by the 20th of the month following collection. The tax is then paid to the City by the Friday following the second Wednesday of the subsequent month.

Grant Revenue from federal and state grants is recognized as revenue as soon as all eligibility requirements have been met. The availability period for grants is considered to be one year.

Interfund Transactions are accounted for as revenues, expenditures, expenses, or other financing sources or uses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from that fund that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. In addition, transfers are made between funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

Compensated Absences consists of vacation leave, sick leave, and compensatory leave. Vacation leave of 10-20 days is granted to all regular employees dependent upon the date employed, years of service, and civil service status. Currently, up to 40 hours 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 leave.

Sick leave for employees is accrued at 1 1/4 days per month with a maximum accrual status of 200 days. After 15 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. Upon retirement or termination, Police

Civil Service Personnel are paid for up to 90 days accrued sick leave regardless of reason for leaving or time with the City. Firefighter Civil Service Personnel are paid for up to 90 days of accrued sick leave upon retirement or termination. The Texas Civil Service laws dictate certain benefits and personnel policies above and beyond the policies of the City.

In accordance with the Fair Labor Standards Act and City policy, non-exempt employees may accrue compensatory time off instead of receiving payment for overtime hours worked. Compensatory time may be accrued up to 45 hours (30 overtime hours at time and one half) and must be used within 26 pay periods. In order to be eligible for compensatory time, each employee is required to sign an agreement with the City.

The liability for the accumulated vacation, sick, and compensatory time off is recorded in the GWFS and in the FFS for proprietary fund employees when earned. The liability is recorded in the governmental FFS to the extent it is due and payable.

Post Employment Benefits for retirees of the City include the option to purchase health and life insurance with health insurance benefits at a subsidized premium. However, employees that retire with 15 or more years of service or Civil Service employees that retire who have a sick-leave balance in excess of 90 days will be able to elect to continue receiving medical coverage in full 30-day periods for the term of the balance of their sick leave. Amounts to cover premiums and administrative costs, with an incremental charge for reserve funding, are determined by the City's health care administrator. Employer contributions are funded on a pay-as-you-go basis and approximated $3.9 million for FY 2013. These contributions are included in the amount of insurance expense reflected in the financial activity reported in the Health Benefits Internal Service Fund.

H. NEW PRONOUNCEMENTS

In FY 2015 the City will implement GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The effects of implementing this statement is expected to have a material effect on net position. The City will be required to recognize the Net Pension Liability on the Statement of Net Position. This number is projected to be equal to the Unfunded Accrued Actuarial Liability based on the market value of the assets. The City will also be required to recognize a new measure of the pension expense, which will be different from our actuarially determined contributions (annual required contributions). Note disclosures and required supplementary information will be based on the new measures.

I. CHANGE IN ACCOUNTING PRINCIPLES

In FY 2013 the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement introduces and defines those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period. This statement amends the net asset reporting requirements in Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis-for Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net asset. In conjunction with GASB No. 63, the City also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statements No. 63 and No. 65 significantly changed the presentation of the statements.

Per GASB statement No. 65, bond issuance costs, excluding bond insurance costs which should be treated as a prepaid asset, are to be recognized in the period of the debt issue. This resulted in a restatement of previously reported net position as follows:

	Amount
Proprietary Funds	
LP&L	$ 436,287
Water	2,526,622
Wastewater	1,043,563
Storm Water	667,762
Nonmajor Enterprise Funds	271,991
Internal Service Fund	4,186
Total	**$4,950,411**

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. RESTRICTED NET POSITION

Restricted net position is only used for their intended purpose. For the majority of projects funded by tax exempt debt proceeds, the debt proceeds are used first, followed by unrestricted resources.

B. GENERAL FUND BUDGET COMPARISON

The General Fund FY 2013 amended budgeted expenditures and transfers out were $144,086,586, while actual budgetary basis expenditures and transfers out were $143,549,581; a difference of $537,005.

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

On September 30, 2013, the bank balance of the City's deposits was $36,688,001. All bank balances are covered by federal depository insurance or are fully collateralized. Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned. The City's deposit policy for custodial credit risk requires compliance with the provisions of Texas Public Funds Investment Act.

State law requires federal depository insurance or collateralization with the value of eligible securities having an aggregate value at least equal to the amount of the deposits. The City's Investment Policy requires the minimum collateral level to be 102.0 percent of the market value of principal and accrued interest.

On September 30, 2013, bank balances were exposed to custodial credit risk as follows:

Insured	$ 750,000
Uninsured and collateral held by pledging financial institution in the City's name	35,938,001
	$ 36,688,001

On September 30, 2013, the City had the following investments and maturities:

	September 30, 2013		
		Maturities in Years	
Type	Fair Value	Less Than 1	1-5
Federal Home Loan Bank (FHLB)	$13,805,002	$ 0	$13,805,002
Federal Farm Credit Note (FFCN)	13,977,605	8,014,224	5,963,381
Federal Home Loan Mortgage Corporation (FHLMC)	24,819,270	6,545,153	18,274,117
Federal National Mortgage Association (FNMA)	21,218,851	3,521,154	17,697,697
Certificate of Deposit	599,527	599,527	-
State Investment Pools *	322,670,346	322,670,346	-
	$397,090,601	$341,350,404	$55,740,197

*State Investment Pools are considered investments for financial reporting purposes.

Interest Rate Risk - As a means of limiting its exposure to fair value losses due to rising interest rates, the City's investment policy limits investments to those that can be held to maturity and by limiting final maturity to no more than five (5) years. The City uses the specific identification method for positions in fixed-rate securities. The investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's policy allows investment in direct obligations of and other obligations guaranteed as to principal of the U.S. Treasury and U.S. agencies and instrumentalities with the exception of mortgage backed securities. It allows investment in obligations of the State of Texas or its agencies and obligations of states, agencies, counties, cities, and other political subdivisions rated not less than A or its equivalent. The City may also invest in fully collateralized repurchase agreements, fully collateralized certificates of deposit, commercial paper and bank acceptances with a stated maturity of 270 days or fewer from the date of issuance, AAA-rated, no-load money market mutual funds regulated by the Securities and Exchange Commission, and AAA-rated, constant dollar investment pools authorized by the City Council. On September 30, 2013, Standard & Poor's rated the investment pools AAAm. The senior unsecured debt for investments in, FHLB, FFCN, FHLMC, and FNMA are rated AA+ by Standard & Poor's and Aaa by Moody's.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City requires that deposits and repurchase agreements be held in an institution that has a minimum collateral level of 102.0 percent of the market value. FNMA, FFCB, FHLMC, and FHLB investments are held in the City's name in third party safekeeping by a Federal Reserve member financial institution designated as a City depository. The City shall maintain a list of authorized broker/dealers and financial institutions, which are approved by the Audit and Investment Committee for investment purposes.

Concentration of Credit Risk - The City places limits on the amount that may be invested in any one issuer with the exception of United States Treasury obligations. As of September 30, 2013, the City's investments constituted the following percentages of total investments:

Investment	Percentage
State Investment Pools	81.26
FNMA	5.34
FFCN	3.52
FHLMC	6.25
FHLB	3.48
Certificate of Deposit	.15

Foreign Currency Risk - This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. The City has no foreign currency risk.

B. INTERFUND TRANSACTIONS

Interfund balances, specifically, the due to and due from other funds, are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements.

Interfund balances are loans to cover Council directed internal financing of certain projects. On September 30, 2013 the City had $19,228,119 of internal financing. These balances are assessed an interest charge and are repaid over time through operations and transfers.

The following amounts due to other funds or due from other funds are included in the fund financial statements (all amounts in thousands):

	Interfund Receivables: (in Thousands)				
	Governmental Funds		Proprietary Funds		
Interfund Payables: (in Thousands)	General	Nonmajor Governmental	WTMPA	Nonmajor Enterprise	Totals
Governmental Funds:					
Nonmajor Governmental	$ 770	$ -	$ -	$ 3,405	$ 4,175
Proprietary Funds:					
LP&L	-	-	12,710	-	12,710
Nonmajor Enterprise	2,343	-	-	-	2,343
Totals	$ 3,113	$ -	$ 12,710	$ 3,405	$ 19,228

Transfers include: 1) debt service payments made from the debt service fund, but funded from an operating fund; 2) subsidy transfers from unrestricted funds; and 3) transfers to move indirect cost allocations, payments in lieu of taxes (PILOT), and franchise fees to the general fund or other funds as appropriate.

The following interfund transfers are reflected in the fund financial statements (all amounts in thousands):

	Interfund Transfers In: (in Thousands)								
	Governmental Funds			Proprietary Funds					
Interfund Transfers Out: (in Thousands)	**General**	**Govt. Capital**	**Nonmajor Govt.**	**Water**	**Waste-water**	**WTMPA**	**Nonmajor Enterprise**	**Int. Svc. Fund**	**Totals**
Governmental Funds:									
General Fund	$ -	$ 1,364	$ 539	$ -	$ -	$ -	$ 2,022	$ -	$ 3,925
Govt. Capital Projects	-	-	-	-	-	-	-	-	-
Nonmajor Govet.	300	-	13,243	-	-	-	2,391	-	15,934
Proprietary Funds:									
LP&L	9,090	-	3,947	-	-	358	-	-	13,395
Water	9,246	520	-	-	42	-	-	-	9,808
Wastewater	3,753	220	-	-	-	-	-	-	3,973
Stormwater	2,138	220	5,321	-	-	-	-	-	7,679
Nonmajor Enterprise	3,951	-	-	131	42	-	-	-	4,124
Internal Service Funds	-	-	-	-	-	-	-	3,229	3,229
Totals	$ 28,478	$ 2,324	$23,050	$ 131	$ 84	$ 358	$ 4,413	$ 3,229	$ 62,067

Net transfers on the GWFS amounted to $36,973,388 from business activities to governmental-type activities. In September 2013, LP&L contributed $172,220 of street lights to the Governmental Fund. LP&L reported the contribution to the General Fund as a transfer out; however, the Government Funds do not record a transfer in because of the measurement focus. Hence, the Governmental Fund statements are $172,220 less than what is presented in the table.

C. PREPAID EXPENSES

The total prepaid expenses of $2,144,443 in the LP&L Enterprise Fund represents an advertising contract with the United Spirit Arena. The advertising (and amortization) began with the opening of the sports arena in FY 2000 and will continue for 30 years.

D. GOODWILL

The goodwill of $1,859,604 in the LP&L Enterprise Fund represents the unamortized excess purchase price over the estimated value of capital assets related to the purchase of Southwestern Public Service Company (SPS) in 2011. The goodwill is being amortized over a 10-year period.

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

Primary Government:

Governmental Activities

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Depreciated:				
Land	$ 19,625,572	$ 612,104	$ -	$ 20,237,676
Construction in Progress	30,251,977	33,813,626	28,771,826	35,293,777
Total Capital Assets Not Depreciated	49,877,549	34,425,730	28,771,826	55,531,453
Capital Assets Depreciated:				
Buildings	56,725,154	2,082,168	2,031,224	56,776,098
Improvements Other than Buildings	404,042,263	41,579,387	20,717,160	424,904,490
Machinery and Equipment	77,335,294	12,467,536	3,211,526	86,591,304
Total Capital Assets Depreciated	538,102,711	56,129,091	25,959,910	568,271,892
Less Accumulated Depreciation:				
Buildings	25,969,374	1,671,329	1,560,185	26,080,518
Improvements Other than Buildings	186,590,660	18,953,308	19,463,323	186,080,645
Machinery and Equipment	55,691,389	4,765,687	3,161,479	57,295,597
Total Accumulated Depreciation	268,251,423	25,390,324	24,184,987	269,456,760
Total Capital Assets Depreciated, Net	269,851,288	30,738,767	1,774,923	298,815,132
Governmental Activities Capital Assets, Net	$ 319,728,837	$ 65,164,497	$ 30,546,749	$ 354,346,585

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
Administrative Services and General Government	$ 539,529
Community Services	174,107
Cultural and Recreation Services	3,366,669
Economic and Business Development	1,783,648
Fire	1,348,052
Health	364,988
Other Public Safety	146,174
Police	1,708,264
Streets and Traffic	14,751,274
Internal Service Funds	677,413
Total Depreciation Expense - Governmental Activities	24,860,118
Transfer in of Accumulated Depreciation - Governmental Activities	530,206
Increase in Accumulated Depreciation - Governmental Activities	$ 25,390,324

Business Type Activities

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Depreciated:				
Land	$ 58,396,055	$ 2,983,837	$ 413,933	$ 60,965,959
Construction in Progress	122,989,391	77,994,257	86,394,346	114,589,302
Total Capital Assets Not Depreciated	181,385,446	80,978,094	86,808,279	175,555,261
Capital Assets Depreciated:				
Buildings	177,223,895	1,318,656	7,696	178,534,855
Improvements Other than Buildings	1,278,931,384	85,585,297	4,255,654	1,360,261,027
Machinery and Equipment	221,662,617	17,092,574	15,916,396	222,838,795
Total Capital Assets Depreciated	1,677,817,896	103,996,527	20,179,746	1,761,634,677
Less Accumulated Depreciation:				
Buildings	65,953,175	4,693,747	7,696	70,639,226
Improvements Other than Buildings	421,083,967	44,123,591	3,447,747	461,759,811
Machinery and Equipment	125,614,256	13,363,596	15,114,062	123,863,790
Total Accumulated Depreciation	612,651,398	62,180,934	18,569,505	656,262,827
Total Capital Assets Depreciated, Net	1,065,166,498	41,815,593	1,610,241	1,105,371,850
Business Type Activities Capital Assets, Net	$1,246,551,944	$ 122,793,687	$ 88,418,520	$1,280,927,111

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-Type Activities:	
LP&L	$ 20,164,144
Water	15,685,230
Wastewater	6,783,000
Storm Water	2,725,484
Solid Waste	4,833,421
Airport	7,815,104
Transit	1,930,136
Civic Centers	1,107,549
Cemetery	31,591
Lake Alan Henry	2,283
Internal Service	88,057
Total Depreciation Expense - Business-Type Activities	61,165,999
Transfer in of Accumulated Depreciation - Business-Type Activities	1,014,935
Increase in Accumulated Depreciation - Business-Type Activities	$ 62,180,934

Construction Commitments

The City has active construction projects at fiscal year end.

Projects	Original Commitments	Spent-to-Date	Remaining Commitments
Governmental Capital Projects	$ 130,194,301	$ 100,620,265	$ 29,574,036
TIF Capital Projects	2,247,031	249,055	1,997,976
Gateway Street Projects	23,207,700	17,492,798	5,714,902
LP&L	54,280,935	40,784,260	13,496,675
Water	284,100,563	225,234,430	58,866,133
Wastewater	166,597,389	103,300,450	63,296,939
Storm Water	101,430,000	81,105,785	20,324,215
Solid Waste	8,519,301	6,695,979	1,823,322
Airport	55,655,609	48,578,890	7,076,719
Civic Center	9,050,000	1,953,735	7,096,265
Cemetary	71,375	1,492	69,883
Internal Service Fund	3,609,600	2,869,568	740,032
Total	$ 838,963,804	$ 628,886,707	$ 210,077,097

The majority of the larger active governmental capital projects are street related. The largest active street project is a reconstruction of 34th street. This thoroughfare is over 50 years old. The project will provide for 2 lanes of traffic in each direction plus a continuous left turn lane.

Lubbock Power and Light is working to replace the entire timber structure on the Massengale 6 and 7 cooling tower, a turnkey project with work provided by outside contractors. Existing mechanical components and major reticulation piping, all of which have been recently renewed or refurbished, will be retained.

Many improvements are being made at the water treatment plant. Included in this is a significant upgrade to their Supervisory Control and Data System (SCADA).

Work continues for our water department in the Bailey County Well Field. This project involves drilling sufficient wells to restore production capacity to more than 60 million gallons per day. The project will ensure an adequate production capacity buffer to consistently produce the current 40 mgd pipeline supply capacity when a portion of the wells are inoperable due to mechanical interruptions, electrical malfunctions, and lightning strikes.

The Wastewater Fund continues to upgrade the Southeast Water Reclamation Plant. Upgrades include improvements in the ability to remove biological nutrients. This project improves the wastewater treatment facilities in such a manner that the plant can produce a consistent supply of stream quality discharge.

The Storm Water Fund has a major project that is helping to provide various levels of flood protection in the areas around Maxey Park and along Quaker Avenue.

F. CAPITAL LEASES

In FY 2009, the City constructed a $23,662,637 conference center that is joined to the Overton Hotel and Conference Center. The City is the lessor of the conference center to the developer of the North Overton Hotel in a sales-type lease agreement in which the conference center has an estimated life of 50 years and was leased for a term of 40 years with two optional 20-year renewals. The City expects the lessee to lease the entire 80-year term; therefore, there is no expected residual value of the conference center to the City. Lease terms include the greater of $65,000 per year or 15 percent of the excess of the net annual project cash flow, and one percent of the total daily collected net hotel room revenue. For years 2030 through 2050, there will be no lease payments.

The minimum lease payments (included in pledges and leases receivable on GWFS) are estimated as follows:

Year	Fixed Lease	Variable Lease	Total Lease
2014	65,000	108,915	173,915
2015	65,000	105,702	170,702
2016	65,000	102,579	167,579
2017	65,000	99,542	164,542
2018	65,000	96,590	161,590
2019-2023	325,000	441,410	766,410
2024-2028	325,000	531,954	856,954
2029	65,000	216,296	281,296
Total	$ 1,040,000	$ 1,702,988	$ 2,742,988

G. RETIREMENT PLANS

Each qualified employee is included in one of two retirement plans in which the City participates. These are the Texas Municipal Retirement System and the Lubbock Fire Pension Fund. The City does not maintain the accounting records, hold the investments, or administer either retirement plan.

Summary of significant data for each retirement plan follows:

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

Plan Description

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

TMRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for TMRS. The report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.tmrs.com.

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

	Plan Year 2012	Plan Year 2013
Employee Deposit Rate	7.0%	7.0%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2012 valuation is effective for rates beginning January 1, 2014).

The annual pension cost and net pension obligation are as follows:

Annual Required Contribution	$16,745,761
Interest on Net Pension Obligation	840,034
Adjustments to the ARC	(738,037)
Annual Pension Cost (APC)	16,847,757
Contributions Made	(16,745,759)
Increase in net pension obligation	101,998
Net Pension Obligation, beginning of year	12,000,483
Net Pension Obligation, end of year	$12,102,481

Actuarial Assumptions

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest valuation, December 31, 2012, also follows:

Valuation Date	**12/31/10**	**12/31/11**	**12/31/12**
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	27 years; closed period	26.1 years; closed period	25.1 years; closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increase	Varies by age and service	Varies by age and service	Varies by age and service
Inflation	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/11	$ 20,233,516	78.2	$11,119,738
9/30/12	17,254,749	94.9	12,000,483
9/30/13	16,847,757	99.4	12,102,481

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 82.4 percent funded. The actuarial accrued liability for benefits was $549.8 million, and the actuarial value of assets was $453.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $96.8 million. The covered payroll (annual payroll of active employees covered by the plan) was $83.4 million, and the ratio of the UAAL to the covered payroll was 116.2 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past experience and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

LUBBOCK FIRE PENSION FUND (LFPF)

Plan Description

The Board of Trustees of the LFPF is the administrator of a single-employer defined benefit pension plan. This pension fund is a trust fund. It is reported by the City as a related organization and is not considered to be a part of the City financial reporting entity. Firefighters in the Lubbock Fire Department are covered by the LFPF.

The LFPF provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. Employees may retire at age 50 with 20 years of service. A reduced early service retirement benefit is provided for employees who terminate employment with 20 or more years of service. The LFPF Plan, most recently amended on December 14, 2010, provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 68.9 percent of final 48-month average salary plus $335 per month for each year of service in excess of 20 years.

A firefighter has the option to participate in a Retroactive Deferred Retirement Option Plan (RETRO DROP) which provides a lump sum benefit and a reduced annuity upon termination of employment. Firefighters must be at least 51 years of age with 21 years of service at the selected “RETRO DROP benefit calculation date” (which is prior to date of employment termination). Early RETRO DROP with benefit reductions is available

at age 50 with 20 years of service for the selected "early RETRO DROP benefit calculation date." A Partial Lump Sum option is also available where 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. LFPF has the authority to provide, and has periodically provided for in the past, ad hoc post-retirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighter's Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. Amending the plan requires approval of any proposed change by: a) an eligible actuary and b) a majority of the participating members of the fund.

Contributions Required and Contributions Made

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 LFPF 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, LFPF's normal cost contribution rate is determined as a percentage of payrolls. The excess of the total contribution rate over the normal cost contribution is used to amortize LFPF's unfunded actuarial accrued liability (UAAL), if any, and the number of years needed to amortize LFPF's unfunded actuarial liability, if any is determined using a level percentage of payroll method. The costs of administering the plan are financed by LFPF.

Annual Pension Cost

The City Annual Pension Cost (APC) for the LFPF was equal to $5,322,309 as described in item 4 in the table on the following page. Based on the results of the January 1, 2013 actuarial valuation, the most recent biennial actuarial valuation, the Board's actuary found that the fund had an adequate financing arrangement based on the current level of the firefighter contribution rates and on the assumed average of City contribution rates. The funding policy of the fund requires firefighters to contribute 12.4 percent of pay. The City contributes based on a formula which causes the City's contribution rate to fluctuate from year to year. The January 1, 2013 actuarial valuation assumes that the City's contributions will average 22.63 percent of payroll in the future.

The Annual Required Contribution (ARC) by the City was based on the results of the actuarial valuations as of December 31, 2010 and January 1, 2013 using the entry age actuarial cost method and was determined to be in compliance with the GASB Statement No. 27 parameters. The actuarial methods and assumptions used for these two valuations were as follows:

Valuation Date	12/31/2010	01/01/2013
Actuarial Cost Method	Entry age	Entry age
Amortization Method	Level percent of payroll, open	Level percent of payroll, open
Amortization Period of ARC	30.0 years	30.0 years
Asset Valuation Method	5-year adjusted market value	5-year adjusted market value
Actuarial Assumptions:		
Investment Return	8.0%	8.0%
Projected Salary Increases	3% plus promotion and longevity	3% plus promotion and longevity
Inflation	3.0%	3.0%
Cost-of-Living Increase	0.0%	0.0%
Payroll Increases	4.0%	4.0%
ARC as Percent of Payroll	21.50%	20.50%

The following shows the development of the Net Pension Obligation (NPO asset):

1.	Annual Required Contributions (ARC)	$ 5,351,745
2.	Interest on NPO	(92,905)
3.	Adjustment to ARC	63,469
4.	Annual Pension Cost (APC)	5,322,309
5.	Actual City Contributions Made	(5,953,388)
6.	Increase (Decrease) in NPO/(asset)	(631,079)
7.	NPO/(asset) at September 30, 2012	(1,161,310)
8.	NPO/(asset) at September 30, 2013	$ (1,792,389)

Further details concerning the financial position of the LFPF and the latest actuarial valuation are available by contacting the Board of Trustees, LFPF, 15 Briercroft Office Park, Lubbock, TX 79412. A stand-alone financial report is available by contacting the LFPF.

Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/11	$4,887,067	104.6%	$(584,211)
9/30/12	4,957,216	111.6%	(1,161,310)
9/30/13	5,322,309	111.9%	(1,792,389)

As of January 1, 2013, the most recent actuarial valuation date, the plan was 74.5 percent funded. The actuarial accrued liability for benefits was $217.1 million, and the actuarial value of assets was $161.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of $55.4 million. The covered payroll (annual payroll of active employees covered by the plan) was $24.7 million, and the ratio of the UAAL to the covered payroll was 223.8 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

H. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City sponsors and administers an informal single-employer health/dental plan. 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. Employees who retire with 15 or more years of service or Civil Service employees that retire who have a balance in excess of 90 days sick leave are eligible to continue receiving medical coverage in full 30-day periods for the term of

their sick leave balance. Plan members may purchase retiree health/dental care coverage for eligible spouses and dependents at their own expense and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plans. 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. The plan has 664 active participants who pay monthly premiums of $362/$22 (medical/dental) for single coverage and $826/$49 (medical/dental) for family coverage, pre-65. For post-65, monthly premiums are $196/22 (medical/dental) for single coverage and $587/$49 (medical/dental) for family coverage.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ended September 30, 2013 is as follows:

Annual Required Contribution (ARC)	$13,939,979
Interest on Net OPEB Obligation	1,377,608
Adjustment to the ARC	(1,276,339)
Annual OPEB Cost	14,041,248
Total Annual Employer Contribution, pay-as-you-go	(3,915,534)
Increase in Net OPEB Obligation	10,125,714
Net OPEB Obligation – Beginning of Year	30,613,509
Net OPEB Obligation – End of Year	$40,739,224

Three-Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2011	$10,870,706	44.5%	$21,009,389
09/30/2012	13,603,549	29.4%	30,613,509
09/30/2013	14,041,248	27.9%	40,739,224

Funded Status and Funding Progress: As of October 1, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $154,305,935, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $154,305,935. The covered payroll was $108,102,087, and the ratio of the UAAL to the covered payroll was 142.7 percent.

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

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

Inflation rate	3.0% per annum
Investment rate of return	4.5% net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Inflation assumption	3.0% per year
Healthcare trend	Initial rate of 8.5% declining to an ultimate rate of 4.5% after 8 years

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

I. DEFERRED COMPENSATION

The City offers its employees six deferred compensation plans in accordance with Internal Revenue Code ("IRC") Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plans' assets are held in trust for the exclusive benefit of the participants and their beneficiaries. The City does not provide administrative services or have any fiduciary responsibilities for these plans; therefore, they are not presented in the BFS.

J. SURFACE WATER SUPPLY

Canadian River Municipal Water Authority

The Canadian River Municipal Water Authority (CRMWA) is a Conservation and Reclamation Authority established by the Texas Legislature to construct a dam, water reservoir, and aqueduct system for the purpose of supplying water to surrounding cities. The Authority was created in 1953 and is comprised of eleven cities, including Lubbock. The budget, financing, and operations of the Authority are governed by a Board of Directors selected by the governing bodies of each of the member cities, each city being entitled to one or two members dependent upon population. At September 30, 2013, the Board was comprised of 18 members, two of which represented the City. The City contracted with the CRMWA to reimburse CRMWA for a portion of the cost of the Canadian River Dam and aqueduct system in exchange for surface water. The City's pro-rata share of annual fixed and variable operating and reserve assessments are recorded as an expense of obtaining surface water. The City has four contract revenue bonds to pay for the water rights. These assets and liabilities are recorded in the Water Enterprise Fund.

K. LONG-TERM DEBT

GENERAL OBLIGATION BONDS AND CERTIFICATES OF OBLIGATION:

Interest Rate%	Dated	Maturity Date	Amount Issued	Outstanding 09/30/13
4.09	09/15/04	02/15/14	2,025,000	90,000
4.08	09/28/04	02/15/14	3,100,000	130,000
3.58	09/28/04	02/15/15	22,620,000	3,085,000
3.89	02/15/05	02/15/15	23,055,000	3,255,000
3.94	06/15/05	02/15/17	49,615,000	17,950,000
4.26	08/15/05	02/15/25	46,525,000	9,990,000
4.82	07/01/05	02/15/17	43,080,000	12,440,000
4.27	07/15/05	02/15/25	7,265,000	1,935,000
4.58	04/15/06	02/15/26	76,950,000	50,380,000
4.58	04/15/06	02/15/26	2,740,000	2,100,000
4.84	05/15/06	02/15/31	18,830,000	18,585,000
4.42	01/01/07	02/15/34	54,020,000	49,820,000
4.42	01/01/07	02/15/28	25,255,000	16,270,000
4.88	08/15/07	08/15/27	1,155,000	935,000
4.88	08/15/07	08/15/27	60,820,000	47,140,000
6.45	12/15/07	08/15/27	11,805,000	9,800,000
4.22	01/15/08	08/15/28	52,900,000	43,425,000
4.80	04/15/08	08/15/28	2,035,000	1,700,000
4.42	04/15/08	08/15/28	80,485,000	59,390,000
2.45	06/01/08	08/15/28	22,615,000	17,675,000
3.12	03/01/09	08/15/19	23,540,000	7,480,000
4.67	03/01/09	08/15/29	2,645,000	2,315,000
4.53	03/01/09	08/15/29	58,705,000	49,090,000
2.16	01/01/10	02/15/30	19,945,000	17,660,000
3.27	02/15/10	02/15/30	8,840,000	6,550,000
5.69	02/15/10	02/15/30	15,320,000	15,320,000
2.70	02/15/10	02/15/30	48,955,000	34,030,000
5.67	02/15/10	02/15/30	96,540,000	96,540,000
1.93	10/05/10	02/15/30	41,000,000	36,180,000
3.85	03/15/11	02/15/22	16,320,000	16,200,000
3.85	03/15/11	02/15/31	14,135,000	13,285,000
3.94	03/15/11	02/15/31	112,230,000	104,450,000
3.35	04/01/12	02/15/32	12,395,000	12,065,000
3.43	04/01/12	02/15/32	66,075,000	63,980,000
3.28	04/01/12	02/15/31	15,200,000	12,030,000
1.61	05/21/13	02/15/21	39,705,000	39,080,000
2.05	05/21/13	02/15/33	42,075,000	41,625,000
2.80	05/21/13	02/15/33	49,440,000	49,440,000
Total			$ 1,289,960,000	$ 983,415,000 (A)

(A) Excludes ($25,744,676) net deferred losses on advance refunding, net bond premiums and discounts, and bond insurance costs – ($20,228,446) business-type and ($10,387,278) governmental. Additionally, this amount includes $695,835,315 of bonds used to finance enterprise fund activities.

At September 30, 2013, management of the City believes the City was in compliance with all financial bond covenants on outstanding general obligation bonded debt, certificates of obligation, electric revenue bonded debt, and water contract bonded debt.

LP&L REVENUE BONDS

Interest Rate (%)	Issue Date	Final Maturity Date	Amount Issued	Balance Outstanding 09/30/13
2.45	10/15/10	04/15/20	73,295,000	53,195,000
1.90	05/21/13	4/15/24	16,570,000	16,570,000
Total			$ 89,865,000	$ 69,765,000 *

***** Balance outstanding excludes ($6,079,185) of net deferred losses on refundings, net bond premiums and discounts, and bond insurance costs.

CONTRACT BONDS

Interest Rate (%)	Issue Date	Final Maturity Date	Amount Issued	Balance Outstanding 09/30/13
5.25	09/30/05	09/15/15	$ 17,960,000	$ 1,189,583
4.25 to 5.00	04/30/06	02/15/27	18,573,906	14,295,979
3.50 to 5.00	10/30/09	01/15/29	7,821,091	6,789,026
4.00 to 5.00	12/22/11	01/15/31	30,594,108	28,868,824
2.00 to 5.00	01/20/2013	09/15/25	10,970,000	10,680,000
Total			$ 85,919,105	$ 61,823,412

*Balance outstanding excludes ($3,925,128) of net deferred losses on refunding and bond premiums.

The annual requirements to amortize all outstanding debt of the City as of September 30, 2013 are as follows:

	Governmental Activities		Business-Type Activities			
Fiscal	General Obligation Bonds		General Obligation Bonds		Revenue Bonds	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 19,378,434	$ 12,618,119	$ 41,676,566	$ 29,363,034	$ 11,267,056	$ 5,816,675
2015	19,089,908	11,718,982	41,785,092	27,421,947	11,622,287	5,445,941
2016	19,637,763	10,915,419	41,732,237	25,754,295	12,060,236	4,963,891
2017	19,786,013	10,108,810	43,073,987	24,128,613	12,601,534	4,406,153
2018	21,081,384	9,293,425	43,568,616	22,546,666	13,141,796	3,853,203
2019-2023	95,484,527	33,556,290	201,295,473	88,845,375	45,483,301	11,150,575
2024-2028	70,128,326	13,383,838	192,401,674	44,207,672	19,333,165	3,787,193
2029-2033	22,993,330	1,527,835	87,901,670	7,625,399	6,079,037	435,873
2034	-	-	2,400,000	54,000	-	-
Totals	$ 287,579,685	$ 103,122,718	$ 695,835,315	$ 269,947,001	$ 131,588,412	$ 39,859,504

Capital leases were used to acquire equipment and vehicles. The interest rate on the leases ranged from 1.0 percent to 4.6 percent. The requirements on capital leases of the City as of September 30, 2013, including interest payments totaling $3,821,871, are as follows:

Fiscal Year	Governmental Capital Lease Minimum Payment	Business-type Capital Lease Minimum Payment	Total Capital Lease Minimum Payment
2014	$ 5,928,916	$ 5,712,552	$ 11,641,468
2015	4,776,158	4,591,752	9,367,910
2016	3,762,664	3,444,098	7,206,762
2017	3,127,344	2,336,939	5,464,283
2018	2,471,715	2,154,671	4,626,386
2019-2023	3,524,652	5,151,374	8,676,026
Less interest	(1,892,462)	(1,929,409)	(3,821,871)
Total	$ 21,698,987	$ 21,461,977	$ 43,160,964

The carrying values on the leased assets of the City as of September 30, 2013 are as follows:

	Gross Value	Accumulated Depreciation	Net Book Value
Governmental Activities	$ 36,176,069	$ 8,061,044	$ 28,115,025
Business-Type Activities	51,071,457	13,182,485	37,888,972
Total Leased Assets	$ 87,247,526	$ 21,243,529	$ 66,003,997

Long-term obligations for governmental and business-type activities for the year ended September 30, 2013 are as follows:

	Debt Payable 09/30/12	Additions	Deletions	Debt Payable 09/30/13	Due in one year
Governmental activities:					
Tax-Supported -					
Obligation Bonds	$ 286,227,113	$ 46,270,000	$ 44,917,428	$ 287,579,685	$ 19,378,434
Bond Premiums	8,405,396	6,257,948	1,054,072	13,609,272	-
Capital Leases	20,237,787	6,034,818	4,573,618	21,698,987	5,357,519
Compensated Absences	23,435,826	9,256,507	8,190,915	24,501,418	8,060,555
Post Employment Benefits	20,441,341	9,407,636	2,655,640	27,193,337	-
Net Pension Obligation	7,431,997	10,445,610	10,383,032	7,494,575	-
Insurance Claims Payable	1,747,807	27,037,884	27,226,328	1,559,363	1,416,957
Total Governmental activities	$ 367,927,267	$ 114,710,403	$ 99,001,033	$ 383,636,637	$ 34,213,465
Business-type activities:					
Self-Supported -					
Obligation Bonds	$ 702,722,887	$ 84,950,000	$ 91,837,572	$ 695,835,315	$ 41,676,566
Revenue and Contract Bonds	129,152,932	27,540,000	25,104,520	131,588,412	11,267,056
Bond Premiums	31,174,607	9,170,826	1,663,388	38,682,045	-
Capital Leases	16,970,841	9,825,626	5,334,490	21,461,977	5,178,580
Closure/Post Closure	5,050,212	29,137	-	5,079,349	-
Compensated Absences	6,311,104	3,882,573	3,363,930	6,829,747	3,509,957
Post Employment Benefits	10,172,168	4,633,612	1,259,893	13,545,887	-
Net Pension Obligation	4,568,486	6,402,148	6,362,728	4,607,906	-
Insurance Claims Payable	3,579,646	4,401,410	4,178,827	3,802,229	2,380,790
Total Business-type activities	$ 909,702,883	$ 150,835,332	$ 139,105,348	$ 921,432,867	$ 64,012,949

Payments on bonds payable for governmental activities are made in the Debt Service Fund. Bonded debt is subject to the applicability of federal arbitrage regulations. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund and Special Revenue Funds. The Risk Management Internal Service Fund will liquidate insurance claims payable that pertain to governmental activities. Payments for the capital leases that pertain to the governmental activities will be liquidated by the General Fund and Capital Projects Funds.

The Risk Management Internal Service Fund will liquidate the other post employment benefit obligation that pertains to governmental activities. The net pension obligation that pertains to the governmental activities will be liquidated mainly by the General Fund.

The total long-term debt is reconciled to the total annual requirements to amortize long-term debt as follows:

Long-Term Debt - Governmental Activities	$ 383,636,637	
Long-Term Debt - Business-Type Activities	921,432,867	
Interest	412,929,223	
Total Amount of Debt		$ 1,717,998,727
Less: Bond Discounts/Premiums	(52,291,317)	
Less: Capital Leases	(43,160,964)	
Less: Closure/Post Closure	(5,079,349)	
Less: Compensated Absenses	(31,331,165)	
Less: Post Employment Benefits	(40,739,224)	
Less: Net Pension Obligation	(12,102,481)	
Less: Insurance Claims Payable	(5,361,592)	
Total Other Debt		(190,066,092)
Total Future Bonded Debt Requirements		$ 1,527,932,635

New Bond Issuance

In May 2013, the City issued $49,440,000 Tax and Waterworks System Surplus Revenue Certificates of Obligation, Series 2013 (Certificates), with interest rates ranging from 2.00 percent to 5.00 percent. The Certificates were issued at a premium of $4,479,494 and incurred issuance cost of $426,050. The $53,493,444 proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for various public improvements and renovations including Northwest Water Reclamation Plant, South Lubbock sanitary sewer system expansion, Northwest Lubbock and Maxey Park project, animal shelter expansion, improvements and extensions to City streets, park and recreation system improvements, and radio system upgrades. The proceeds of the debt are recorded in the various Capital Projects Funds.

Current Refunding and New Bond Issuance

In May 2013 the City issued $16,570,000 Electric Light and Power System Revenue Refunding and Improvement Bonds, Series 2013 (Bonds), with interest rates from .75 percent to 5.00 percent. The Bonds were issued at a premium of $1,373,654 and incurred issuance costs of $217,001. $14,020,000 of the proceeds of the sale of the Bonds will be used for the purpose of paying contractual obligations to be incurred for the purposes of acquiring, purchasing, constructing, improving, renovating, enlarging, and/or equipping property, buildings, structures, facilities, and/or related infrastructure for the electric system. The remaining $3,706,653 of the proceeds was used to current refund a portion of the City's outstanding indebtedness for the purpose of achieving debt service savings. The refunding portion of the bonds refunded $3,680,000 of outstanding debt. As a result of the current refunding the City decreased total debt service requirements by $563,633, which resulted in an accounting loss of $161,531 and an economic gain of $523,384, or a 14.22 percent savings on refunded bonds.

Advance Refunding and New Bond Issuance

In May 2013, the City issued $42,075,000 General Obligation Refunding and Improvement Bonds, Series 2013 (Bonds), with interest rates from 2.00 percent to 5.00 percent. The Bonds were issued at a premium of

$7,535,979 and incurred issuance cost of $383,172. $7,975,000 of the proceeds from the sale of the Bonds will be used for the purpose of paying contractual obligations to be incurred for the purpose of paying contractual obligations to be incurred for various public improvements including firefighting facilities and street improvements. The remaining $41,252,807 of the proceeds were used to advance refund a portion of the City's outstanding indebtedness for the purpose of achieving debt service savings. The net proceeds were deposited with the Escrow Agent in an amount necessary to accomplish, on their scheduled redemption date, the discharge and final payment on the Bonds. These funds will be held by the Escrow Agent in a special escrow fund and used to purchase direct obligations of the United States of America. Under the escrow agreements, between the City and the Escrow Agent, the escrow funds are irrevocably pledged to the payment of principal and interest on the Refund Bonds. The bonds refunded $37,515,000 of outstanding debt. As a result of the refunding, the City decreased total debt service requirements by $4,684,940, which resulted in an accounting loss of $3,289,846 and an economic gain of $4,132,121, or a 11.01 percent savings on refunded bonds. The debt will be legally defeased in 2016.

Advance Refundings

In May 2013, the City issued $39,705,000 General Obligation Refunding Bonds Taxable, Series 2013 (Bonds), with interest rates ranging from .25 percent to 3.00 percent. The Bonds were issued at a premium of $29,955 and incurred issuance cost of $318,737. The $39,416,218 bond proceeds were used to advance refund a portion of the City's outstanding indebtedness for the purpose of achieving debt service savings. The net proceeds were deposited with the Escrow Agent in an amount necessary to accomplish, on their scheduled redemption date, the discharge and final payment on the Refunded Bonds. These funds will be held by the Escrow Agent in a special escrow fund and used to purchase direct obligations of the United States of America. Under the escrow agreements, between the City and the Escrow Agent, the escrow funds are irrevocably pledged to the payment of principal and interest on the Refund Bonds. The bonds refunded $36,355,000 of outstanding debt. As a result of the refunding, the City decreased total debt service requirements by $4,286,413, which resulted in an accounting loss of $3,476,313 and an economic gain of $3,718,896, or a 10.25 percent savings on refunded bonds. The debt will be legally defeased in 2015.

The Canadian River Municipal Water Authority issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2012 in the amount of $10,970,000 with interest rates ranging from 2.0 percent – 5.0 percent. The proceeds were used to advance refund $11,410,000 of outstanding Contract Revenue Bonds, Series 2005 which had interest rates ranging from 3.00 percent to 5.25 percent. The net proceeds of $12,833,284 (including a $2,009,692 premium less $145,041 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an Escrow Agent to provide funds for the future debt service payment on the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt by $927,313. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The Authority advance refunded the Contract Revenue Bonds, Series 2005 bonds to reduce its total debt service payments over the next 12 years by $1,277,448 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,090,231.

In April 2012, the City issued $15,200,000 General Obligation Refunding Bonds, Series 2012 (Bonds). The bond proceeds were used to advance refund a portion of the City's outstanding indebtedness for the purpose of achieving debt service savings. The net proceeds from the issuance of the Refunding Bonds were deposited with the Escrow Agent in an amount necessary to accomplish, on their scheduled redemption date, the discharge and final payment of the Refunded Bonds. These funds will be held by the Escrow Agent in a special escrow fund and used to purchase direct obligations of the United States of America. Under the escrow agreements, between the City and the Escrow Agent, the escrow funds are irrevocably pledged to the payment of principal and interest on the Refunded Bonds. The bonds were issued at a premium of $824,334 and incurred $113,414 in issuance costs. The bonds refunded $15,675,000 in outstanding debt. As a result of the refunding, the City decreased total debt service requirements by $1,491,000, which resulted in an accounting loss of $442,695 and an economic gain of $1,146,487. The debt will legally be defeased in 2014.

L. CONDUIT DEBT

In the past, the City has approved the issuance of Health Facilities Development Corporation Bonds and Education Facilities Authority Bonds to provide financial assistance to private sector entities for the acquisition and construction of public facilities. The bonds are secured by the property financed. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2013 there were four series of Lubbock Health Facilities Development Corporation Bonds outstanding with an aggregate principal amount payable of $188,730,000. The bonds were issued between 2002 and 2008. Also as of September 30, 2013, there was one series of Lubbock Education Facilities Authority Inc. Bonds outstanding with an aggregate principal amount payable of $20,665,000. The bonds were issued in 2007.

M. SPECIAL ASSESSMENT DEBT

In FY 2008, the Vintage Township Public Facilities Corporation (PFC), a discretely presented component unit of the City, issued special assessment debt for the acquisition and construction of certain public facilities benefiting Vintage Township. The PFC had $2,195,000 outstanding special assessment debt as of September 30, 2013. The City collects assessments and forwards the collections to the bondholders. The City is not obligated in any manner for special assessment debt and is not liable for repayment of the debt. As the PFC completes construction of certain public facilities, the assets are donated to the City. As of September 30, 2013, $4,670,515 in completed construction costs was contributed to the City. The PFC has a deficit in net position net investment in capital assets which is a result of the debt held in the PFC name while the assets are donated to the City and held in the City's name.

N. FUND BALANCE

The City classified governmental fund balances as follows:

	General Fund	Governmental Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Nonspendable:				
Inventory	$ 115,585	$ -	$ -	$ 115,585
Restricted:				
Debt Service	-	-	5,390,950	5,390,950
Economic and Business Development	-	-	62,398	62,398
Tourism, Convention Centers, Arts	-	-	606,118	606,118
Animal Assistance	-	-	237,861	237,861
Tax Improvement Financing Areas	-	-	602,433	602,433
Public Improvement Districts	-	-	699,876	699,876
Cable Services to Public Buildings	-	-	560,906	560,906
Community Services Grants	-	-	144,449	144,449
Health Grants	-	-	22,345	22,345
Police Grants	-	-	2,459	2,459
Cultural and Recreation Grants	-	-	14,679	14,679
Law Enforcement Purposes	-	-	1,057,097	1,057,097
Court Technology	-	-	510,086	510,086
Donations for Community Services	-	-	70,319	70,319
Donations for Animal Services	-	-	18,032	18,032
Donations for Museums	-	-	156,210	156,210
Donations for Parks and Recreational	-	-	47,181	47,181
Donations for Fire Services	-	-	6,398	6,398
Donations for Health Services	-	-	1,038	1,038
Donations for Other Programs	-	-	803	803
Street Capital Projects	-	23,536,331	9,294,021	32,830,352
General Facility Capital Projects	-	1,656,024	-	1,656,024
Public Safety Capital Projects	-	3,623,398	-	3,623,398
Parks Capital Projects	-	1,836,965		1,836,965
TIF Capital Projects	-	-	1,860,596	1,860,596
Committed:				
Gateway Street Capital Projects	-	-	11,156,940	11,156,940
Street Capital Projects	-	766,882	-	766,882
Unassigned	33,721,048	-	(3,405,424)	30,315,624
Total Fund Balances	**$ 33,836,633**	**$ 31,419,600**	**$ 29,117,771**	**$ 94,374,004**

The North Overton TIF Special Revenue Fund has an unassigned deficit fund balance of $3,405,424. Fund model projects that this TIF will have a deficit until FY 2021. It is expected that the growth in property tax assessments in the TIF fund will eventually eliminate this deficit.

The restricted special revenue fund balances are also restricted for GWFS net position.

O. RISK MANAGEMENT

The Risk Management Fund was established to account for liability claims, workers' compensation claims, and premiums for property/casualty insurance coverage. The Risk Management Fund generates its revenue through charges to other departments, which are based on costs.

In April 1999, the City purchased workers' compensation coverage, with no deductible, from Texas Municipal League Intergovernmental Risk Pool (TML-IRP) with continuous coverage through September 30, 2009. Effective October 1, 2009 the City purchased workers' compensation coverage from Texas Political Subdivisions Joint Self-Insurance Fund (TPS). TPS operates as a self-insurance pool offering coverage to municipalities and other political subdivisions in accordance with the local government code and the terms of interlocal agreements among members. The City obtains workers' compensation coverage through a guaranteed-cost plan. Guaranteed-cost members combine their contributions to cover pooled losses and expenses. As required by interlocal agreement, TPS obtains specific excess of loss coverage over and above the self-insured retention stated in the agreement so that members will not have joint and several liabilities beyond their required contribution. Prior to April 1999 the City was self-insured for workers' compensation claims. Any claims outstanding prior to April 1999 continue to be the City's responsibility.

The City's self-insurance liability program is funded on a cash flow basis, which means that the servicing contractor processes, adjusts, and pays claims from a deposit account provided by the City. The City accounts for the liability program by charging premiums to replenish funds based upon losses, administrative fees, premiums, and reserve requirements. In order to control the risks associated with liability claims, the City purchases excess liability coverage with an $18 million annual aggregate limit and is subject to a $500,000 self-insured retention per claim.

For self-insured coverage, the Risk Management Fund establishes claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported (IBNR). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on complex factors such as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount, particularly for liability coverage. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to an expense account in the period in which they are incurred.

Additionally, property and boiler coverage is accounted for in the Risk Management Fund. The property insurance policy was purchased from an outside insurance carrier. The policy has a $250,000 deductible per occurrence, and the boiler coverage insurance deductible is up to $500,000, dependent upon the unit. Premiums are charged to funds based upon estimated premiums for the upcoming year. Departments that sustain property damage in excess of $10,000 are eligible to request assistance from the Risk Management Fund for payment of those damages up to the $250,000 policy deductible.

Other small insurance policies, such as surety bond coverage and miscellaneous floaters, are also accounted for in the Risk Management Fund. Funds are charged based on premium amounts and administrative charges. Settlements in the current year and preceding two years have not exceeded insurance coverage. The City accounts for all insurance activity in the Internal Service Funds.

P. HEALTH INSURANCE

The City provides medical and dental insurance for all full-time employees and accounts for these activities in the Health Benefits Fund. Revenue for the health insurance program is generated from each cost center,

based upon the number of active full-time employees. The City's plan is self-insured under an Administrative Services Only (ASO) Agreement. The City purchases excess coverage of $350,000 per covered individual annually. Beginning on January 1, 2012 the City discontinued coverage that included an aggregate cap. The insurance vendor, based on medical trend, claims history, and utilization, assists in the determination of the individual deductible. The actuarially determined calculation of the claim liability was $1.42 million at September 30, 2013 for all health coverages including medical, prescription drugs, and dental.
The City also provides full-time employees basic term life insurance. The life insurance policy has a face value of $10,000 per employee.

Full-time employees may elect to purchase medical insurance for eligible dependents at a reduced rate. Employees may elect to purchase dental insurance for themselves and for eligible dependents. Employees may also elect, at their cost, to participate in several voluntary insurance programs such as a cancer policy, voluntary life, and personal accident insurance.

The Risk Management and Health Benefits Funds established a liability for self-insurance for both reported and unreported insured events, which included estimates of future payments of losses and related claim adjustment expenses.

The following represents changes in those aggregate liabilities for these funds during the past two years ended September 30:

	FY 2013	FY 2012
Workers' Compensation and Liability Reserves at Beginning of Fiscal Year	$ 3,579,646	$ 4,411,205
Claims Expenses	4,401,410	4,118,047
Claims Payments	(4,178,827)	(4,949,606)
Workers' Compensation and Liability Reserves at End of Fiscal Year	3,802,229	3,579,646
Medical and Dental Claims Liability at Beginning of Fiscal Year	1,747,807	1,744,773
Claims Expenses	27,037,884	26,355,546
Claims Payments	(27,226,328)	(26,352,512)
Medical and Dental Claims Liability at End of Fiscal Year	1,559,363	1,747,807
Total Self-Insurance Liability at End of Fiscal Year	$ 5,361,592	$ 5,327,453
Total Assets to Pay Claims at End of Fiscal Year	$ 24,252,809	$ 21,156,777
Accrued Insurance Claims Payable - Current	$ 3,797,747	$ 3,073,975
Accrued Insurance Claims Payable - Noncurrent	1,563,845	2,253,478
Total Accrued Insurance Claims	$ 5,361,592	$ 5,327,453

Q. LANDFILL CLOSURE AND POST CLOSURE CARE COST

State and federal laws and regulations require the City to place final covers on its landfill sites at closure and to perform certain maintenance and monitoring functions for 30 years thereafter. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and post closure costs as operating expenses (and recognizes a corresponding liability) in each period based on landfill capacity used as of each statement of net position date.

The $5,079,349 included in landfill closure and post closure care liability at September 30, 2013, represents the cumulative amount expensed by the City to date for its two landfills that are registered under TCEQ permit numbers 69 (Landfill 69) and 2252 (Landfill 2252), less amounts that have been paid. Approximately 95.6 percent of the estimated capacity of Landfill 69 has been used, with $599,313 remaining to be recognized over the remaining closure period. Approximately 5.5 percent of the estimated capacity of Landfill 2252 has been used to date, with $18,563,076 remaining to be recognized over the remaining closure period, estimated at over 200 years. Post closure care costs are based on prior estimates and have been adjusted for inflation. Actual costs may differ due to inflation, deflation, changes in technology, or other regulatory changes.

The City is required by state and federal laws and regulations to provide assurance that financial resources will be available for landfill closure, post closure care, and remediation or containment of environmental hazards. The City is in compliance with these requirements and has chosen the Local Government Financial Test mechanism for providing assurance. The City expects to finance costs through normal operations.

R. DISAGGREGATION OF ACCOUNTS – FUND FINANCIAL STATEMENTS

	Accounts Receivable Summary					
	Court Fines	Franchise Fees	Property Damage	Paving	Misc.	Balance at 09/30/13
Governmental Funds:						
General Fund	$ 2,509,098	$ 427,469	$ 371,199	$ 221,837	$ 30,484	$ 3,560,087
Capital Projects	-	-	-	-	12,538	12,538
Nonmajor	-		-	-	287,052	287,052
Total	$ 2,509,098	$ 427,469	$ 371,199	$ 221,837	$ 330,074	$ 3,859,677

	Accounts Receivable Summary			
	General Consumer	Credit Card	Misc.	Balance at 09/30/13
Proprietary Funds:				
LP&L	$ 33,933,278	$ -	$ 220,319	$34,153,597
Water	10,901,703	199	316,739	11,218,641
Wastewater	4,083,048	-	-	4,083,048
WTMPA	657,731	-	-	657,731
Storm Water	2,227,609	-	-	2,227,609
Nonmajor	3,821,121	1,807	53,545	3,876,473
Total	$ 55,624,490	$ 2,006	$ 590,603	$56,217,099

Allowance for Doubtful Accounts Summary

	Balance at 09/30/13
Governmental Funds:	
General Fund	$ 2,652,355
Proprietary Funds:	
LP&L	3,222,125
Water	1,444,414
Wastewater	582,014
Storm Water	316,740
Nonmajor	407,162
Total	$ 8,624,810

Accounts Payable Summary

	Vouchers	Accounts	Miscellaneous	Balance at 09/30/13
Governmental Funds:				
General Fund	$ 820,746	$ 3,169,002	$ -	$ 3,989,748
Govt. Capital Projects	1,803,657	8,931	1,145,134	2,957,722
Nonmajor	617,779	1,265,297	237,184	2,120,260
Proprietary Funds:				
LP&L	481,718	189,448	136,900	808,066
Water	725,075	1,664,089	666,405	3,055,569
Wastewater	281,904	741,126	244,843	1,267,873
WTMPA	-	13,356,897	-	13,356,897
Storm Water	1,233,848	1,072	1,302,963	2,537,883
Nonmajor	1,259,683	398,779	625,936	2,284,398
Internal Service	2,478,407	856,239	953,988	4,288,634
Total	$ 9,702,817	$ 21,650,880	$ 5,313,353	$ 36,667,050

S. DISAGGREGATION OF ACCOUNTS - GOVERNMENT-WIDE

Net Receivables

	Accounts Receivable	Interest Receivable	Taxes Receivable	Internal Service Receivables	Balance at 09/30/13
Governmental Activities	$ 1,207,322	$ 50,697	$ 12,715,905	$ 8,007	$ 13,981,931
Business-Type Activities	50,244,644	140,903	-	4,656	50,390,203
Total	$ 51,451,966	$ 191,600	$ 12,715,905	$ 12,663	$ 64,372,134

	Accounts Payable		
	Accounts Payable	Internal Service Payables	Balance at 09/30/13
Governmental Activities	$ 9,067,730	$ 3,259,940	$ 12,327,670
Business-Type Activities	23,310,686	1,028,694	24,339,380
Total	$ 32,378,416	$ 4,288,634	$ 36,667,050

T. FUND CLOSURES

There were no fund closures.

NOTE IV. CONTINGENT LIABILITIES

A. FEDERAL GRANTS

In the normal course of operations, the City receives grant funds from state and federal agencies. The grant programs are subject to audits by agents of the granting authority to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grants is not believed to be significant.

B. LITIGATION

The City is involved in various legal proceedings related to alleged personal and property damages, breach of contract and civil rights cases, some of which involve claims against the City that exceed $500,000. State law limits municipal liability for personal injury to $250,000 per person/$500,000 per occurrence and property damage to $100,000 per claim.

The City's insurance coverage, if available, contains either a $250,000 or a $500,000 self-insured retention depending on the date of the occurrence. As of September 30, 2013, the City has $2,494,117 reserved on general liability claims, as determined by an actuarial calculation.

The following represents the significant litigation against the City at this time.

Hennsley v. City of Lubbock

This is a civil service case in which the Plaintiff, a police officer, appealed his termination to a hearing examiner pursuant to Texas civil service law.

Appaloosa Development v. City of Lubbock

Plaintiff has sued the City alleging a claim for inverse condemnation, which would not be covered by insurance, as a result of the City's denial of a zoning request.

Montez v. City of Lubbock

Plaintiff alleged stepping into a hole where a utility pole previously existed and the hole was not marked to warn of danger or prevent injury. A settlement was reached in December 2013 in the amount of $90,000.

AT&T v. City of Lubbock

Due to Council resolution which determined, as required by Lubbock Code of Ordinances, the necessity for utilities located overhead to be relocated to an underground duct system, we are anticipating legal action of some kind due to AT&T's legal position that they should not bear the sole expense of the relocation of the lines.

Republic Power Partners, L.P. v. WTMPA and the City of Lubbock

The City originally received a Demand for Payment letter from Republic Power Partners. Republic is seeking payment pursuant to a Development Agreement it had entered into with West Texas Municipal Power Agency (WTMPA) to develop a power project. Republic is claiming damages as a result of an alleged breach of representations of WTMPA per the Development Agreement. Republic has since filed suit against WTMPA and the City for breach of contract. WTMPA and the City have filed pleas. WTMPA's plea was denied and the City's was granted. Both WTMPA and Republic are appealing the respective denials. A loss, if any, cannot be estimated at this time.

Coyote Lake Ranch, L.L.C v. City of Lubbock

The City purchased water rights on the Plaintiff's property and Plaintiff is suing for breach of contract asserting City has not paid for surface damages.

David Smith v. City of Lubbock

Plaintiff reported allegations of perjury and alleges that led to his termination. He has sued the City asserting a whistleblower cause of action.

In the interest of Akeelah Lockett (minor child) v. City of Lubbock

Plaintiff has sued the City after suffering electrical burns upon entering a Lubbock Power and Light transformer box.

Trengove v. City of Lubbock

The City is liable for a motor vehicle accident resulting in a fatality. A settlement in the amount of $250,000 will be finalized in February 2014.

C. SITE REMEDIATION

The City accounts for pollution remediation obligations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The City contracts with an engineering firm to perform the necessary remediation activities and cost estimates. Pollution remediation obligations are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

The City owns numerous properties with environmental issues that meet the criteria for "obligating events" and disclosure under GASB Statement No. 49. These issues resulted from either underground storage tanks or historical fire training activities. All the properties meeting the criteria have been in existence for several years and are at the "remediation design and implementation, through and including operation and maintenance, and post remediation monitoring" benchmark discussed in GASB 49. In fact, the City has been monitoring and recording each of the obligations for at least six years.

The City contracts with an engineering firm (eHT/Enprotec) to perform the necessary remediation activities. Enprotec works closely with the Texas Commission on Environmental Quality (TCEQ) on each of the properties. The remediation activities the City is required to perform have been approved by TCEQ. The City has a set plan of action for each property that TCEQ requires the City to follow.

As of September 30, 2013 the City recorded pollution remediation obligations in the enterprise funds as follows:

- LP&L Cooke Plant $169,000

The City recorded the obligations in the government-wide governmental statements as follows:

- Fire Training Academy $79,317

City of
Lubbock
TEXAS

City of Lubbock, Texas
Required Supplementary Information
Schedule of Funding Progress
For the Year Ended September 30, 2013

Texas Municipal Retirement System (TMRS); Lubbock Fire Pension Fund (LFPF); Other Postemployment Benefit Plan (OPEB)[1]

Actuarial Valuation Date	Plan	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio as a Percentage (a/b)	Covered Payroll (c)
12/31/07	TMRS	200,185,558	326,014,062	125,828,504	61.4	70,894,738
12/31/08	TMRS	205,404,057	340,442,759	135,038,702	60.3	76,122,620
12/31/09	TMRS	215,364,273	354,093,030	138,728,757	60.8	75,989,719
12/31/10 [2]	TMRS	224,046,370	365,372,379	141,326,009	61.3	77,519,460
12/31/10 [3]	TMRS	399,082,717	505,579,279	106,496,562	78.9	77,519,460
12/31/11	TMRS	424,248,797	527,348,056	103,099,259	80.4	81,223,098
12/31/12	TMRS	452,961,401	549,794,250	96,832,849	82.4	83,361,865
12/31/06	LFPF	138,098,239	164,396,183	26,297,944	84.0	17,290,674
12/31/08	LFPF	144,130,117	184,149,288	40,019,171	78.3	19,703,429
12/31/10	LFPF	156,812,670	197,495,395	40,682,725	79.4	21,561,187
1/1/13	LFPF	161,745,303	217,103,746	55,358,443	74.5	24,740,222
10/1/07	OPEB	-	81,918,738	81,918,738	-	88,185,412
10/1/09	OPEB	-	126,167,945	126,167,945	-	95,693,148
10/1/11	OPEB	-	154,305,935	154,305,935	-	108,102,087

[1]Health/Dental Care Insurance Plan
[2]Actuarial valuation performed under the original fund structure
[3]Actuarial valuation performed under the new fund structure

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

TMRS issues a publicly available comprehensive annual financial report that provides detailed explanations of actuarial assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

City of Lubbock, Texas
Required Supplementary Information
Schedule of Funding Progress (Continued)
For the Year Ended September 30, 2013

The changes in actuarial assumptions for the Lubbock Fire Pension Fund January 1, 2013 valuation are discussed next.

The valuation date was changed to the first day of the plan year. In addition, the application of the salary scale (a) with respect to salary increases and (b) with respect to increases in the normal cost was adjusted so as to be in complete alignment.

The mortality table used for the valuation was changed from the Employee and Healthy Annuitant Combined Rates from the RP-200 Mortality Table, projected to 2006 using Scale AA, with separate rates for males and females, to the same tables projected to 2015 using Scale AA. The mortality changes were made in order to recognize mortality improvement through the valuation date and provide a margin for future mortality improvement.

The assumption with respect to recovery from disability was changed. For the 2013 valuation, it was assumed that no disabled members would recover from disability. The 2010 valuation assumed that 75 percent of disabled retirees would receive a 50 percent reduction in benefits after 2 ½ years, and that five percent of disabled members would have their benefits terminated after 2 ½ years.

The assumed City contribution rate was increased to 22.63 percent of compensation, the rate at which the City of Lubbock is contributing to the plan for 2014. The assumed city contribution rate for the 2010 valuation was 22.83 percent of compensation. In addition, the salary increase factors were adjusted by one year.

The changes in assumptions were made in order to most accurately reflect anticipated plan experience.

A more detailed discussion can be found in the Lubbock Fire Pension Fund Actuarial Valuation as of January 1, 2013 and be obtained from the Board of Trustees, LFPF, 15 Briercroft Office Park, Lubbock, TX 79412.

The detailed discussion of the actuarial assumptions used for the City of Lubbock Retiree Health Care Plan Actuarial Valuation Report as of October 1, 2011 can be obtained from the City.

City of Lubbock, Texas
Required Supplementary Information
Mandatory Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes				
Property Tax	$ 43,799,854	$ 43,799,854	$ 43,811,898	$ 12,044
Delinquent Taxes	915,000	915,000	934,270	19,270
Sales Tax	52,577,969	53,011,559	57,062,628	4,051,069
Mixed Beverage Tax	870,482	870,482	961,161	90,679
Bingo Tax	285,358	285,358	305,217	19,859
Suddenlink	1,142,025	1,142,025	1,188,541	46,516
Excel	-	-	1,613	1,613
South Plains Electric Cooperative	598,972	598,972	579,726	(19,246)
West Texas Gas Company	-	-	4,098	4,098
Atmos	1,575,000	1,575,000	1,335,211	(239,789)
Telecom Right of Way	1,871,089	1,871,089	2,046,282	175,193
Development Services	126,696	126,696	185,520	58,824
General Government	69,903	69,903	83,452	13,549
City Secretary	312,290	312,290	309,009	(3,281)
Public Safety	1,096,650	1,096,650	1,150,289	53,639
Public Works	79,100	79,100	106,249	27,149
Health	16,990	16,990	16,228	(762)
Animal Shelter	126,000	126,000	132,662	6,662
Cultural/Recreational	984,529	984,529	1,017,933	33,404
Museum	215,150	215,150	170,630	(44,520)
Licenses and Permits	2,144,489	2,144,489	2,621,518	477,029
Intergovernmental	575,413	575,413	353,441	(221,972)
Fines and Forfeitures	3,283,600	3,283,600	3,658,243	374,643
Interest Earnings	-	-	29,389	29,389
Rental	9,756	9,756	8,003	(1,753)
Recoveries of Expenditures	720,621	720,621	875,470	154,849
Other	1,373,355	1,373,355	1,475,279	101,924
Transfers from Special Revenue Funds	299,720	299,720	299,720	-
Transfers from Electric Fund	8,205,106	8,205,106	8,917,997	712,891
Transfers from Water Fund	9,245,651	9,245,651	9,245,651	-
Transfers from Sewer Fund	3,753,409	3,753,410	3,753,410	-
Transfers from Solid Waste	2,347,431	2,347,431	2,347,431	-
Transfers from Airport Fund	1,603,080	1,603,080	1,603,080	-
Transfers from Stormwater	2,138,307	2,138,307	2,138,307	-
Total Revenue	$ 142,362,995	$ 142,796,586	$ 148,729,556	$ 5,932,970
EXPENDITURES				
Administrative Services				
City Attorney	$ 1,790,771	$ 1,833,558	$ 1,797,156	$ 36,402
City Council	432,864	314,316	292,123	22,193
City Manager	440,728	450,710	790,323	(339,613)
City Secretary	758,121	948,442	928,121	20,321
Facilities Management	2,996,042	3,016,786	3,539,149	(522,363)
Finance	2,310,955	2,354,968	2,289,755	65,213
Human Resources	383,324	391,410	389,794	1,616
Internal Audit	172,325	306,471	305,848	623
Non-departmental	6,334,612	6,646,801	6,186,175	460,626
Total Administrative Services	15,619,742	16,263,462	16,518,444	(254,982)

City of Lubbock, Texas
Required Supplementary Information
Mandatory Budgetary Comparison Schedule (Continued)
General Fund
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Community Services				
Building Inspection	$ 1,609,363	$ 1,641,820	$ 1,642,200	$ (380)
Planning	550,818	560,740	561,593	(853)
Total Community Services	2,160,181	2,202,560	2,203,793	(1,233)
Cultural and Recreation Services				
Library	3,622,433	3,670,262	3,708,159	(37,897)
Parks	8,881,855	8,969,688	9,197,674	(227,986)
Museums	858,663	870,669	856,101	14,568
Total Cultural and Recreation Services	13,362,951	13,510,619	13,761,934	(251,315)
Public Works				
Engineering	1,193,393	1,218,281	1,035,562	182,719
Streets	2,887,124	2,926,552	2,318,275	608,277
Traffic	3,154,739	3,200,892	3,167,784	33,108
Total Public Works	7,235,256	7,345,725	6,521,621	824,104
Public Safety and Health Services				
Animal Services	1,776,541	1,803,643	1,747,961	55,682
Fire	38,744,926	39,597,360	40,049,928	(452,568)
Health	619,776	627,824	531,072	96,752
Municipal Court	1,525,390	1,549,773	1,581,953	(32,180)
Police	56,590,651	57,730,558	56,365,822	1,364,736
Vector Control	386,143	392,515	341,580	50,935
Total Public Safety and Health Services	99,643,427	101,701,673	100,618,316	1,083,357
Transfers	3,660,339	3,812,547	3,925,473	(112,926)
3 Percent Salary Increase	2,571,099	-	-	-
Payroll Accrual/Other	(750,000)	(750,000)	-	(750,000)
Total Expenditures	$ 143,502,995	$ 144,086,586	$ 143,549,581	$ 537,005
Revenues less expenditures	$ (1,140,000)	$ (1,290,000)	$ 5,179,975	$ 6,469,975

City of Lubbock, Texas
Required Supplementary Information
Budget Comparison Schedule (Continued)
General Fund
For the Year Ended September 30, 2013

Explanation of Differences between Budgetary Revenues and Expenditures to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Revenues, Expenditures, and Other Financing Sources (Uses)

Revenues and Other Financing Sources	
Actual amounts (budgetary basis) "Total Revenue" from the Budget Comparison Schedule	$148,729,556
Adjustments:	
Proceeds from the issuance of capital leases are classified as other financing sources for GAAP reporting, but are not included in total revenue on the budget basis	5,778,891
Total general fund revenues and other financing sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$154,508,447
Expenditures and Other Financing Uses	
Actual amounts (budgetary basis) "Total Expenditures" from the Budget Comparison Schedule	$143,549,581
Adjustments:	
Capital outlay that has or will be purchased from capital lease proceeds are classified as expenditures for GAAP reporting, but are not included in total expenditures on the budget basis	5,283,678
Total general fund expenditures and other financing uses as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$148,833,259

City of
Lubbock
TEXAS

City of Lubbock, Texas
Other Supplementary Information
Supplementary Budgetary Comparison Schedule
Special Revenue Funds and Debt Service Fund
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts Budgetary Basis
Abandoned Motor Vehicle		
Revenues and transfers in	480,000	564,767
Utilization of fund balance	319,720	-
Expenditures and transfers out	(799,720)	(718,615)
Animal Assistance		
Revenues and transfers in	90,000	107,536
Expenditures and transfers out	(90,000)	(81,583)
Cable Services		
Revenues and transfers in	252,427	534,462
Expenditures and transfers out	(252,427)	-
Central Business District TIF		
Revenues and transfers in	619,504	627,678
Utilization of fund balance	732,141	-
Expenditures and transfers out	(1,351,645)	(1,335,330)
Community Development Grant		
Revenues and transfers in	3,261,540	3,998,710
Expenditures and transfers out	(3,261,540)	(4,003,475)
Criminal Investigation		
Revenues and transfers in	-	274,134
Utilization of fund balance	750,000	-
Expenditures and transfers out	(750,000)	(245,115)
Debt Service		
Revenues and transfers in	30,794,764	61,873,515
Utilization of fund balance	67,531	-
Expenditures and transfers out	(30,862,295)	(61,714,069)
Department of Justice Asset Sharing*		
Revenues and transfers in	-	1,430
Utilization of fund balance	-	-
Expenditures and transfers out	-	-
Economic Development Incentive		
Revenues and transfers in	3,666,908	3,707,051
Expenditures and transfers out	(3,666,136)	(3,684,582)

City of Lubbock, Texas
Other Supplementary Information
Supplementary Budgetary Comparison Schedule (Continued)
Special Revenue Funds and Debt Service Fund
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts Budgetary Basis
Emergency Management Grant**		
Revenues and transfers in	390,612	411,534
Expenditures and transfers out	(390,612)	(411,534)
Gateway Streets		
Revenues and transfers in	7,048,336	7,392,977
Utilization of fund balance	1,244,428	-
Expenditures and transfers out	(8,292,764)	(8,294,279)
Hotel Motel Tax		
Revenues and transfers in	5,144,856	6,147,539
Expenditures and transfers out	(5,144,856)	(5,818,020)
Lubbock Business Park TIF		
Revenues and transfers in	251,995	261,139
Expenditures and transfers out	(10,000)	(3,293)
Lubbock Economic Development Alliance		
Revenues and transfers in	4,779,816	5,187,512
Expenditures and transfers out	(4,779,816)	(5,187,512)
Municipal Court		
Revenues and transfers in	274,148	297,354
Utilization of fund balance	95,534	-
Expenditures and transfers out	(369,682)	(305,560)
North Overton PID		
Revenues and transfers in	455,238	483,661
Utilization of fund balance	20,380	-
Expenditures and transfers out	(475,618)	(421,994)
North Overton District TIF		
Revenues and transfers in	3,291,821	3,329,431
Expenditures and transfers out	(3,291,821)	(3,274,215)
North Point PID		
Revenues and transfers in	76,244	82,965
Utilization of fund balance	76,779	-
Expenditures and transfers out	(153,023)	(36,357)

City of Lubbock, Texas
Other Supplementary Information
Supplementary Budgetary Comparison Schedule (Continued)
Special Revenue Funds and Debt Service Fund
For the Year Ended September 30, 2013

	Final Budget	Actual Amounts Budgetary Basis
Quincy Park PID		
Revenues and transfers in	36,558	40,744
Utilization of fund balance	817	-
Expenditures and transfers out	(37,375)	(7,818)
Valencia PID		
Revenues and transfers in	3,527	3,920
Expenditures and transfers out	(3,500)	(3,213)
Vintage Township PID		
Revenues and transfers in	236,369	715,813
Expenditures and transfers out	(236,369)	(774,608)

*Part of Police on the Combining Nonmajor Governmental Funds.
**Part of Other Grants on the Combining Nonmajor Governmental Funds.

The following Governmental Funds have been intentionally excluded from this schedule due to the fact that they do not have legally adopted budgets or they are budgeted on a project or grant cumulative basis, crossing fiscal years: Donations, Cemetery Maintenance, Community Services, Health, Library, Police, Other Grants, and the three Capital Project Funds.

City of Lubbock TEXAS

CITY OF LUBBOCK, TEXAS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed by City Council to expenditures for specified purposes.

Criminal Investigation Fund – Accounts for the allocation of revenues derived from court ordered forfeitures of monies from criminal investigations and related activities.

Municipal Court Fund – Accounts for certain revenues from municipal court fees collected to be used on court technology and juvenile case managers.

Abandoned Motor Vehicle Fund – Accounts for the proceeds from the sale of abandoned vehicles and payments to wrecker services.

Economic Development Incentive Fund – Accounts for a portion of tax revenues to promote industrial and economic development.

Donations Fund – Accounts for various special interest donations and the distribution of those funds.

Hotel/Motel Tax Fund – Accounts for total hotel/motel occupancy tax receipts and distributions.

Animal Assistance Program – Accounts for registration/identification fees collected to be used to promote the sterilization program for dogs and cats.

Lubbock Economic Development Alliance Fund – Accounts for sales tax received and distribution to Lubbock Economic Development Alliance.

North Overton District Tax Increment Finance (TIF) Reinvestment Zone Fund – Accounts for incremental property tax funds dedicated to the development of the North Overton District.

Central Business District (CBD) Tax Increment Finance (TIF) Reinvestment Zone Fund – Accounts for incremental property tax funds dedicated to the development of the Central Business District.

Lubbock Business Park Tax Increment Finance (TIF) Fund – Accounts for incremental property tax funds dedicated to the development of the Lubbock Business Park.

North Overton Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used in the payment of professional services and special security charges.

North Point Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to maintain the North Point area. This includes maintaining common areas and landscaping at the entry stations, and constructing a hike and bike trail.

Vintage Township Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to construct public improvements in the PID.

CITY OF LUBBOCK, TEXAS

Special Revenue Funds (Continued)

Quincy Park Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to maintain the Quincy Park area. This includes maintaining common areas, landscaping on the boulevard and entrances, and the park at 91st and Quitman.

Valencia Park Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to maintain the amenities in the 87th Street right-of-way (ROW), median, and park.

Gateway Streets Fund – Accounts for collection of franchise fees from various utility companies. Amounts are distributed to a Capital Projects Gateway Streets fund for street improvements.

Cable Services – Accounts for franchise fees received on cable/video services to be used by the City as allowed by federal law.

Community Development Fund – Accounts for the receipt and disbursement of Community Development Block Grant funds from the United States Department of Housing and Urban Development.

Community Services Fund – Accounts for the receipt and disbursement of funds received from the Texas Department of Housing and Community Affairs, United States Department of Energy, and United States Department of Health and Human Services.

Health Fund – Accounts for the receipt and disbursement of funds received from the Texas Department of State Health Services and the United States Department of Health and Human Services.

Library Fund – Accounts for the receipt and disbursement of funds received from the Texas State Library and Archives Commission and United States Department of Education.

Police Fund – Accounts for the receipt and disbursement of funds received from the United States Department of Transportation, United States Department of Treasury, Texas Department of Highways and Public Transportation, Office of the Governor, Office of Justice Program, Criminal Justice Division, and United States Department of Justice.

Other Grants Fund – Accounts for the receipt and disbursement of funds received from the United States Department of Commerce, Texas Department of Transportation, Texas Forest Service, United States Department of Energy, Texas Department of Aging and Disability Services, Lubbock Emergency Communication District and the Governor's Emergency Management Grant.

Debt Service Fund

This fund is used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments made by enterprise funds. Ad valorem taxes and interest earned on the investments of the Debt Service Funds are used for the payment of principal, interest, and commissions to fiscal agents on the City's general obligation bonds, which are reflected in the Government-Wide Financial Statements.

CITY OF LUBBOCK, TEXAS

Capital Project Funds

The Capital Projects Funds account for all capital improvements, except for those accounted for in proprietary funds, which are financed by the City's general obligation bond issues, certain sales taxes, certain Federal capital grants, and other specific receipts.

Tax Increment Finance (TIF) Capital Projects Fund – Accounts for the financing and expenditures related to the Central Business and North Overton Districts.

Gateway Streets Project Fund – Accounts for the financing and expenditures related to major street improvements.

City of Lubbock, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	Special Revenue Funds			
	Criminal Investigation	Municipal Court	Abandoned Motor Vehicle	Economic Development Incentive
ASSETS				
Cash and cash equivalents	$ 286,920	$ 97,485	$ 67,963	$ 16,869
Investments	1,221,173	414,912	289,258	71,795
Taxes receivable (net)	-	-	-	87,320
Accounts receivable (net)	-	-	-	-
Interest receivable	259	218	152	38
Due from other governments	-	-	-	-
Due from others	-	-	-	-
Restricted investments	-	-	-	-
Pledges and leases receivable	-	-	-	-
Total assets	$ 1,508,352	$ 512,615	$ 357,373	$ 176,022
LIABILITIES				
Accounts payable	$ -	$ -	$ 180,989	$ 12,510
Accrued liabilities	-	2,529	-	816
Customer deposits	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue - other	623,279	-	-	4,426
Total liabilities	623,279	2,529	180,989	17,752
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	95,872
Total deferred inflows of resources	-	-	-	95,872
FUND BALANCES				
Restricted	885,073	510,086	176,384	62,398
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	885,073	510,086	176,384	62,398
Total liabilities, deferred inflows of resources, and fund balances	$ 1,508,352	$ 512,615	$ 357,373	$ 176,022

Special Revenue Funds						
Donations	Hotel/Motel Tax	Animal Assistance Program	Lubbock Economic Development Alliance	North Overton TIF	Central Business District TIF	Lubbock Business Park TIF
$ 57,048	$ 20,026	$ 45,433	$ 4,989	$ -	$ 26,139	$ 94,201
242,806	85,234	193,370	21,236	-	111,253	400,932
-	-	-	915,656	-	-	-
-	-	-	-	-	-	-
127	-	102	11	-	75	210
-	-	-	-	-	-	-
-	785,618	-	-	-	-	-
-	-	-	-	1,102,606	40,326	-
-	-	-	-	2,742,988	-	-
$ 299,981	$ 890,878	$ 238,905	$ 941,892	$ 3,845,594	$ 177,793	$ 495,343
$ -	$ 284,760	$ 497	$ 941,892	$ -	$ 29,500	$ -
-	-	547	-	537	792	85
-	-	-	-	-	-	-
-	-	-	-	3,404,886	-	-
-	-	-	-	2,742,989	-	-
-	284,760	1,044	941,892	6,148,412	30,292	85
-	-	-	-	-	-	-
-	-	-	-	-	-	-
299,981	606,118	237,861	-	1,102,606	147,501	495,258
-	-	-	-	-	-	-
-	-	-	-	(3,405,424)	-	-
299,981	606,118	237,861	-	(2,302,818)	147,501	495,258
$ 299,981	$ 890,878	$ 238,905	$ 941,892	$ 3,845,594	$ 177,793	$ 495,343

City of Lubbock, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	Special Revenue Funds			
	North Overton PID	North Point PID	Vintage Township PID	Quincy Park PID
ASSETS				
Cash and cash equivalents	$ 28,858	$ 64,937	$ -	$ 13,174
Investments	122,825	276,382	-	56,069
Taxes receivable (net)	-	-	-	-
Accounts receivable (net)	2,073	-	-	-
Interest receivable	64	145	-	29
Due from other governments	-	-	-	-
Due from others	-	-	1,369	292
Restricted investments	-	-	165,567	-
Pledges and leases receivable	-	-	-	-
Total assets	$ 153,820	$ 341,464	$ 166,936	$ 69,564
LIABILITIES				
Accounts payable	$ 29,965	$ 899	$ -	$ -
Accrued liabilities	183	92	-	107
Customer deposits	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue - other	-	-	-	-
Total liabilities	30,148	991	-	107
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Restricted	123,672	340,473	166,936	69,457
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	123,672	340,473	166,936	69,457
Total liabilities, deferred inflows of resources, and fund balances	$ 153,820	$ 341,464	$ 166,936	$ 69,564

Special Revenue Funds

Valencia PID	Gateway Streets	Cable Services	Community Development	Community Services	Health	Library
$ 135	$ 1,945,500	$ 80,955	$ 229,758	$ -	$ -	$ -
572	8,280,322	344,556	977,884	-	-	-
-	-	-	-	-	-	-
-	284,979	-	-	-	-	-
-	17,371	181	-	-	-	-
-	-	-	1,290,324	633,370	181,210	-
-	628,768	135,214	-	-	-	-
-	2,718,609	-	-	-	-	-
-	-	-	-	-	-	-
$ 707	$ 13,875,549	$ 560,906	$ 2,497,966	$ 633,370	$ 181,210	$ -
$ -	$ -	$ -	$ 123,844	$ 217,043	$ 14,661	$ -
-	-	-	17,582	3,006	13,704	-
-	-	-	2,324,612	-	-	-
-	-	-	-	406,564	129,025	-
-	-	-	31,928	-	1,475	-
-	-	-	2,497,966	626,613	158,865	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
707	2,718,609	560,906	-	6,757	22,345	-
-	11,156,940	-	-	-	-	-
-	-	-	-	-	-	-
707	13,875,549	560,906	-	6,757	22,345	-
$ 707	$ 13,875,549	$ 560,906	$ 2,497,966	$ 633,370	$ 181,210	$ -

City of Lubbock, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013

	Special Revenue Funds			
	Police	Other Grants	Total Special Revenue Funds	Debt Service Fund
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 3,080,390	$ -
Investments	-	-	13,110,579	-
Taxes receivable (net)	-	-	1,002,976	314,955
Accounts receivable (net)	-	-	287,052	-
Interest receivable	-	-	18,982	632
Due from other governments	9,782	438,701	2,553,387	-
Due from others	-	-	1,551,261	-
Restricted investments	-	-	4,027,108	1,488,118
Pledges and leases receivable	-	-	2,742,988	-
Total assets	$ 9,782	$ 438,701	$ 28,374,723	$ 1,803,705
LIABILITIES				
Accounts payable	$ -	$ 52,331	$ 1,888,891	$ -
Accrued liabilities	-	8,284	48,264	-
Customer deposits	-	-	2,324,612	-
Due to other funds	4,671	230,016	4,175,162	-
Unearned revenue - other	2,652	59	3,406,808	-
Total liabilities	7,323	290,690	11,843,737	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	95,872	275,665
Total deferred inflows of resources	-	-	95,872	275,665
FUND BALANCES				
Restricted	2,459	148,011	8,683,598	1,528,040
Committed	-	-	11,156,940	-
Unassigned	-	-	(3,405,424)	-
Total fund balances	2,459	148,011	16,435,114	1,528,040
Total liabilities, deferred inflows of resources, and fund balances	$ 9,782	$ 438,701	$ 28,374,723	$ 1,803,705

Capital Projects Funds			
TIF Capital Projects	Gateway Streets Projects	Total Capital Projects Funds	Total Nonmajor Governmental Funds
$ -	$ 208,482	$ 208,482	$ 3,288,872
-	887,329	887,329	13,997,908
-	-	-	1,317,931
-	-	-	287,052
-	-	-	19,614
-	-	-	2,553,387
-	-	-	1,551,261
1,860,802	8,430,190	10,290,992	15,806,218
-	-	-	2,742,988
$ 1,860,802	$ 9,526,001	$ 11,386,803	$ 41,565,231
$ 206	$ 231,163	$ 231,369	$ 2,120,260
-	817	817	49,081
-	-	-	2,324,612
-	-	-	4,175,162
-	-	-	3,406,808
206	231,980	232,186	12,075,923
-	-	-	371,537
-	-	-	371,537
1,860,596	9,294,021	11,154,617	21,366,255
-	-	-	11,156,940
-	-	-	(3,405,424)
1,860,596	9,294,021	11,154,617	29,117,771
$ 1,860,802	$ 9,526,001	$ 11,386,803	$ 41,565,231

City of Lubbock, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Special Revenue Funds			
	Criminal Investigation	**Municipal Court**	**Abandoned Motor Vehicle**	**Economic Development Incentive**
REVENUES				
Property taxes	$ -	$ -	$ -	$ 3,707,051
Sales taxes	-	-	-	-
Occupancy taxes	-	-	-	-
Franchise taxes	-	-	-	-
Special assessments	-	-	-	-
Fees and fines	-	297,067	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	69	287	170	-
IRS Build America Bond Subsidy	-	-	-	-
Miscellaneous	274,065	-	564,597	-
Total revenues	274,134	297,354	564,767	3,707,051
EXPENDITURES				
Current:				
Community services	-	-	-	-
Cultural and recreation	-	-	-	-
Economic and business development	-	-	-	3,684,582
Health	-	-	-	-
Fire	-	-	-	-
Police	215,887	-	418,895	-
Other public safety	-	305,560	-	-
Streets and traffic	-	-	-	-
Intergovernmental	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	29,228	-	-	-
Total expenditures	245,115	305,560	418,895	3,684,582
Excess (deficiency) of revenues over (under) expenditures	29,019	(8,206)	145,872	22,469
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Bond premium	-	-	-	-
Payment to the refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(299,720)	-
Net other financing sources (uses)	-	-	(299,720)	-
Net change in fund balances	29,019	(8,206)	(153,848)	22,469
Fund balances - beginning of year	856,054	518,292	330,232	39,929
Fund balances - end of year	$ 885,073	$ 510,086	$ 176,384	$ 62,398

Special Revenue Funds						
Donations	Hotel/Motel Tax	Animal Assistance Program	Lubbock Economic Development Alliance	North Overton TIF	Central Business District TIF	Lubbock Business Park TIF
$ -	$ -	$ -	$ -	$ 2,718,064	$ 627,532	$ 260,920
-	-	-	5,187,512	-	-	-
-	6,147,539	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	107,410	-	-	-	-
202	-	126	-	-	146	219
-	-	-	-	-	-	-
48,253	-	-	-	88,820	-	-
48,455	6,147,539	107,536	5,187,512	2,806,884	627,678	261,139
74,529	-	-	-	-	-	-
191,139	-	-	-	-	-	-
-	3,337,313	-	5,187,512	23,453	405,632	3,293
10,554	-	81,583	-	-	-	-
358		-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	445	-	-	2,175	-	-
-	-	-	-	-	-	-
276,580	3,337,758	81,583	5,187,512	25,628	405,632	3,293
(228,125)	2,809,781	25,953	-	2,781,256	222,046	257,846
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
150,000	-	-	-	522,547	-	-
-	(2,480,262)	-	-	(3,248,587)	(929,698)	-
150,000	(2,480,262)	-	-	(2,726,040)	(929,698)	-
(78,125)	329,519	25,953	-	55,216	(707,652)	257,846
378,106	276,599	211,908	-	(2,358,034)	855,153	237,412
$ 299,981	$ 606,118	$ 237,861	$ -	$(2,302,818)	$ 147,501	$ 495,258

City of Lubbock, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Special Revenue Funds			
	North Overton PID	North Point PID	Vintage Township PID	Quincy Park PID
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Sales taxes	-	-	-	-
Occupancy taxes	-	-	-	-
Franchise taxes	-	-	-	-
Special assessments	473,493	82,784	233,327	40,710
Fees and fines	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	114	181	-	34
IRS Build America Bond Subsidy	-	-	-	-
Miscellaneous	10,054	-	482,486	-
Total revenues	483,661	82,965	715,813	40,744
EXPENDITURES				
Current:				
Community services	-	-	-	-
Cultural and recreation	-	-	-	-
Economic and business development	421,994	36,357	774,608	7,818
Health	-	-	-	-
Fire	-	-	-	-
Police	-	-	-	-
Other public safety	-	-	-	-
Streets and traffic	-	-	-	-
Intergovernmental	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	421,994	36,357	774,608	7,818
Excess (deficiency) of revenues over (under) expenditures	61,667	46,608	(58,795)	32,926
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Bond premium	-	-	-	-
Payment to the refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net other financing sources (uses)	-	-	-	-
Net change in fund balances	61,667	46,608	(58,795)	32,926
Fund balances - beginning of year	62,005	293,865	225,731	36,531
Fund balances - end of year	$ 123,672	$ 340,473	$ 166,936	$ 69,457

Special Revenue Funds

Valencia PID	Gateway Streets	Cable Services	Community Development	Community Services	Health	Library
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,436,981	534,366	-	-	-	-
3,919	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,980,913	2,002,123	821,984	1,471
-	-	-	-	-	-	-
1	9,302	96	2	-	-	-
-	-	-	-	-	-	-
-	-	-	987,883	-	140,569	-
3,920	3,446,283	534,462	3,968,798	2,002,123	962,553	1,471
-	-	-	3,972,114	2,005,598	-	-
-	-	-	-	-	-	1,471
3,213	800	-	-	-	-	-
-	-	-	-	-	958,027	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	31,361	-	10,813	-
3,213	800	-	4,003,475	2,005,598	968,840	1,471
707	3,445,483	534,462	(34,677)	(3,475)	(6,287)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,946,694	-	29,912	-	-	-
-	(8,293,479)	-	-	-	-	-
-	(4,346,785)	-	29,912	-	-	-
707	(901,302)	534,462	(4,765)	(3,475)	(6,287)	-
-	14,776,851	26,444	4,765	10,232	28,632	-
$ 707	$ 13,875,549	$ 560,906	$ -	$ 6,757	$ 22,345	$ -

City of Lubbock, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Special Revenue Funds			
	Police	Other Grants	Total Special Revenue Funds	Debt Service Fund
REVENUES				
Property taxes	$ -	$ -	$ 7,313,567	$ 13,372,646
Sales taxes	-	-	5,187,512	-
Occupancy taxes	-	-	6,147,539	-
Franchise taxes	-	-	3,971,347	-
Special assessments	-	-	834,233	-
Fees and fines	-	-	297,067	-
Intergovernmental	345,510	1,264,203	7,416,204	-
Charges for services	-	-	107,410	-
Interest	5	-	10,954	4,451
IRS Build America Bond Subsidy	-	-	-	439,395
Miscellaneous	-	43,364	2,640,091	258,671
Total revenues	345,515	1,307,567	33,925,924	14,075,163
EXPENDITURES				
Current:				
Community services	-	421,587	6,473,828	-
Cultural and recreation	-	16,049	208,659	-
Economic and business development	-	-	13,886,575	-
Health	-	284,761	1,334,925	-
Fire	-	-	358	-
Police	241,867	-	876,649	-
Other public safety	-	483,407	788,967	-
Streets and traffic	-	108,658	108,658	-
Intergovernmental	84,547	-	84,547	-
Debt Service:				
Principal	-	-	-	17,572,429
Interest and other charges	-	-	2,620	13,145,720
Capital outlay	82,799	466,408	620,609	-
Total expenditures	409,213	1,780,870	24,386,395	30,718,149
Excess (deficiency) of revenues over (under) expenditures	(63,698)	(473,303)	9,539,529	(16,642,986)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	26,388,695
Bond premium	-	-	-	4,315,790
Payment to the refunded bond escrow agent	-	-	-	(30,465,061)
Transfers in	65,128	441,891	5,156,172	17,093,867
Transfers out	-	-	(15,251,746)	(530,859)
Net other financing sources (uses)	65,128	441,891	(10,095,574)	16,802,432
Net change in fund balances	1,430	(31,412)	(556,045)	159,446
Fund balances - beginning of year	1,029	179,423	16,991,159	1,368,594
Fund balances - end of year	$ 2,459	$ 148,011	$ 16,435,114	$ 1,528,040

Capital Projects Funds			
TIF Capital Projects	Gateway Streets Projects	Total Capital Projects Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 20,686,213
-	-	-	5,187,512
-	-	-	6,147,539
-	-	-	3,971,347
-	-	-	834,233
-	-	-	297,067
-	37,132	37,132	7,453,336
-	-	-	107,410
607	3,247	3,854	19,259
-	-	-	439,395
-	1,286,000	1,286,000	4,184,762
607	1,326,379	1,326,986	49,328,073
-	-	-	6,473,828
-	-	-	208,659
-	-	-	13,886,575
-	-	-	1,334,925
-	-	-	358
-	-	-	876,649
-	-	-	788,967
-	462,595	462,595	571,253
-	-	-	84,547
-	-	-	17,572,429
-	-	-	13,148,340
33,124	4,752,118	4,785,242	5,405,851
33,124	5,214,713	5,247,837	60,352,381
(32,517)	(3,888,334)	(3,920,851)	(11,024,308)
-	-	-	26,388,695
-	-	-	4,315,790
-	-	-	(30,465,061)
800,000	-	800,000	23,050,039
(148,127)	(3,247)	(151,374)	(15,933,979)
651,873	(3,247)	648,626	7,355,484
619,356	(3,891,581)	(3,272,225)	(3,668,824)
1,241,240	13,185,602	14,426,842	32,786,595
$ 1,860,596	$ 9,294,021	$ 11,154,617	$ 29,117,771

City of
Lubbock
TEXAS

CITY OF LUBBOCK, TEXAS

Nonmajor Enterprise Funds

The Proprietary Funds are used to account for the operations of the City financed and operated in a manner similar to private business enterprises, where the intent is costing goods or services to the general public on a continuing basis to be recovered in whole or part through user charges.

Airport Fund – Accounts for the operations of Lubbock Preston Smith International Airport.

Solid Waste Fund – Accounts for the operations of the City's landfills and its solid waste collection system.

Transit Fund – Accounts for the City-owned transportation system.

Cemetery Fund – Accounts for the operations of the City's cemetery.

Civic Centers Fund – Accounts for the utilization of the Civic Center, Coliseum, Municipal Auditorium and Amphitheater.

Lake Alan Henry Fund – Accounts for fees and charges collected at the Lake site and the costs of operations of that facility.

City of Lubbock, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2013

	Airport	Solid Waste	Transit	Cemetery
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,436,374	$ 1,125,695	$ -	$ 29,452
Investments	6,113,410	4,791,115	-	125,353
Accounts receivable, net	506,655	1,777,956	1,042,630	49,580
Interest receivable	3,511	3,566	-	50
Due from others	154,298	-	-	-
Due from other funds	-	3,404,886	-	-
Due from other governments	249,987	-	3,216,601	-
Prepaid expenses	-	-	73,613	-
Inventories	-	-	805,782	-
Total current assets	8,464,235	11,103,218	5,138,626	204,435
Noncurrent assets:				
Restricted investments	2,502,798	2,054,062	-	18,136
	2,502,798	2,054,062	-	18,136
Capital assets:				
Land	3,589,941	1,607,932	318,539	14,097
Construction in progress	1,913,106	2,021	34,389	1,492
Buildings	39,436,930	1,634,574	4,554,055	846,652
Improvements other than buildings	152,004,891	35,063,732	2,814,622	77,858
Machinery and equipment	19,391,918	38,293,148	21,650,178	622,182
Less accumulated depreciation	(98,264,329)	(50,685,379)	(17,184,975)	(480,338)
Total capital assets	118,072,457	25,916,028	12,186,808	1,081,943
Total noncurrent assets	120,575,255	27,970,090	12,186,808	1,100,079
Total assets	$129,039,490	$ 39,073,308	$ 17,325,434	$ 1,304,514
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	$ 88,850	$ 62,682	$ -	$ 8,193
Total deferred outflows of resources	$ 88,850	$ 62,682	$ -	$ 8,193

Civic Centers	Lake Alan Henry	Total Nonmajor Enterprise Funds
$ 749,517	$ 36,667	$ 3,377,705
3,190,048	156,059	14,375,985
89,756	2,734	3,469,311
3,228	82	10,437
-	-	154,298
-	-	3,404,886
-	-	3,466,588
-	-	73,613
-	-	805,782
4,032,549	195,542	29,138,605
4,817,188	-	9,392,184
4,817,188	-	9,392,184
1,238,454	-	6,768,963
2,201,734	-	4,152,742
21,908,276	-	68,380,487
3,471,808	-	193,432,911
6,800,318	126,213	86,883,957
(23,814,867)	(114,456)	(190,544,344)
11,805,723	11,757	169,074,716
16,622,911	11,757	178,466,900
$ 20,655,460	$ 207,299	$ 207,605,505
$ -	$ -	$ 159,725
$ -	$ -	$ 159,725

City of Lubbock, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2013

	Airport	Solid Waste	Transit	Cemetery
LIABILITIES				
Current liabilities:				
Accounts payable	$ 592,607	$ 266,169	$ 1,155,967	$ 5,696
Accrued liabilities	67,755	219,664	555,311	9,523
Accrued interest payable	60,705	117,193	-	3,567
Due to other funds	-	-	2,342,943	-
Customer deposits	-	9,372	-	-
Unearned revenue - other	5,702	-	-	3,220
Compensated absences	112,411	327,444	287,666	28,482
Leases payable	36,132	3,422,112	-	12,902
Bonds payable	1,533,658	1,042,772	-	27,920
Total current liabilities	2,408,970	5,404,726	4,341,887	91,310
Noncurrent liabilities:				
Landfill closure and post closure care	-	5,079,349	-	-
Compensated absences	115,813	337,352	-	29,344
Post employment benefits	826,738	1,960,346	-	143,887
Net pension obligation	224,689	514,012	-	38,104
Leases payable	221,624	8,403,901	-	112,009
Bonds payable	10,251,636	16,652,296	-	515,371
Total noncurrent liabilities	11,640,500	32,947,256	-	838,715
Total liabilities	14,049,470	38,351,982	4,341,887	930,025
NET POSITION				
Net investment in capital assets	107,119,500	(2,147,961)	12,186,808	421,934
Restricted for passenger facility charges	593,899	-	-	-
Restricted for debt service	907,656	659,652	-	18,136
Unrestricted	6,457,815	2,272,317	796,739	(57,388)
Total net position	$115,078,870	$ 784,008	$ 12,983,547	$ 382,682

Civic Centers	Lake Alan Henry	Total Nonmajor Enterprise Funds
$ 249,346	$ 14,613	$ 2,284,398
32,382	2,508	887,143
34,476	-	215,941
-	-	2,342,943
93,782	-	103,154
-	-	8,922
110,399	11,587	877,989
2,250	-	3,473,396
254,960	-	2,859,310
777,595	28,708	13,053,196
-	-	5,079,349
113,740	11,937	608,186
518,987	21,671	3,471,629
109,201	1,583	887,589
22,025	-	8,759,559
5,622,598	-	33,041,901
6,386,551	35,191	51,848,213
7,164,146	63,899	64,901,409
10,537,913	11,757	128,129,951
-	-	593,899
183,165	-	1,768,609
2,770,236	131,643	12,371,362
$ 13,491,314	$ 143,400	$ 142,863,821

City of Lubbock, Texas
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For Fiscal Year Ended September 30, 2013

	Airport	Solid Waste	Transit	Cemetery
OPERATING REVENUES				
Charges for services (net)	$ 7,780,680	$ 19,538,678	$ 5,921,604	$ 434,993
Total operating revenues	7,780,680	19,538,678	5,921,604	434,993
OPERATING EXPENSES				
Personal services	2,597,224	6,431,866	6,952,833	404,678
Supplies	193,526	1,976,918	1,753,292	28,521
Maintenance	525,493	2,665,917	1,030,569	28,880
Billing office expense	-	610,487	-	-
Other services and charges	2,539,371	1,103,641	1,239,061	159,266
Depreciation and amortization	7,815,104	4,833,421	1,930,136	31,591
Total operating expenses	13,670,718	17,622,250	12,905,891	652,936
Operating income (loss)	(5,890,038)	1,916,428	(6,984,287)	(217,943)
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	5,348	4,754	-	683
Passenger facility charges/Federal grants	2,388,523	-	4,218,232	-
Disposition of assets	(111,295)	412,691	1,280	3,373
Miscellaneous	823,445	150,600	-	-
IRS Build America Bond Subsidy	-	8,931	-	-
Interest expense	(400,694)	(968,179)	-	(26,766)
Net nonoperating revenues (expenses)	2,705,327	(391,203)	4,219,512	(22,710)
Income (loss) before contributions and transfers	(3,184,711)	1,525,225	(2,764,775)	(240,653)
Capital contributions/grants	5,185,727	7,034	2,288,385	3,076
Transfers in	-	-	1,431,877	80,234
Transfers out	(1,603,080)	(2,389,578)	-	-
Change in net position	397,936	(857,319)	955,487	(157,343)
Total net position - beginning, as restated	114,680,934	1,641,327	12,028,060	540,025
Total net postion - ending	$ 115,078,870	$ 784,008	$ 12,983,547	$ 382,682

Civic Centers	Lake Alan Henry	Total Nonmajor Enterprise Funds
$ 701,855	$ 476,437	$ 34,854,247
701,855	476,437	34,854,247
1,714,257	333,921	18,434,779
99,036	10,518	4,061,811
241,810	15,228	4,507,897
-	-	610,487
773,088	155,838	5,970,265
1,107,549	2,283	15,720,084
3,935,740	517,788	49,305,323
(3,233,885)	(41,351)	(14,451,076)
2,348	105	13,238
-	-	6,606,755
-	-	306,049
-	-	974,045
-	-	8,931
(66,363)	-	(1,462,002)
(64,015)	105	6,447,016
(3,297,900)	(41,246)	(8,004,060)
121,790	-	7,606,012
2,901,335	-	4,413,446
-	(130,701)	(4,123,359)
(274,775)	(171,947)	(107,961)
13,766,089	315,347	142,971,782
$ 13,491,314	$ 143,400	$ 142,863,821

City Of Lubbock, Texas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2013

	Airport	Solid Waste	Transit	Cemetery
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 7,818,383	$ 19,836,783	$ 5,779,761	$ 414,706
Payments to suppliers	(4,153,451)	(5,852,300)	(4,987,135)	(183,170)
Payments to employees	(2,642,189)	(6,553,650)	(6,952,833)	(414,201)
Other receipts	823,445	159,531	-	-
Net cash provided (used) by operating activities	1,846,188	7,590,364	(6,160,207)	(182,665)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in from other funds	-	-	1,431,877	80,234
Transfers out to other funds	(1,603,080)	(2,389,578)	-	-
Short-term interfund borrowings	-	14,455	893,713	-
Operating grants	-	-	4,218,232	-
Net cash provided (used) by noncapital and related financing activities	(1,603,080)	(2,375,123)	6,543,822	80,234
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(4,880,079)	(7,427,683)	(2,673,280)	(53,139)
Sale of capital assets	4,295	1,054,450	1,280	3,373
Principal paid on capital leases	(38,638)	(3,645,401)	-	(7,194)
Principal paid on bonds	(2,484,597)	(995,246)	-	(30,543)
Issuance of capital leases	73,193	6,362,170	-	51,645
Issuance of bonds	-	63,631	-	489
Bond issuance costs	(116,027)	(54,747)	-	-
Interest paid on bonds and capital leases	(596,000)	(1,054,224)	-	(26,994)
Capital grants and contributions	7,574,250	-	2,288,385	-
Net cash used by capital and related financing activities	(463,603)	(5,697,050)	(383,615)	(62,363)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	4,018,626	3,523,902	-	203,850
Purchase of investments	(3,654,748)	(2,903,528)	-	(60,864)
Interest earnings on cash and investments	3,828	2,515	-	703
Net cash provided by investing activities	367,706	622,889	-	143,689
Net increase (decresase) in cash and cash equivalents	147,211	141,080	-	(21,105)
Cash and cash equivalents - beginning of year	1,289,163	984,615	-	50,557
Cash and cash equivalents - end of year	$ 1,436,374	$ 1,125,695	$ -	$ 29,452
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (5,890,038)	$ 1,916,428	$ (6,984,287)	$ (217,943)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	7,815,104	4,833,421	1,930,136	31,591
Other income	823,445	159,531	-	-
Change in current assets and liabilities:				
Accounts receivable	37,703	298,105	(141,843)	(20,287)
Inventory	-	-	(47,552)	-
Prepaid expenses	-	-	(66,146)	-
Due from other governments	1,536,567	-	(1,580,263)	-
Accounts payable	(2,783,810)	(148,901)	676,572	(9,480)
Other accrued expenses	10,225	19,022	53,617	1,922
Due to/from other funds	101,106	-	-	-
Customer deposits	-	300	-	-
Change in compensated absences and retirement benefits	195,886	512,458	(441)	31,532
Net cash provided (used) by operating activities	$ 1,846,188	$ 7,590,364	$ (6,160,207)	$ (182,665)
Supplemental cash flow information:				
Noncash capital contributions and other charges	$ 105,614	$ 126,998	$ -	$ 3,076

Civic Centers	Lake Alan Henry	Total Nonmajor Enterprise Funds
$ 712,664	$ 474,499	$ 35,036,796
(770,944)	(180,257)	(16,127,257)
(1,746,633)	(336,429)	(18,645,935)
-	-	982,976
(1,804,913)	(42,187)	1,246,580
2,901,335	-	4,413,446
-	(130,701)	(4,123,359)
-	-	908,168
-	-	4,218,232
2,901,335	(130,701)	5,416,487
(785,531)	-	(15,819,712)
3,295	-	1,066,693
-	-	(3,691,233)
(248,621)	-	(3,759,007)
24,275	-	6,511,283
-	-	64,120
-	-	(170,774)
(71,187)	-	(1,748,405)
-	-	9,862,635
(1,077,769)	-	(7,684,400)
3,546,978	216,709	11,510,065
(3,396,440)	(66,196)	(10,081,776)
902	114	8,062
151,440	150,627	1,436,351
170,093	(22,261)	415,018
579,424	58,928	2,962,687
$ 749,517	$ 36,667	$ 3,377,705
$ (3,233,885)	$ (41,351)	$ (14,451,076)
1,107,549	2,283	15,720,084
-	-	982,976
10,809	(1,938)	182,549
-	-	(47,552)
-	-	(66,146)
-	-	(43,696)
171,038	(4,322)	(2,098,903)
6,763	(3,111)	88,438
-	-	101,106
(13,479)	-	(13,179)
146,292	6,252	891,979
$ (1,804,913)	$ (42,187)	$ 1,246,580
$ 121,790	$ -	$ 357,478

City of
Lubbock
TEXAS

CITY OF LUBBOCK, TEXAS

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a user charge basis.

Fleet Maintenance Fund – Accounts for vehicle service operations.

Print Shop and Warehouse Fund – Accounts for central warehouse operations, printing services and central office supplies provided to City departments.

Risk Management Fund – Accounts for activities related to general liability, auto liability, public officials liability, and workers' compensation liability.

Information Technology Fund – Accounts for the information processing services provided to City departments and other governmental agencies and for the telephone and radio shop operations.

Health Benefits Fund – Accounts for the health, dental, and other employee benefits activities.

Investment Pool Fund – Accounts for the operations of centralizing the activities relative to the City's investment portfolio.

City of Lubbock, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2013

	Business-type Activities			
	Fleet Maintenance	**Print Shop and Warehouse**	**Risk Management**	**Total Business-type Activities**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 227,727	$ 111,147	$ 1,667,728	$ 2,006,602
Investments	969,239	473,061	7,098,084	8,540,384
Interest receivable	688	248	3,720	4,656
Due from others	-	1,452	-	1,452
Prepaid expenses	-	-	-	-
Inventories	205,773	1,540,237	-	1,746,010
Total current assets	1,403,427	2,126,145	8,769,532	12,299,104
Noncurrent assets:				
Restricted investments	681,109	-	-	681,109
Capital assets:				
Land	-	-	-	-
Buildings	1,469,765	138,853	-	1,608,618
Improvements other than buildings	10,650	-	-	10,650
Machinery and equipment	1,265,539	128,656	17,227	1,411,422
Construction in progress	34,437	-	-	34,437
Less accumulated depreciation	(1,695,318)	(267,509)	(17,227)	(1,980,054)
Total capital assets	1,085,073	-	-	1,085,073
Total noncurrent assets	1,766,182	-	-	1,766,182
Total assets	$ 3,169,609	$ 2,126,145	$ 8,769,532	$ 14,065,286

Governmental Activities				
Information Technology	**Health Benefits**	**Investment Pool**	**Total Governmental Activities**	**Total Internal Service Funds**
$ 288,921	$ 2,872,381	$ 1,903	$ 3,163,205	$ 5,169,807
1,229,685	12,225,260	8,097	13,463,042	22,003,426
1,600	6,407	-	8,007	12,663
101,647	379,229	-	480,876	482,328
-	-	-	-	-
12,746	-	-	12,746	1,758,756
1,634,599	15,483,277	10,000	17,127,876	29,426,980
1,773,644	-	-	1,773,644	2,454,753
65,343	-	-	65,343	65,343
60,000	-	-	60,000	1,668,618
1,234,689	-	-	1,234,689	1,245,339
12,113,938	5,568	-	12,119,506	13,530,928
915,540	-	-	915,540	949,977
(9,363,957)	(5,568)	-	(9,369,525)	(11,349,579)
5,025,553	-	-	5,025,553	6,110,626
6,799,197	-	-	6,799,197	8,565,379
$ 8,433,796	$ 15,483,277	$ 10,000	$ 23,927,073	$ 37,992,359

City of Lubbock, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2013

	Business-type Activities			
	Fleet Maintenance	**Print Shop and Warehouse**	**Risk Management**	**Total Business-type Activities**
LIABILITIES				
Current liabilities:				
Accounts payable	$ 903,372	$ 124,734	$ 588	$ 1,028,694
Accrued liabilities	21,783	6,287	6,242	34,312
Accrued interest payable	2,868	-	-	2,868
Compensated absences	62,137	14,716	4,107	80,960
Accrued insurance claims	-	-	2,380,790	2,380,790
Leases payable	7,067	-	-	7,067
Bonds payable	17,371	-	-	17,371
Total current liabilities	1,014,598	145,737	2,391,727	3,552,062
Noncurrent liabilities:				
Accrued insurance claims	-	-	1,421,439	1,421,439
Compensated absences	64,017	15,160	4,231	83,408
Post employment benefits	323,627	115,287	86,025	524,939
Net pension obligation	80,553	23,817	26,090	130,460
Leases payable	67,159	-	-	67,159
Bonds payable	498,776	-	-	498,776
Total noncurrent liabilities	1,034,132	154,264	1,537,785	2,726,181
Total liabilities	2,048,730	300,001	3,929,512	6,278,243
NET POSITION				
Net investment in capital assets	1,014,827	-	-	1,014,827
Restricted for debt service	160,982	-	-	160,982
Unrestricted	(54,930)	1,826,144	4,840,020	6,611,234
Total net position	$ 1,120,879	$ 1,826,144	$ 4,840,020	$ 7,787,043

Governmental Activities				
Information Technology	Health Benefits	Investment Pool	Total Governmental Activities	Total Internal Service Funds
$ 2,357,523	$ 902,417	$ -	$ 3,259,940	$ 4,288,634
93,482	4,717	1,122	99,321	133,633
15,857	-	-	15,857	18,725
236,439	4,583	-	241,022	321,982
-	1,416,957	-	1,416,957	3,797,747
310,568	-	-	310,568	317,635
205,000	-	-	205,000	222,371
3,218,869	2,328,674	1,122	5,548,665	9,100,727
-	142,406	-	142,406	1,563,845
482,259	9,349	-	491,608	575,016
883,675	63,711		947,386	1,472,325
335,912	18,319	-	354,231	484,691
737,306	-	-	737,306	804,465
2,613,477	-	-	2,613,477	3,112,253
5,052,629	233,785	-	5,286,414	8,012,595
8,271,498	2,562,459	1,122	10,835,079	17,113,322
2,932,846	-	-	2,932,846	3,947,673
-	-	-	-	160,982
(2,770,548)	12,920,818	8,878	10,159,148	16,770,382
$ 162,298	$ 12,920,818	$ 8,878	$ 13,091,994	$ 20,879,037

City of Lubbock, Texas
Combining Statement of Revenues, Expenses
And Changes in Net Position
Internal Service Funds
For The Year Ended September 30, 2013

	Business-type Activities			
	Fleet Maintenance	**Print Shop and Warehouse**	**Risk Management**	**Total Business-type Activities**
OPERATING REVENUES				
Charges for services (net)	$ 10,635,860	$ 3,981,132	$ 5,979,580	$ 20,596,572
Total operating revenues	10,635,860	3,981,132	5,979,580	20,596,572
OPERATING EXPENSES				
Personal services	1,156,766	288,319	341,840	1,786,925
Insurance and claims	-	-	4,401,410	4,401,410
Supplies	33,195	6,550	7,070	46,815
Materials	9,477,460	3,280,922	-	12,758,382
Maintenance	48,370	11,153	3,223	62,746
Other services and charges	132,186	324,047	120,389	576,622
Depreciation and amortization	88,057	-	-	88,057
Total operating expenses	10,936,034	3,910,991	4,873,932	19,720,957
Operating income (loss)	(300,174)	70,141	1,105,648	875,615
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	693	213	4,471	5,377
Disposition of assets	9,970	-	-	9,970
Miscellaneous	21,153	-	73,635	94,788
Interest expense	(24,030)	-	-	(24,030)
Net nonoperating revenues (expenses)	7,786	213	78,106	86,105
Income (loss) before contributions and	(292,388)	70,354	1,183,754	961,720
Transfers in	-	229,182	-	229,182
Transfers out	-	-	(3,229,182)	(3,229,182)
Change in net position	(292,388)	299,536	(2,045,428)	(2,038,280)
Total net position - beginning of year, as restated	1,413,267	1,526,608	6,885,448	9,825,323
Total net position - end of year	$ 1,120,879	$ 1,826,144	$ 4,840,020	$ 7,787,043

Information Technology	Health Benefits	Investment Pool	Total Governmental Activities	Total Internal Service Funds
	Governmental Activities			
$ 9,454,975	$ 29,020,459	$ -	$ 38,475,434	$ 59,072,006
9,454,975	29,020,459	-	38,475,434	59,072,006
4,245,230	218,487	102,827	4,566,544	6,353,469
-	27,037,884	-	27,037,884	31,439,294
46,587	7,791	997	55,375	102,190
61,757	-	-	61,757	12,820,139
2,763,581	-	-	2,763,581	2,826,327
2,025,696	116,503	35,014	2,177,213	2,753,835
677,413	-	-	677,413	765,470
9,820,264	27,380,665	138,838	37,339,767	57,060,724
(365,289)	1,639,794	(138,838)	1,135,667	2,011,282
667	7,071	137,716	145,454	150,831
4,993	-	-	4,993	14,963
-	335,582	-	335,582	430,370
(33,040)	-	-	(33,040)	(57,070)
(27,380)	342,653	137,716	452,989	539,094
(392,669)	1,982,447	(1,122)	1,588,656	2,550,376
-	3,000,000	-	3,000,000	3,229,182
-	-	-	-	(3,229,182)
(392,669)	4,982,447	(1,122)	4,588,656	2,550,376
554,967	7,938,371	10,000	8,503,338	18,328,661
$ 162,298	$ 12,920,818	$ 8,878	$ 13,091,994	$ 20,879,037

City of Lubbock, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2013

	Business-type Activities			
	Fleet Maintenance	Print Shop and Warehouse	Risk Management	Total Business-type Activities
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 10,635,860	$ 3,981,132	$ 5,979,580	$ 20,596,572
Payments to suppliers	(9,256,243)	(3,743,910)	(4,331,907)	(17,332,060)
Payments to employees	(1,074,702)	(260,965)	(319,045)	(1,654,712)
Other receipts	31,122	-	73,635	104,757
Net cash provided (used) by operating activities	336,037	(23,743)	1,402,263	1,714,557
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in from other funds	-	229,182	-	229,182
Transfers out to other funds	-	-	(3,229,182)	(3,229,182)
Net cash provided (used) by noncapital and related financing activities	-	229,182	(3,229,182)	(3,000,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(98,052)	-	-	(98,052)
Sale of capital assets	-	-	-	-
Principal paid on capital leases	(3,841)	-	-	(3,841)
Principal paid on bonds	(13,544)	-	-	(13,544)
Issuance of capital leases	35,102	-	-	35,102
Issuance of bonds	-	-	-	-
Interest paid on bonds and capital leases	(27,091)	-	-	(27,091)
Net cash provided (used) by capital and related financing activities	(107,426)	-	-	(107,426)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	520,871	45,241	4,794,791	5,360,903
Purchase of investments	(700,030)	(200,659)	(3,010,804)	(3,911,493)
Interest earnings on cash and investments	347	70	3,378	3,795
Net cash provided (used) by investing activities	(178,812)	(155,348)	1,787,365	1,453,205
Net increase in cash and cash equivalents	49,799	50,091	(39,554)	60,336
Cash and cash equivalents - beginning of year	177,928	61,056	1,707,282	1,946,266
Cash and cash equivalents - end of year	$ 227,727	$ 111,147	$ 1,667,728	$ 2,006,602
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (300,174)	70,141	$ 1,105,648	875,615
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	88,057	-	-	88,057
Other income	31,122	-	73,635	104,757
Change in current assets and liabilities:				
Inventory	(17,131)	26,080	-	8,949
Accounts payable	355,900	(150,309)	(68,672)	136,919
Due from others	-	(1,265)	49,296	48,031
Other accrued expenses	8,448	1,528	222,453	232,429
Change in compensated absences	86,996	2,555	(3,147)	86,404
Change in retirement benefits	82,819	27,527	23,050	133,396
Net cash provided (used) by operating activities	$ 336,037	$ (23,743)	$ 1,402,263	$ 1,714,557

Governmental Activities				
Information Technology	Health Benefits	Investment Pool	Total Governmental Activities	Total Internal Service Funds
$ 9,454,975	$ 28,718,700	$ -	$ 38,173,675	$ 58,770,247
(2,987,661)	(27,190,526)	(38,011)	(30,216,198)	(47,548,258)
(4,003,598)	(204,810)	(102,827)	(4,311,235)	(5,965,947)
-	335,582	-	335,582	440,339
2,463,716	1,658,946	(140,838)	3,981,824	5,696,381
-	3,000,000	-	3,000,000	3,229,182
-	-	-	-	(3,229,182)
-	3,000,000	-	3,000,000	-
(3,237,930)	-	-	(3,237,930)	(3,335,982)
19,127	-	-	19,127	19,127
(279,761)	-	-	(279,761)	(283,602)
-	-	-	-	(13,544)
255,927	-	-	255,927	291,029
2,842,825	-	-	2,842,825	2,842,825
(44,143)	-	-	(44,143)	(71,234)
(443,955)	-	-	(443,955)	(551,381)
271,331	1,713,319	6,344	1,990,994	7,351,897
(2,207,454)	(5,185,605)	(3,435)	(7,396,494)	(11,307,987)
7	3,253	137,716	140,976	144,771
(1,936,116)	(3,469,033)	140,625	(5,264,524)	(3,811,319)
83,645	1,189,913	(213)	1,273,345	1,333,681
205,276	1,682,468	2,116	1,889,860	3,836,126
$ 288,921	$ 2,872,381	$ 1,903	$ 3,163,205	$ 5,169,807
(365,289)	1,639,794	(138,838)	1,135,667	2,011,282
677,413	-	-	677,413	765,470
-	335,582	-	335,582	440,339
7,366	-	-	7,366	16,315
2,027,009	158,652	(1,123)	2,184,538	2,321,457
(93,525)	(301,759)	-	(395,284)	(347,253)
12,828	(187,572)	(877)	(175,621)	56,808
(46,982)	409	-	(46,573)	39,831
244,896	13,840	-	258,736	392,132
$ 2,463,716	$ 1,658,946	$ (140,838)	$ 3,981,824	$ 5,696,381

City of
Lubbock
TEXAS

CITY OF LUBBOCK, TEXAS

Nonmajor Component Units

The following Component Units, which are legally separate entities, are included in the reporting entity because the City is financially accountable and is able to impose its will.

Urban Renewal Agency (URA) – Accounts for housing rehabilitation, housing acquisition, and land disposition. The URA is governed by a board appointed by the City Council.

Civic Lubbock, Inc. was organized to foster and promote the presentation of wholesome educational and cultural programs, attractions and entertainment for the general moral, intellectual, physical improvement, and welfare of the people of the City of Lubbock and surrounding area.

Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc. was formed to create, manage, operate, and supervise programs and activities that assist and enhance economic development within and around the City.

Lubbock Economic Development Alliance was formed to create, manage and supervise programs and activities to promote, assist, and enhance economic development within and around the City.

Vintage Township Public Facilities Corporation was formed to assist the City in financing, refinancing, providing or otherwise assisting in the acquisition, construction and maintenance of certain public facilities benefiting the Vintage Township.

City of Lubbock, Texas
Combining Statement of Net Position
Nonmajor Component Units
September 30, 2013

	Urban Renewal Agency (URA)	Civic Lubbock, Inc.	Market Lubbock, Inc.
ASSETS			
Current assets:			
Cash and cash equivalents	$ -	$ 1,560,815	$ 2,366,194
Investments	-	-	864,184
Accounts receivable, net	-	108,559	271,896
Inventories	-	62,456	82,474
Prepaid expenses	-	18,951	-
Restricted assets:			
Cash and cash equivalents	-	354,170	-
Investment in property	178,228	-	-
Mortgage receivables	4,798,474	-	-
Capital assets (net of accumulated depreciation):			
Non-depreciable	-	439,636	78,025
Depreciable	-	21,067	54,993
Total assets	4,976,702	2,565,654	3,717,766
LIABILITIES			
Current liabilities:			
Accounts payable	-	1,225,997	52,435
Accrued liabilities	-	-	23,735
Accrued interest payable	-	-	-
Unearned revenues	-	264,837	-
Noncurrent liabilities due within one year:			
Contracts and leases payable	-	-	28,300
Bonds and notes payable	-	-	-
Noncurrent liabilities due in more than one year:			
Contracts and leases payable	-	-	38,700
Bonds payable	-	-	-
Total liabilities	-	1,490,834	143,170
NET POSITION			
Net investment in capital assets	-	460,703	133,018
Restricted for:			
Primary government agreement	-	100,000	-
Special revenue	4,976,702	72,473	-
Unrestricted	-	441,644	3,441,578
Total net position	$ 4,976,702	$ 1,074,820	$ 3,574,596

Lubbock Economic Development Alliance	Vintage Township Public Facilities Corporation	Total Nonmajor Component Units
$ 3,633,460	$ -	$ 7,560,469
1,251,445	-	2,115,629
1,159,615	-	1,540,070
-	-	144,930
-	-	18,951
-	-	354,170
-		178,228
-	-	4,798,474
8,140,262	-	8,657,923
55,384	-	131,444
14,240,166	-	25,500,288
43,211	-	1,321,643
57,415	-	81,150
-	86,039	86,039
-	-	264,837
1,563,001	-	1,591,301
-	7,000	7,000
1,949,165	-	1,987,865
-	2,188,000	2,188,000
3,612,792	2,281,039	7,527,835
8,195,646	-	8,789,367
-	-	100,000
-	-	5,049,175
2,431,728	(2,281,039)	4,033,911
$ 10,627,374	$ (2,281,039)	$ 17,972,453

City of Lubbock, Texas
Combining Statement of Activities
Nonmajor Component Units
For the Year Ended September 30, 2013

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Urban Renewal Agency (URA)				
Community services	$ -	$ 204,527	$ -	$ -
Civic Lubbock, Inc.				
Cultural and recreation	2,380,333	2,128,595	351,955	-
Market Lubbock, Inc.				
Economic and business development	7,046,095	84,085	7,261,734	-
Lubbock Economic Development Alliance				
Economic and business development	18,542,419	-	7,365,622	552,297
Vintage Township Public Facilities Corporation				
Economic and business development	177,175	-	-	750,653
Total component units	$ 28,146,022	$ 2,417,207	$ 14,979,311	$ 1,302,950

General revenues:
Investment earnings
Total general revenues
Change in net position
Net position - beginning of year
Net position - end of year

Net (Expense) Revenue and Changes in Net Position					
Urban Renewal Agency (URA)	Civic Lubbock, Inc.	Market Lubbock, Inc.	Lubbock Economic Development Alliance	Vintage Township Public Facilities Corporation	Total
$ 204,527	$ -	$ -	$ -	$ -	$ 204,527
	100,217	-	-	-	100,217
-	-	299,724	-	-	299,724
-	-	-	(10,624,500)	-	(10,624,500)
-				573,478	573,478
204,527	100,217	299,724	(10,624,500)	573,478	(9,446,554)
-	1,072	-	-	-	1,072
-	1,072	-	-	-	1,072
204,527	101,289	299,724	(10,624,500)	573,478	(9,445,482)
4,772,175	973,531	3,274,872	21,251,874	(2,854,517)	27,417,935
$ 4,976,702	$ 1,074,820	$ 3,574,596	$ 10,627,374	$ (2,281,039)	$ 17,972,453

City of Lubbock, Texas
Statement of Net Position
Discretely Presented Component Unit
Urban Renewal Agency (URA)
September 30, 2013

ASSETS	
Restricted assets:	
Investment in Property	$ 178,228
Mortgage receivables	4,798,474
Total assets	$ 4,976,702
LIABILITIES	
Total liabilities	$ -
NET POSITION	
Restricted for:	
Special revenue	4,976,702
Total net position	$ 4,976,702

City of Lubbock, Texas
Statement of Revenues, Expenses and
and Changes in Fund Net Position
Discretely Presented Component Unit
Urban Renewal Agency (URA)
For Fiscal Year Ended September 30, 2013

OPERATING REVENUES	
Other services and charges	$ 204,527
Total operating revenues	204,527
Operating income	204,527
Change in net position	204,527
Total net position - beginning	4,772,175
Total net position - ending	$ 4,976,702

City of Lubbock, Texas
Statement of Net Position
Discretely Presented Component Unit
Vintage Township Public Facilities Corporation
September 30, 2013

ASSETS	
Total assets	$ -
LIABILITIES	
Current liabilities:	
Accrued interest payable	$ 86,039
Bonds payable	7,000
Total current liabilities	93,039
Noncurrent liabilities:	
Bonds payable	2,188,000
Total noncurrent liabilities	2,188,000
Total liabilities	2,281,039
NET POSITION (DEFICIT)	
Unrestricted	(2,281,039)
Total net position (deficit)	$ (2,281,039)

City of Lubbock, Texas
Statement of Revenues, Expenses and
and Changes in Fund Net Position
Discretely Presented Component Unit
Vintage Township Public Facilities Corporation
For Fiscal Year Ended September 30, 2013

NONOPERATING REVENUES (EXPENSES)	
Grants	$ 750,653
Interest expense	(177,175)
Net nonoperating revenues (expenses)	573,478
Change in net position	573,478
Total net position (deficit) - beginning	(2,854,517)
Total net position (deficit) - ending	$ (2,281,039)

City of
Lubbock
TEXAS

City of Lubbock, Texas
Statistical Section
(Unaudited – for Analytical Purposes Only)
September 30, 2013

The following portion of the City of Lubbock Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information regarding the City's overall financial health.

TABLE **CONTENTS**

Financial Trends *- These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Entity-wide information:

A Net position by component, last ten fiscal years

B Changes in net position, last ten fiscal years

Governmental funds information:

C Fund balance, last ten fiscal years

D Changes in fund balances, last ten fiscal years

Revenue Capacity - *These tables contain information to help the reader assess one of the City's most significant revenue sources, the property tax.*

E Tax revenues by source, last ten fiscal years

F Assessed and estimated actual value of taxable property, last ten fiscal years

G Principal taxpayers, current year and nine years ago

H Property tax levies and collections, last ten fiscal years

I Property tax rates - direct and overlapping governments, last ten fiscal years

Debt Capacity - *These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

J Ratio of outstanding debt by type, last ten fiscal years

K Ratio of net general bonded debt to assessed value and net bonded debt per capita, last ten fiscal years

L Computation of legal debt margin, last ten fiscal years

M Revenue bond coverage – LP&L and Water Bonds, last ten fiscal years

N Ratio of annual debt service expenditures for general obligation bonded debt to total general governmental expenditures

O Computation of direct and overlapping bonded debt - general obligation bonds in governmental activities

Demographic and Economic Information - *These tables offer demographic and economic indicators to help understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.*

P Demographic statistics, last ten years

Q Principal employers, current year and nine years ago

Operating Information - *These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and activities it performs.*

R Full-time equivalents city government employees by function, last ten fiscal years

S Operating indicators by function/program, last ten fiscal years

T Capital assets statistics by function/program, last ten fiscal years

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

CITY OF LUBBOCK, TEXAS
Table A - Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net investment in capital assets	$ 77,399	$ 55,235	$ 54,813	$ 52,476	$ 62,414	$ 96,275	$ 102,925	$ 76,483	$ 82,330	$ 74,433
Restricted	11,035	9,996	17,234	17,147	11,540	11,956	5,128	10,148	8,770	20,339 (1)
Unrestricted	(1,718)	(2,049)	(3,185)	11,439	26,954	31,701	33,676	26,090	19,529	9,569
Total governmental activities net position	86,716	63,182	68,862	81,062	100,908	139,932	141,729	112,721	110,629	104,341
Business-type activities										
Net investment in capital assets	561,354	542,640	492,011	435,249	424,165	400,552	384,516	380,149	363,227	355,816
Restricted	35,740	33,035	32,563	28,247	21,631	21,275	17,730	18,916	26,277	45,417 (1)
Unrestricted	115,333	108,667	118,671	127,994	117,250	104,709	96,011	71,730	45,345	41,190
Total business-type activites net position	712,427	684,342	643,245	591,490	563,046	526,536	498,257	470,795	434,849	442,423
Primary Government										
Net investment in capital assets	638,753	597,875	546,824	487,725	486,579	496,827	487,441	456,632	445,557	430,249
Restricted	46,775	43,031	49,797	45,394	33,171	33,231	22,858	29,064	35,047	65,756
Unrestricted	113,615	106,618	115,486	139,433	144,204	136,410	129,687	97,820	64,874	50,759
Total Primary government net position	$ 799,143	$ 747,524	$ 712,107	$ 672,552	$ 663,954	$ 666,468	$ 639,986	$ 583,516	$ 545,478	$ 546,764

(1) Adjusted for 2003 restatement of 2002 net position numbers (page 86 of 2003 CAFR).
FY 2011 Governmental activities had additional restricted net position due to implementation of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."
Beginning FY 2013 net postion restated due to implementation of GASB Statement No. 63, "Items Previously Reported as Assets and Liabilities."

CITY OF LUBBOCK, TEXAS
Table B - Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
EXPENSES										
Governmental activities:										
Administrative services and general government	$ 13,287,438	$ 11,564,122	$ 11,786,924	$ 12,005,910	$ 11,078,376	$ 12,372,316	$ 12,154,972	$ 15,116,701	$ 14,473,020	$ 10,869,588
Community services	6,983,062	5,493,264	10,707,989	12,231,817	7,037,569	6,874,065	6,951,069	6,112,193	6,145,415	6,776,483
Cultural and recreation	17,581,835	16,968,404	16,832,528	16,590,119	15,039,074	16,660,378	19,671,474	18,915,265	17,744,986	17,101,568
Economic and business development	16,258,386	15,100,595	15,944,038	15,335,806	37,221,152	12,378,335	11,619,989	10,283,007	9,739,417	4,610,380
Fire	42,646,239	41,335,751	39,619,927	36,803,080	33,097,947	31,789,223	27,337,834	26,711,389	23,516,586	22,074,369
Health	4,409,889	5,437,035	6,332,178	5,599,276	5,818,547	6,141,386	5,898,588	5,013,691	5,040,447	4,585,175
Police	59,261,383	58,549,406	56,537,522	54,171,638	48,342,376	46,849,826	43,022,202	42,063,023	38,451,808	36,542,720
Other public safety	6,803,117	6,881,024	5,919,681	6,343,372	6,325,692	6,677,751	5,886,199	5,239,386	4,976,882	4,210,884
Streets and traffic	22,366,616	26,411,247	21,244,252	28,180,967	30,138,853	16,357,025	14,370,197	11,849,496	12,466,517	10,570,274
Intergovernmental	-	-	-	-	-	-	12,500,000	-	-	-
Interest on long-term debt	13,058,063	13,653,174	13,290,050	12,207,377	9,840,431	8,367,167	6,968,480	4,326,128	3,195,182	4,876,723
Total governmental activities	202,656,028	201,394,022	198,215,089	199,469,362	203,940,017	164,467,472	166,381,004	145,630,279	135,750,260	122,218,164
Business-type activities:										
Electric	202,250,921	187,682,253	197,364,239	135,633,692	117,977,960	153,108,050	145,831,415	213,026,628	192,902,041	110,591,149
Water	58,814,951	57,042,756	46,456,413	39,864,139	39,789,705	38,424,263	32,124,957	32,830,002	28,737,866	27,879,343
Wastewater	22,746,920	25,510,169	18,078,035	18,747,033	19,056,052	19,000,488	18,047,434	21,273,796	17,804,487	17,020,092
Solid Waste	18,066,734	16,761,293	16,742,968	20,034,944	18,262,805	16,260,630	14,454,403	14,971,421	14,695,193	17,661,438
Storm Water	11,251,520	10,881,637	10,891,537	7,927,175	8,208,206	7,676,456	3,933,340	5,174,635	5,585,577	5,356,649
Transit	12,904,611	12,810,078	11,335,385	12,166,089	11,389,555	11,338,463	11,004,429	9,349,206	9,003,610	10,565,159
Airport	14,111,055	11,738,776	11,192,345	10,873,761	10,084,828	9,465,392	8,524,086	7,996,692	8,150,815	6,852,874
Civic Centers	3,961,490	3,876,483	3,920,726	4,049,027	4,293,789	4,098,873	619,389	-	-	-
Cemetery	667,863	726,256	699,852	693,689	680,123	722,393	-	-	-	-
Lake Alan Henry	514,491	509,291	386,160	-	-	-	-	-	-	-
Total business-type activities	345,290,556	327,538,992	317,067,660	249,989,549	229,743,023	260,095,008	234,539,453	304,622,380	276,879,589	195,926,704
Total primary government expenses	$ 547,946,584	$ 528,933,014	$ 515,282,749	$ 449,458,911	$ 433,683,040	$ 424,562,480	$ 400,920,457	$ 450,252,659	$ 412,629,849	$ 318,144,868
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Cultural and recreation	$ 1,283,204	$ 1,307,978	$ 1,286,773	$ 1,633,944	$ 1,586,591	$ 1,589,515	$ 2,294,764	$ 2,590,241	$ 2,846,058	$ 3,418,857
Other public safety	7,358,641	6,646,970	6,316,394	6,509,356	6,493,905	7,307,182	7,051,120	4,984,968	5,477,292	6,579,654
Other activities	1,893,433	1,745,560	1,801,943	1,846,533	1,584,953	3,780,055	1,290,410	2,056,682	2,259,804	2,714,613
Operating grants and contributions	7,220,886	12,094,607	13,834,623	13,665,834	8,525,602	9,231,749	10,323,209	10,203,463	13,295,582	9,643,439
Capital grants and contributions	21,259,390	8,961,808	8,397,119	8,137,579	11,766,248	15,921,953	4,322,182	844,930	-	-
Total governmental activities program revenues	39,015,554	30,756,923	31,636,852	31,793,246	29,957,299	37,830,454	25,281,685	20,680,284	23,878,736	22,356,563
Business-type activities										
Charges for services:										
Electric	220,111,810	195,765,095	209,076,452	149,640,110	139,236,837	161,329,847	154,103,767	226,373,638	192,568,012	105,433,133
Water	80,899,076	73,013,404	74,184,937	59,474,560	51,989,393	42,527,445	35,454,426	37,330,953	33,306,786	31,907,893
Wastewater	33,578,597	31,626,539	29,942,844	26,720,757	24,479,551	21,095,745	19,841,503	21,087,364	19,829,430	18,889,095
Solid Waste	19,538,678	19,483,045	18,807,531	17,037,506	16,979,975	16,754,438	16,885,042	13,948,861	12,420,499	11,641,316
Storm Water	19,285,819	19,043,611	16,195,959	12,118,701	8,108,040	6,633,255	6,519,658	6,348,461	6,239,436	6,019,490
Transit	5,921,604	5,211,423	4,809,766	4,647,586	4,385,580	4,306,204	4,466,404	3,268,441	3,144,015	2,893,507
Airport	7,780,680	7,677,538	7,483,750	7,129,257	6,926,643	6,793,829	6,276,416	5,424,016	5,394,314	4,626,270
Civic Centers	701,855	663,415	693,467	640,228	693,798	717,494	287,622	-	-	-
Cemetery	434,993	410,604	438,741	436,534	462,333	335,884	-	-	-	-
Lake Alan Henry	476,437	490,211	458,303	-	-	-	-	-	-	-
Operating grants and contributions	8,242,942	8,399,969	9,387,243	5,854,918	6,431,052	5,133,092	5,812,969	8,351,605	8,156,015	6,738,797
Capital grants and contributions	16,324,187	28,428,061	16,060,921	11,995,639	11,573,283	5,952,837	8,792,317	17,624,811	5,205,541	9,269,306

CITY OF LUBBOCK, TEXAS
Table B - Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total business-type activities program revenues	413,296,678	390,212,915	387,539,914	295,695,796	271,266,485	271,580,070	258,440,124	339,758,150	286,264,048	197,418,807
Total primary government program revenues	$ 452,312,232	$ 420,969,838	$ 419,176,766	$ 327,489,042	$ 301,223,784	$ 309,410,524	$ 283,721,809	$ 360,438,434	$ 310,142,784	$ 219,775,370
NET (EXPENSES) AND PROGRAM REVENUES										
Governmental activities	$ (163,640,474)	$ (170,637,099)	$ (166,578,237)	$ (167,676,116)	$ (173,982,718)	$ (126,637,018)	$ (141,099,319)	$ (124,949,995)	$ (111,871,524)	$ (99,861,601)
Business-type activities	68,006,122	62,673,923	70,472,254	45,706,247	41,523,462	11,485,062	23,900,671	35,135,770	9,384,459	1,492,103
Total net (expenses) and program revenues	$ (95,634,352)	$ (107,963,176)	$ (96,105,983)	$ (121,969,869)	$ (132,459,256)	$ (115,151,956)	$ (117,198,648)	$ (89,814,225)	$ (102,487,065)	$ (98,369,498)
GENERAL REVENUE, SPECIAL ITEMS, AND TRANSFERS										
Governmental activities:										
Property taxes	65,361,484	60,935,080	57,534,225	55,064,777	52,598,485	50,330,322	47,007,067	42,770,826	39,748,464	44,496,973
Sales taxes	62,250,140	57,303,792	53,672,769	51,008,384	50,705,301	50,548,865	47,780,448	45,576,582	41,803,092	30,554,632
Occupancy taxes	6,147,539	5,209,971	4,860,489	4,238,675	4,179,036	4,190,376	3,828,854	3,410,920	3,260,040	2,853,205
Other taxes	1,266,378	1,160,654	1,305,151	1,219,092	1,272,278	1,180,332	1,080,098	1,036,283	982,327	939,456
Franchise taxes	9,126,818	9,727,782	8,307,268	11,702,985	10,765,289	12,977,686	12,378,389	13,348,364	11,153,641	9,654,447
Investment earnings	204,991	345,626	239,542	432,819	1,963,448	5,505,386	6,117,680	4,393,782	1,633,312	1,151,620
Miscellaneous	5,843,077	9,686,138	5,614,852	4,293,491	3,434,985	4,810,900	3,668,589	6,898,288	4,109,474	3,123,572
Special items: gain or (loss) on sale of property	-	-	-	-	-	-	-	-	-	-
Transfers, net	36,973,388	25,571,122	22,844,004	19,869,774	10,039,415	(4,703,317)	10,571,943	9,607,211	15,468,765	9,745,250
Total governmental activities	$ 187,173,815	$ 169,940,165	$ 154,378,300	$ 147,829,997	$ 134,958,237	$ 124,840,550	$ 132,433,068	$ 127,042,256	$ 118,159,115	$ 102,519,155
Business-type activities:										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Investment earnings	229,354	485,569	430,806	477,365	3,593,675	8,284,058	7,145,670	6,140,436	3,758,240	2,859,344
Miscellaneous	1,774,039	3,507,720	3,696,582	2,130,124	1,431,840	3,806,864	6,004,379	4,277,297	1,387,914	72,870
Special items: gain or (loss) on sale of property	-	-	-	-	-	-	-	-	-	-
Termination of interest rate swap	-	-	-	-	-	-	-	-	(6,637,093)	-
Transfers, net	(36,973,388)	(25,571,122)	(22,844,004)	(19,869,774)	(10,039,415)	4,703,317	(10,571,943)	(9,607,211)	(15,468,765)	(9,745,250)
Total business-type activities	$ (34,969,995)	$ (21,577,833)	$ (18,716,616)	$ (17,262,285)	$ (5,013,900)	$ 16,794,239	$ 2,578,106	$ 810,522	$ (16,959,704)	$ (6,813,036)
Total primary government	$ 152,203,820	$ 148,362,332	$ 135,661,684	$ 130,567,712	$ 129,944,337	$ 141,634,789	$ 135,011,174	$ 127,852,778	$ 101,199,411	$ 95,706,119
CHANGES IN NET POSITION										
Governmental activities	$ 23,533,341	$ (696,934)	$ (12,199,937)	$ (19,846,119)	$ (39,024,481)	$ (1,796,468)	$ (8,666,251)	$ 2,092,261	$ 6,287,591	$ 2,657,554
Business-type activities	33,036,127	41,096,090	51,755,638	28,443,962	36,509,562	28,279,301	26,478,777	35,946,292	(7,575,245)	(5,320,933)
Total primary government	$ 56,569,468	$ 40,399,156	$ 39,555,701	$ 8,597,843	$ (2,514,919)	$ 26,482,833	$ 17,812,526	$ 38,038,553	$ (1,287,654)	$ (2,663,379)

CITY OF LUBBOCK, TEXAS
Table C - Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Pre-GASB 54

	2010	2009	2008	2007	2006	2005	2004
General Fund							
Reserved	$ 128,880	$ 124,955	$ 168,657	$ 171,580	$ 168,964	$ 107,828	$ 566,556
Unreserved	19,681,719	19,756,460	19,793,618	18,954,068	19,755,747	17,268,592	12,127,969
Total general fund	$ 19,810,599	$ 19,881,415	$ 19,962,275	$ 19,125,648	$ 19,924,711	$ 17,376,420	$ 12,694,525
All other governmental funds							
Reserved	$ 60,166,524	$ 64,351,061	$ 88,823,575	$ 66,196,650	$ 56,894,363	$ 59,161,246	$ 33,383,928
Unreserved, reported in:							
Capital project funds	-	-	-	-	-	-	(76,784)
Permanent fund	-	-	6,876	4,684	-	-	-
Special revenue funds	20,046,736	20,738,359	21,740,729	24,850,726	20,010,148	8,663,088	1,734,312
Total all other governmental funds	$ 80,213,260	$ 85,089,420	$ 110,571,180	$ 91,052,060	$ 76,904,511	$ 67,824,334	$ 35,041,456

Post-GASB 54

	2013	2012	2011
General Fund			
Nonspendable	$ 115,585	$ 105,079	$ 155,079
Spendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	33,721,048	28,056,366	21,714,802
Total general fund	$ 33,836,633	$ 28,161,445	$ 21,869,881
All other governmental funds			
Nonspendable	-	-	-
Spendable	-	-	-
Restricted	52,018,973	59,977,760	66,585,144
Committed	11,923,822	13,255,916	17,710,680
Assigned	-	-	-
Unassigned	(3,405,424)	(3,420,029)	(2,919,878)
Total all other governmental funds	$ 60,537,371	$ 69,813,647	$ 81,375,946

CITY OF LUBBOCK, TEXAS
Table D - Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
REVENUES										
Taxes	$ 135,096,438	$ 124,533,946	$ 117,622,237	$ 111,534,008	$ 108,737,498	$ 106,316,678	$ 99,433,228	$ 92,693,847	$ 86,475,846	$ 78,044,387
Franchise taxes	9,126,818	9,727,782	8,307,268	11,702,985	10,765,289	12,977,686	12,378,389	13,348,364	11,153,641	9,654,447
Special assessments	834,233	763,467	787,732	761,550	515,597	296,482	243,129	171,682	38,210	-
Fees and fines	4,000,374	3,746,075	3,367,325	3,393,410	3,581,092	3,801,302	3,712,179	3,981,978	4,015,402	3,675,857
Licenses and permits	2,625,478	2,396,476	2,076,776	2,493,594	2,213,041	2,663,139	2,531,032	2,250,635	1,953,666	1,982,281
Intergovernmental	7,982,061	13,568,745	15,237,464	15,565,962	10,718,849	17,479,413	10,993,027	11,048,393	13,295,581	9,643,439
Charges for services	3,237,358	3,077,199	3,114,280	3,381,047	3,399,510	6,095,439	4,896,438	6,088,205	4,614,082	5,316,877
Interest	59,537	218,949	117,158	236,957	1,446,200	4,688,349	5,367,651	3,874,940	1,154,339	739,349
IRS Build America Bond subsidy	439,395	459,377	702,370	-	-	-	-	-	-	-
Miscellaneous	6,472,860	6,377,161	5,412,327	6,394,870	3,357,849	4,967,913	4,083,255	6,966,257	4,774,596	3,055,475
Total revenues	169,874,552	164,869,177	156,744,937	155,464,383	144,734,925	159,286,401	143,638,328	140,424,301	127,475,363	112,112,112
EXPENDITURES										
Current:										
Administrative services and general government	12,041,031	10,383,779	10,214,049	10,572,200	9,848,596	11,110,736	11,560,733	9,356,059	7,534,080	7,491,548
Community services	6,473,828	5,055,939	9,851,912	11,324,436	6,621,943	6,586,711	6,820,895	5,932,820	5,817,388	6,590,727
Cultural and recreation	13,624,228	13,113,048	12,714,602	13,176,905	12,484,184	13,276,408	16,250,714	15,396,277	13,966,159	14,429,876
Economic and business development	14,448,168	13,350,288	14,233,073	13,951,887	12,686,636	11,879,265	11,353,894	10,120,183	9,558,868	4,484,673
Fire	40,155,876	37,491,054	33,832,336	31,913,521	31,007,703	29,733,309	26,831,503	24,638,814	21,927,251	20,899,441
Health	3,953,392	4,717,731	5,491,131	4,958,573	5,348,942	5,804,988	5,760,386	4,647,413	4,567,766	4,278,037
Police	54,990,627	53,222,559	48,536,715	46,745,951	44,096,012	43,865,272	41,148,206	38,376,991	34,818,579	33,874,159
Other public safety	6,422,086	6,320,537	5,107,733	5,472,089	5,608,495	6,104,913	5,497,661	4,647,862	4,553,950	3,839,497
Streets and traffic	7,339,900	10,804,451	6,395,120	9,092,438	8,292,113	8,493,312	7,874,791	7,966,790	8,620,209	7,740,722
Intergovernmental	84,547	99,423	121,469	8,042,288	13,586,131	123,852	12,500,000	4,258,780	5,665,487	2,523,093
Debt services:										
Principal	21,866,286	18,994,553	16,876,387	14,634,941	11,966,304	10,009,329	7,953,207	7,333,408	6,336,036	4,498,304
Interest and other charges	13,882,409	14,211,356	13,971,386	12,494,750	10,015,365	8,332,280	6,411,639	4,141,421	3,031,751	4,749,272
Capital outlay	37,012,362	34,503,433	41,655,381	41,300,518	65,424,779	46,683,372	27,654,063	35,645,649	21,715,538	16,666,136
Total expenditures	232,294,740	222,268,151	219,001,294	223,680,497	236,987,203	202,003,747	187,617,692	172,462,467	148,113,062	132,065,485
Deficiency of revenues under expenditures	(62,420,188)	(57,398,974)	(62,256,357)	(68,216,114)	(92,252,278)	(42,717,346)	(43,979,364)	(32,038,166)	(20,637,699)	(19,953,373)
OTHER FINANCING SOURCES (USES)										
Long-term debt issued	43,695,000	31,841,471	36,890,184	38,381,773	45,791,118	46,605,151	54,199,285	27,526,113	45,110,000	27,745,000
Payment of refunded debt to escrow agent	(30,465,061)	(9,703,645)	(4,594,201)	-	(3,206,295)	-	(11,562,672)	-	(7,215,000)	(22,620,000)
Bond premium (discount)	5,990,123	1,847,580	1,954,464	871,742	1,460,474	1,844,019	398,032	620,860	725,586	1,179,722
Capital leases issued	5,778,891	5,537,998	3,588,154	4,015,386	8,714,556	3,357,019	3,721,262	5,119,980	3,534,016	1,535,075
Transfers in	53,679,599	47,625,755	45,929,973	38,679,233	30,508,238	26,142,942	22,720,904	18,677,088	22,688,009	37,559,808
Transfers out	(19,859,452)	(20,038,143)	(18,290,249)	(18,678,996)	(16,578,433)	(14,876,038)	(12,148,961)	(8,277,407)	(6,740,171)	(28,040,474)
Net other financing sources (uses)	58,819,100	57,111,016	65,478,325	63,269,138	66,689,658	63,073,093	57,327,850	43,666,634	58,102,440	17,359,131
Net change in fund balances	$ (3,601,088)	$ (287,958)	$ 3,221,968	$ (4,946,976)	$ (25,562,620)	$ 20,355,747	$ 13,348,486	$ 11,628,468	$ 37,464,741	$ (2,594,242)
Debt service as a percentage of noncapital expenditures	18.31%	17.68%	17.39%	14.88%	12.81%	11.81%	8.98%	8.39%	7.41%	8.01%

CITY OF LUBBOCK, TEXAS
Table E - Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax Revenues [1]	Sales Tax Revenues	Hotel and Motel Tax Revenues	Other Tax Revenues [2]	Total Tax Revenues [3]
2004	43,697,094	30,554,632	2,853,205	939,456	78,044,387
2005	40,430,387	41,803,092	3,260,040	982,327	86,475,846
2006	42,670,062	45,576,582	3,410,920	1,036,283	92,693,847
2007	46,743,828	47,780,448	3,828,854	1,080,098	99,433,228
2008	50,397,105	50,548,865	4,190,376	1,180,332	106,316,678
2009	52,580,883	50,705,301	4,179,036	1,272,278	108,737,498
2010	55,067,857	51,008,384	4,238,675	1,219,092	111,534,008
2011	57,783,828	53,672,769	4,860,489	1,305,151	117,622,237
2012	60,859,529	57,303,792	5,209,971	1,160,654	124,533,946
2013	65,432,381	62,250,140	6,147,539	1,266,378	135,096,438

Notes:

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Includes bingo tax and mixed beverage tax.

(3) Excludes Franchise Fees

CITY OF LUBBOCK, TEXAS
Table F - Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

	Real Property		Personal Property		Exemptions	Total			
Fiscal Year Ending	Assessed value	Estimated actual value	Assessed value	Estimated actual value	All Property	Assessed value	Estimated actual value	Ratio of total assessed value to total estimated actual value	Total Direct Rate
2004	6,807,625,178	7,089,613,963	1,297,211,385	1,361,574,461	346,351,861	8,104,836,563	8,451,188,424	95.9%	0.54570
2005	7,302,459,231	7,439,097,767	1,332,535,631	1,523,670,626	327,773,531	8,634,994,862	8,962,768,393	96.3%	0.45970
2006	7,918,495,863	8,258,879,156	1,428,118,088	1,446,021,583	358,286,788	9,346,613,951	9,704,900,739	96.3%	0.44720
2007	8,576,644,664	8,902,986,625	1,426,080,973	1,468,737,133	368,998,121	10,002,725,637	10,371,723,758	96.4%	0.46199
2008	9,386,423,964	9,701,182,183	1,510,786,599	1,569,131,516	373,103,136	10,897,210,563	11,270,313,699	96.7%	0.45505
2009	9,999,003,791	10,302,954,536	1,674,070,341	1,719,807,066	349,687,470	11,673,074,132	12,022,761,602	97.1%	0.44640
2010	10,337,645,420	10,810,721,017	1,664,970,760	1,680,501,668	488,606,505	12,002,616,180	12,491,222,685	96.1%	0.44640
2011	10,595,561,504	11,026,452,390	1,692,799,194	1,701,604,691	439,696,383	12,288,360,698	12,728,057,081	96.5%	0.45617
2012	11,006,904,078	11,464,577,135	1,622,705,187	1,665,501,335	500,469,205	12,629,609,265	13,130,078,470	96.2%	0.47400
2013	11,377,170,895	11,815,025,106	1,723,036,203	1,770,854,435	485,672,443	13,100,207,098	13,585,879,541	96.4%	0.49211

Source: Lubbock Central Appraisal District

CITY OF LUBBOCK, TEXAS
Table G - Principal Taxpayers
Current Year and Nine Years Ago

		FYE 2013			FYE 2002		
Name of Taxpayer	Type of Business	Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Valuation
Macerich South Plains LP	Regional Shopping Mall	$ 125,431,960	1	0.96%	$ 111,202,071	1	1.57%
United Supermarkets LLC	Food Wholesale	59,858,509	2	0.46%			
PYCO Industries, Inc.	Cottonseed Oil Mill	48,002,953	3	0.37%	55,647,910	4	0.78%
Texland Petroleum LP	Oil and Gas Production	44,461,302	4	0.34%			
Atmos Energy	Natural Gas Utility	43,136,880	5	0.33%			
Southwestern Bell Telephone LP	Telephone Utility	36,619,221	6	0.28%	70,703,934	2	1.00%
Wal-Mart Real Estate Business Trust	Discount Retail Store	34,000,000	7	0.26%	34,337,581	5	0.48%
Lubbock Property LLC	Apartments	33,027,354	8	0.25%			
1859 Management PTRS LP	Hotel	30,963,485	9	0.24%			
TTUC LLC	Apartments	30,500,000	10	0.23%			
Southwestern Public Service	Electric Utility				56,941,488	3	0.80%
Noble Construction Equipment	Construction Equipment Manufacturer				24,863,482	6	0.35%
US Distribution Center LLC	Grocery Distribution Center				23,906,084	7	0.32%
Fleming Companies, Inc.	Wholesale Grocers				22,689,744	8	0.34%
Energas	Natural Gas Utility				22,177,765	9	0.31%
Cox Communications West Texas	Telecommunications Company				20,500,010	10	0.29%
		$ 486,001,664		3.71%	$ 442,970,069		6.24%

Source: Lubbock Central Appraisal District

CITY OF LUBBOCK, TEXAS
Table H - Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending	Taxes Levied for the Fiscal Year	Total Adjustments as of 9/30/13	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2004	43,236,263	202,862	43,439,125	42,358,381	98.0%	988,353	43,346,734	99.8%
2005	39,777,866	(294,988)	39,482,878	38,797,152	97.5%	583,557	39,380,709	99.7%
2006	41,968,431	(364,514)	41,603,917	41,000,877	97.7%	496,792	41,497,669	99.7%
2007	46,068,744	(292,570)	45,776,174	45,092,834	97.9%	564,743	45,657,577	99.7%
2008	49,195,247	(128,476)	49,066,771	48,411,785	98.4%	525,256	48,937,041	99.7%
2009	51,616,589	(359,803)	51,256,786	50,472,997	97.8%	631,681	51,104,678	99.7%
2010	53,455,322	(120,262)	53,335,060	52,485,686	98.2%	667,090	53,152,776	99.7%
2011	55,783,339	(295,890)	55,487,449	54,819,823	98.3%	439,088	55,258,911	99.6%
2012	59,220,369	(166,098)	59,054,271	58,284,680	98.4%	431,305	58,715,985	99.4%
2013	63,279,229	(82,057)	63,197,172	62,375,516	98.6%	-	62,375,516	98.7%

Source: Lubbock Central Appraisal District

CITY OF LUBBOCK, TEXAS
TABLE I - Property Tax Rates - Direct and Overlapping Governments
(per $100 of Assessed Value)
Last Ten Fiscal Years

	City Direct Rates				Overlapping Rates			
Fiscal Year Ending	General Fund	Economic Development	Interest & Sinking Fund	Total Direct	Lubbock Independent School District (LISD)	Lubbock County (County)	High Plains Underground Water District (High Plains)	Lubbock County Hospital District (Hospital)
2004	0.41504	0.03000	0.10066	0.54570	1.60560	0.25954	0.00830	0.10896
2005	0.33474	0.03000	0.09496	0.45970	1.60560	0.25587	0.00830	0.10742
2006	0.35626	0.03000	0.06094	0.44720	1.65890	0.26162	0.00830	0.11034
2007	0.36074	0.03000	0.07125	0.46199	1.56500	0.28576	0.00830	0.11420
2008	0.35380	0.03000	0.07125	0.45505	1.23500	0.30615	0.00794	0.11661
2009	0.32540	0.03000	0.09100	0.44640	1.23500	0.32620	0.00794	0.12067
2010	0.33240	0.03000	0.08400	0.44640	1.23500	0.32946	0.00794	0.12084
2011	0.33240	0.03000	0.09377	0.45617	1.23500	0.32946	0.00785	0.12081
2012	0.34200	0.03000	0.10200	0.47400	1.23500	0.32946	0.00776	0.12072
2013	0.35683	0.02937	0.10591	0.49211	1.23500	0.34648	0.00754	0.11919

Source: Lubbock Central Appraisal District

CITY OF LUBBOCK, TEXAS
Table J - Ratio of Outstanding Debt By Type
Last Ten Fiscal Years

		Governmental				
Fiscal Year		General Obligation Bonds	Capital Leases	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2004		71,400,939	1,360,957	72,761,896	0.92%	353
2005	*	104,586,253	3,954,885	108,541,138	1.26%	519
2006	*	126,966,586	7,530,559	134,497,145	1.44%	637
2007	*	163,380,346	10,916,970	174,297,316	1.74%	821
2008	*	203,565,118	12,222,506	215,787,624	1.98%	1,004
2009	*	237,669,524	18,005,903	255,675,427	2.19%	1,171
2010	*	265,563,743	18,023,375	283,587,118	2.36%	1,235
2011	*	285,888,111	18,347,806	304,235,917	2.48%	1,312
2012		294,238,000	20,237,786	314,475,786	2.49%	1,346
2013		297,966,963	21,698,987	319,665,950	2.44%	1,352

	Business-type					
Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Total	Percentage of Personal Income	Per Capita
2004	210,020,648	99,333,258	1,393,207	310,747,113	4.49%	1,506
2005	288,959,508	43,145,671	1,354,576	333,459,755	4.54%	1,595
2006	325,358,599	58,266,316	8,388,968	392,013,883	5.09%	1,856
2007	352,781,206	54,793,601	13,049,379	420,624,186	4.99%	1,981
2008	461,598,432	49,689,110	18,582,396	529,869,938	6.01%	2,466
2009	455,102,842	47,967,162	23,709,725	526,779,729	5.92%	2,413
2010	582,962,272	52,513,363	22,093,860	657,569,495	8.20%	2,864
2011	693,432,770	114,433,533	18,833,944	826,700,247	8.77%	3,564
2012	720,456,676	135,260,668	16,970,843	872,688,187	8.97%	3,735
2013	716,063,760	141,592,726	21,461,977	879,118,463	8.19%	3,719

CITY OF LUBBOCK, TEXAS
Table K - Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal year	Popu-lation*	Assessed Value (in thousands)	Gross Bonded Debt(1)	Debt Service Monies Available(2)	Debt Payable from Other Government Revenues (3)	Debt Payable from Enterprise Revenues(4)	Net Bonded Debt(5)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004	206,290	7,921,590	281,421,587	0	-	215,663,783	65,757,804	0.83%	318.76
2005	209,120	8,634,995	393,545,761	0	15,745,000	286,749,731	91,051,030	1.05%	435.40
2006	211,187	9,346,614	452,325,185	3,614,172	17,895,597	323,567,720	110,861,868	1.19%	524.95
2007	212,365	10,002,726	516,161,552	3,451,292	42,474,527	352,486,630	121,200,395	1.21%	570.72
2008	214,847	10,897,211	665,163,550	3,167,681	61,321,732	457,126,347	146,715,471	1.35%	682.88
2009	218,327	11,673,074	692,772,366	2,611,960	91,426,295	451,090,013	150,256,058	1.29%	688.22
2010	229,573	12,002,616	848,526,015	2,671,291	98,987,524	578,026,089	171,512,402	1.43%	747.09
2011	231,937	12,288,361	979,320,881	2,454,822	99,313,180	677,112,181	202,895,520	1.65%	874.79
2012	233,651	12,629,609	1,014,694,676	2,461,377	95,402,075	696,661,487	222,631,114	1.76%	952.84
2013	236,362	13,100,207	1,014,030,723	2,631,050	94,061,709	689,773,914	230,195,100	1.76%	973.91

*Sources: City of Lubbock Business Development estimates, 2010 Census

Note: (1) Includes all long-term general obligation debt. (2) Includes restricted investments in the Debt Service Fund and Special Revenue TIF funds. (3) Includes debt paid for from HUD loans, franchise fees, and hotel taxes.(4) Excludes Civic Center debt which is paid from governmental funds (5) Includes TIF debt.

CITY OF LUBBOCK, TEXAS
Table L - Computation of Legal Debt Margin
Last Ten Fiscal Years

	2013	2012	2011	2010	2009
Total Taxable Property Value	$ 13,100,207,098	$ 12,629,609,265	$ 12,288,360,698	$ 12,002,616,180	$ 11,673,074,132
Total Debt Margin Available ($1.50 per $100 Assessed Valuation)*	196,503,106	189,444,139	184,325,410	180,039,243	175,096,112
General Obligation & Certificate Obligation principal payments	(39,665,000)	(50,335,000)	(43,580,000)	(35,190,000)	(30,435,000)
Capital lease principal payments	(9,908,108)	(10,588,477)	(10,666,928)	(10,356,147)	(7,099,497)
Margin of Indebtedness Available	**$ 146,929,999**	**$ 128,520,662**	**$ 130,078,482**	**$ 134,493,096**	**$ 137,561,615**

	2008	2007	2006	2005	2004
Total Taxable Property Value	$ 10,897,210,563	$ 10,002,725,637	$ 9,346,613,951	$ 8,634,994,862	$ 7,921,590,380
Total Debt Margin Available ($1.50 per $100 Assessed Valuation)*	163,458,158	150,040,885	140,199,209	129,524,923	118,823,856
General Obligation & Certificate Obligation principal payments	(26,535,000)	(2,516,000)	(23,395,000)	(20,305,000)	(16,130,000)
Capital lease principal payments	(5,218,128)	(3,187,580)	(3,401,402)	(2,668,648)	(2,685,282)
Margin of Indebtedness Available	**$ 131,705,030**	**$ 144,337,305**	**$ 113,402,807**	**$ 106,551,275**	**$ 100,008,574**

*There is no statutory debt limitation in the City Charter or under State Law. The City operates under a Home Rule Charter that limits the maximum tax rate, for all City Purposes, to $2.50 per $100 assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for general obligation debt service.

CITY OF LUBBOCK, TEXAS
Table M - Revenue Bond Coverage - LP&L and Water Bonds
Last Ten Fiscal Years

ELECTRIC BONDS:

Fiscal Year	Net Revenue[1]	Direct Operating Expenses[2]	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2004	102,860,319	89,236,860	13,623,459	3,480,000	1,471,553	4,951,553	2.75
2005	179,759,626	164,070,550	15,689,076	2,965,000	1,311,703	4,276,703	3.67
2006	212,074,481	185,437,294	26,637,187	2,930,000	1,169,673	4,099,673	6.50
2007	145,953,649	125,901,533	20,052,116	2,900,000	1,034,538	3,934,538	5.10
2008	153,071,017	132,015,842	21,055,175	2,530,000	899,060	3,429,060	6.14
2009	132,731,430	97,484,329	35,247,101	1,720,000	781,655	2,501,655	14.09
2010	143,222,344	111,975,325	31,247,019	1,715,000	700,945	2,415,945	12.93
2011	201,459,258	162,825,323	38,633,935	8,035,000	1,875,990	9,910,990	3.90
2012	189,208,522	154,396,274	34,812,248	6,600,000	3,176,315	9,776,315	3.56
2013	212,656,108	169,615,904	43,040,204	6,845,000	2,804,445	9,649,445	4.46

WATER BONDS:

Fiscal Year	Net Revenue[1]	Direct Operating Expenses[2]	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2004	33,185,431	17,042,519	16,142,912	1,685,000	2,563,660	4,248,660	3.80
2005	33,306,786	17,619,668	15,687,118	1,775,000	2,470,985	4,245,985	3.69
2006	37,330,953	20,720,395	16,610,558	364,583	492,267	856,850	19.39
2007	35,454,426	18,781,580	16,672,846	971,148	1,987,170	2,958,318	5.64
2008	42,527,445	23,543,862	18,983,583	1,247,331	1,713,933	2,961,264	6.41
2009	51,989,393	23,034,101	28,955,292	1,296,933	1,666,541	2,963,474	9.77
2010	59,474,560	22,582,295	36,892,265	1,527,987	1,935,692	3,463,679	10.65
2011	74,184,937	24,019,142	50,165,795	1,680,824	1,871,941	3,552,765	14.12
2012	73,013,404	24,767,762	48,245,642	2,427,367	2,984,031	5,411,398	8.92
2013	80,899,076	27,824,918	53,074,158	14,579,520	2,807,990	17,387,510	3.05

(1) Net Revenue is gross revenue less refunds and allowances.
(2) Direct Operating expenses exclude depreciation. For Water, it includes CRMWA debt payment in years 2005-2006, 2006-2007, 2007-2008, 2008-2009 AND 2009-2010.

CITY OF LUBBOCK, TEXAS
Table N - Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service[1]	Total General Expenditures[2]	Percentage of Debt Service to Total General Expenditures
2004	4,498,304	3,329,392	7,827,696	114,800,174	6.8%
2005	4,780,949	2,657,883	7,438,832	129,665,462	5.7%
2006	4,729,101	3,223,604	7,952,705	143,512,681	5.5%
2007	5,339,612	3,952,131	9,291,743	152,363,561	6.1%
2008	5,724,714	4,249,342	9,974,056	159,359,684	6.3%
2009	6,400,891	4,769,322	11,170,213	166,110,455	6.7%
2010	6,986,147	5,190,324	12,176,471	177,316,661	6.9%
2011	8,360,106	6,382,594	14,742,700	184,085,585	8.0%
2012	9,727,011	6,759,287	16,486,298	189,604,352	8.7%
2013	8,368,806	5,885,847	14,254,652	200,012,330	7.1%

[1] Includes debt service requirements on General Obligation and Certificate of Obligation bonds. Excludes bonds issued in TIF, Gateway, Hotel Tax Supported, and HUD funds.

[2] Includes General, Special Revenue, and Debt Service Funds.

CITY OF LUBBOCK, TEXAS
Table O - Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds in Governmental Activities

		Funded Debt Outstanding at 09/30/2012		Percentage Applicable to City of Lubbock	Amount Applicable to City of Lubbock
City of Lubbock		$ 319,665,950	(1)	100.00%	$ 319,665,950
Subtotal Directs		319,665,950			319,665,950
Lubbock County	(2)	65,315,000		91.65%	59,861,198
Lubbock Independent School District	(2)	157,989,999		99.68%	157,484,431
Lubbock- Cooper Independent School District	(2)	122,697,593		63.45%	77,851,623
Frenship Independent School District	(2)	163,064,368		77.32%	126,081,369
Idalou Independent School District	(2)	14,870,000		4.05%	602,235
Roosevelt Independent School District	(2)	11,144,000		4.13%	460,247
Subtotal Overlapping		535,080,960			422,341,105
Total		$ 854,746,910			$ 742,007,055

(1) General purpose funded debt payable from ad valorem taxes in governmental activities. (Also, includes all self-supporting debt. HUD 108 general obligation debt excluded). Also includes capital lease balances governmental activities.

(2) "Texas Municipal Reports" published by the Municipal Advisory Council of Texas.

CITY OF LUBBOCK, TEXAS
Table P - Demographic Statistics
Last Ten Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Income (1)	Median Age (1)	Education Level in Years of Formal Schooling Completed (1)	School Enrollment (3)	Unemployment Rate (4)
2004	206,290	6,927,223	18,371	30.4	12.4	28,355	4.60%
2005	209,120	7,346,000	18,775	30.6	12.4	28,297	4.10%
2006	211,187	7,702,000	19,169	30.9	12.4	28,209	4.00%
2007	212,365	8,426,000	19,747	30.4 *	12.4	28,639	3.70%
2008	214,847	8,812,000	20,310	30.8 **	12.5	28,976	3.80%
2009	218,327	8,899,000	20,817	30.6 **	12.5	28,682	5.40%
2010	229,573 (5)	8,018,680	21,233 (5)	30.7 (5)	12.5	28,808	6.20%
2011	231,937	9,428,347	23,092	31.5	12.7	28,728	6.20%
2012	233,651	9,725,542	23,237	30.3	12.8	29,226	5.60%
2013	236,362 (6)	10,290,498	24,196 (3)	29.7	13.0	29,287 (7)	5.20% (3)

Sources:
(1) City of Lubbock Planning Department estimates
(2) www.bea.gov
(3) City of Lubbock Finance Department (Based on Calendar Year Average)
(4) Texas Workforce Commission Labor Market Information
(5) Census Bureau
(6) 2013 Footnotes, page 1
(7) LISD Website

*Source: Sites on Texas, 2007 estimate
**Source: Decision Data Resources 2008 estimate

CITY OF LUBBOCK, TEXAS
Table Q - Principal Employers
Current Year and Nine Years Ago

	2013			2004		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Texas Tech University	11,376	1	8.10%	9,919	1	7.50%
Covenant Health System	5,000	2	3.56%	4,310	2	3.26%
United Supermarkets (Corporate)	3,622	3	2.58%	2,156	5	1.63%
Lubbock Independent School District	3,456	4	2.46%	3,504	3	2.65%
University Medical Center	3,327	5	2.37%	2,310	4	1.75%
TTU Health Sciences Center	3,280	6	2.34%	2,010	7	1.52%
City of Lubbock	2,256	7	1.61%	2,109	6	1.59%
Lubbock County	1,271	8	0.91%	1,143	10	0.86%
Interim Healthcare of West Texas	1,200	9	0.85%			
Frenship ISD	971	10	0.69%			
Cingular				1,750	8	1.32%
Onvergys Corporation				1,450	9	1.10%
Total	35,759		25.46%	30,661		23.18%

Source: Survey performed by City of Lubbock economic analyst based on Lubbock MSA.

CITY OF LUBBOCK, TEXAS
Table R - Full-time Equivalents City Government Employees by Function
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Function										
Governmental activities:										
Administrative services and general government	80	79	82	80	76	86	86	85	86	92
Community development	16	18	22	22	18	18	18	18	21	21
Cultural and recreation	124	128	131	131	131	131	124	125	124	143
Economic and business development	7	7	15	15	15	15	15	15	13	11
Fire	398	375	358	355	355	355	330	321	294	289
Health	43	48	61	59	73	81	82	76	74	73
Police	540	536	535	535	535	535	534	499	424	417
Other public safety	81	82	75	76	73	78	78	74	64	57
Streets and traffic	89	90	89	89	92	94	88	98	94	82
Intergovernmental	-	-	-	-	-	-	-	7	5	6
Internal service	56	54	45	43	43	45	43	40	41	45
Total governmental activities	1,434	1,417	1,413	1,405	1,411	1,438	1,398	1,358	1,240	1,236
Business-type activities:										
Electric	289	288	284	249	245	237	235	191	191	189
Water	167	166	166	155	156	156	151	152	138	135
Sewer	74	71	72	72	77	77	78	78	71	71
Solid waste	111	110	110	110	110	110	106	106	91	89
Storm water	36	35	34	33	34	35	30	18	18	18
Transit	166	153	151	142	129	129	119	117	117	99
Airport	48	48	48	48	48	48	48	49	50	50
Cemetery	7	7	7	7	7	7	7	-	-	-
Civic Centers	27	27	27	30	30	31	31	31	34	35
Lake Alan Henry	1	1	1	1	1	1	1	1	1	-
Internal service	28	28	28	28	28	27	27	32	47	48
Total business-type activities	954	934	928	875	865	858	833	775	758	734
Total	2,388	2,351	2,341	2,280	2,276	2,296	2,231	2,133	1,998	1,970

CITY OF LUBBOCK, TEXAS
Table S - Operating Indicators by Function/Program
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Cultural and Recreation Services										
Civic Center number of events with greater than 500 attendees	132	139	131	151	129	129	105	120	123	128
Library Visits	513,555	538,119	566,462	583,932	537,393	547,595	554,864	602,947	721,847	704,784
Softball Team Registrations	379	377	365	372	372	344	401	438	442	465
Community Center Attendance	133,312	134,802	122,432	134,724	173,787	113,969	119,781	123,487	109,029	122,311
Senior Center Attendance	111,794	106,109	106,986	108,085	92,085	83,319	70,419	68,420	70,849	79,546
Garden and Arts Attendance	50,433	58,473	42,707	46,738	60,544	35,894	47,024	58,981	51,114	53,074
Other Public Safety										
Construction Permits	3,893	2,737	2,471	3,521	4,748	2,648	2,764	3,717	5,151	3,583
Building Department Inspections	40,232	33,370	31,475	33,158	34,530	29,381	34,647	36,775	50,735	44,432
Police										
Police Reports Processed	77,106	79,920	78,648	79,810	81,772	84,980	92,788	90,144	82,346	89,493
Police Crime/Incident Reports	36,535	37,059	39,242	38,385	41,328	45,539	47,994	47,992	45,551	46,074
Police Calls	363,293	363,297	332,425	352,791	316,049	235,697	244,671	317,571	268,855	281,367
Fire										
Public Fire Safety Education Presentations	194	174	188	183	221	192	176	163	166	150
Fire/Arson Investigations Conducted	178	170	262	136	177	169	116	118	88	85
Inspection Activities Performed	1,976	2,206	2,198	2,457	2,416	2,170	2,074	1,860	1,521	1,845
LP&L										
Average daily consumption (kwh)	7,503,996	7,089,327	7,089,091	4,736,004	4,516,842	4,475,348	4,162,753	4,259,994	3,956,904	3,658,402
Water										
Average daily consumption (gal)	37,130,000	36,550,000	41,207,000	31,630,000	32,700,000	31,220,000	37,280,000	35,087,000	33,050,000	38,380,000
Airport										
Number of airline passengers enplaned (annual projection)	467,500	492,073	521,678	531,504	547,333	581,655	582,836	564,967	547,435	539,372
Daily average of airplane departures and landings	219	188	200	220	212	223	266	239	255	221
Number of major airlines	3	3	4	4	4	3	3	3	3	4
Number of scheduled daily flights	20	22	24	34	54	33	54	54	54	68

CITY OF LUBBOCK, TEXAS
Table T - Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Streets and Traffic Engineering										
Miles of Streets Paved	1,095	1,090	1,080	1,076	1,071	1,058	1,030	1,030	1,004	975
Miles of Streets Unpaved	57	57	60	60	60	60	72	72	72	74
Fire										
Number of stations	18	17	16	16	16	15	15	15	15	14
Number of fire fighters and officers (civil service)	389	336	335	335	335	355	335	300	290	269
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of authorized police officers	433	423	423	422	422	422	422	422	380	320
Culture and Recreation Services										
Number of parks and playgrounds	140	140	140	140	138	138	137	137	137	134
Number of recreation centers	9	9	9	9	9	9	9	9	9	9
Number of golf courses	2	2	2	2	2	2	2	2	2	2
Number of swimming pools	4	4	4	4	4	4	4	4	4	4
Number of auditoriums/coliseums	2	2	2	2	2	2	2	2	2	2
Number of amphitheaters	2	2	2	2	2	2	2	2	2	1
Number of civic centers	1	1	1	1	1	1	1	1	1	1
Number of libraries (excl. education)	4	4	4	4	3	4	4	4	4	4
LP&L										
Number of meters	101,637	100,462	99,399	75,975	74,930	72,949	71,489	68,709	66,227	63,076
Number of sub-stations	36	37	38	14	14	14	14	14	14	14
Number of steam turbines	6	6	6	6	6	6	6	6	6	6
Number of diesel engines	0	0	2	2	2	2	2	2	2	2
Number of gas turbine engines	4	4	5	5	5	5	5	5	5	5
Miles of distribution lines	2,274	2,202	2,202	1,062	1,054	1,042	1,023	1,013	1,005	997
Miles of transmission lines	105	96	85	85	90	85	85	85	85	85
Water										
Number of meters	82,231	81,021	79,740	79,200	78,312	77,608	77,147	75,876	74,026	72,505
Miles of distribution lines	1,625	1,595	1,508	1,471	1,452	1,427	1,408	1,373	1,341	1,323
Number of fire hydrants	6,031	5,848	5,787	5,527	5,442	4,636	4,536	4,356	4,220	4,121
Number of water wells (active)	175	175	175	164	150	150	150	166	166	146
Acres of water rights	246,547	246,547	246,547	182,656	99,152	99,152	99,152	99,152	99,152	99,152
Number of gallons allocated annually by Canadian River Municipal Water Authority (in millions of gallons)	7,982	7,982	8,786	9,660	9,660	10,300	10,868	11,268	9,915	14,007
Sewer										
Miles of sanitary sewer lines	1,119	1,103	1,105	1,016	1,007	996	986	960	941	924

City of Lubbock, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	Grant/ Contract Number	Federal Awards Expended
U. S. DEPARTMENT OF COMMERCE: EDA			
Direct Programs:			
Public Works and Development Facilities 2010	11.300	08-01-04553	$ 276,782
Total Economic Development Cluster			276,782
Total U. S. Department of Commerce			**276,782**
U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
Direct Programs:			
Community Development Block Grant 12-13	14.218	B-12-MC-48-0022	1,405,419
Community Development Block Grant 11-12	14.218	B-11-MC-48-0022	520,320
Community Development Block Grant 10-11	14.218	B-10-MC-48-0022	149,234
Community Development Block Grant 09-10	14.218	B-09-MC-48-0022	34,560
Total CDBG - Entitlement Grants Cluster			2,109,533
Emergency Solutions Grant 12-13	14.231	E-12-MC-48-0007	139,618
Emergency Solutions Grant 11-12	14.231	E-11-MC-48-0007	61,171
Total CFDA 14.231			200,789
HOME Program 12-13	14.239	M-12-MC-48-0205	13,319
HOME Program 11-12	14.239	M-11-MC-48-0205	478,167
HOME Program 10-11	14.239	M-10-MC-48-0205	644,806
HOME Program 09-10	14.239	M-09-MC-48-0205	453,859
HOME Program 08-09	14.239	M-08-MC-48-0205	69,719
HOME Program 07-08	14.239	M-07-MC-48-0205	23,833
Total CFDA 14.239			1,683,703
Section 108 Loan Guarantee Program	14.248	B-01-MC-48-0022	355
Total CFDA 14.248			355
Total U. S. Department of Housing & Urban Development			**3,994,380**
U. S. DEPARTMENT OF JUSTICE			
Passed through Office of Justice Programs:			
Byrne Memorial (JAG 12)	16.738	2012-DJ-BX-0904	161,292
Byrne Memorial (JAG 11)	16.738	2011-DJ-BX-2647	48,970
Byrne Memorial (JAG 10)	16.738	2010-DJ-BX-1082	40,585
Total JAG Program Cluster			250,846
Internet Crimes Against Children Task Force	16.800	2010-MC-CX-K037	1,731
Total CFDA 16.800			1,731
Total U. S. Department of Justice			**252,577**
U. S. DEPARTMENT OF TRANSPORTATION			
Federal Aviation Administration:			
Wildlife Hazard Assessment	20.106	3-48-0138-035-2011	12,852
Rwy 17R/35L Improvements - Design Only	20.106	3-48-0138-037-2012	1,031,390
Improve Runway Safety Area (Relocate Perimeter Road (Outside RSA))	20.106	3-48-0138-038-2013	185,003
Pavement Analysis 17R/35L	20.106	3-48-0138-036-2011	64,509
Phase III Rwy 8/26 Improvements	20.106	3-48-0138-036-2011	4,071,278
Total CFDA 20.106			5,365,032

City of Lubbock, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	Grant/ Contract Number	Federal Awards Expended
Federal Transit Administration:			
5307 Funds - Capital, Operating and Planning 12-13	20.507	TX-90-Y014	$ 2,878,428
5307 Funds - Capital, Operating and Planning 11-12	20.507	TX-90-X963-00	332,259
Total Federal Transit Cluster			3,210,687
Federal Transit Administration:			
5309 Funds State of Good Repairs 12-13	20.509	TX-04-0107	213,220
Total CFDA 20.509			213,220
Federal Transit Administration:			
5316 Funds Job Access-Reverse Commute FY 12	20.516	TX-37-X094-00	42,661
5317 Funds New Freedom Mobility Management FY12	20.521	TX-57-X036-00	16,991
Passed through Texas Department of Transportation:			
5310 Funds - FY 12 State Preventive Maintenance	20.513	51205F7170	42,000
Total Transit Services Programs Cluster			101,652
Federal Transit Administration:			
5308 Funds-Clean Fuels Bus Replacement 11-12	20.519	TX-58-0007-00	2,000,000
Total CFDA 20.519			2,000,000
Passed through Texas Department of Transportation:			
5311 Funds - FY 12 DTP Renovations	20.509	51205F7072	7,025
5311 Funds - FY 11 DTP Renovations	20.509	51105F7050	68,140
Total CFDA 20.509			75,165
5304 Funds - FY 13 State Route Study	20.515	51305F7134	44,431
Total CFDA 20.515			44,431
Passed through Texas Department of Transportation:			
Under the Unified Planning Work Program:			
Lubbock Metropolitan Planning Organization 12-13	20.505	51-74-108-0105-13-810	93,563
Total CFDA 20.505			93,563
Federal Highway Administration:			
Passed through Texas Department of Transportation:			
Under the Unified Planning Work Program:			
Lubbock Metropolitan Planning Organization 12-13	20.205	50-72-2-13-1105-70-806	328,024
Total Highway Planning and Construction Cluster			328,024
Passed through Texas Department of Transportation:			
STEP Click It or Ticket Mobilization 2013	20.600	2013-Lubbock PD-CIOT-00019	8,716
STEP Comprehensive 12-13	20.600	2013-Lubbock-S-1YG-0027	63,393
Safety City Teaching Kids to be Street Smart 12-13	20.600	2013-LubbockP-G-1YG-0160	24,049
Total Highway Safety Cluster			96,158
Total U. S. Department of Transportation			**11,527,932**

City of Lubbock, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	Grant/ Contract Number	Federal Awards Expended
U. S. DEPARTMENT OF EDUCATION			
Passed through Texas State Library and Archives Commission:			
Library Systems Operation 11-12	45.310	470-12004	$ 1,471
Total CFDA 45.310			1,471
Total U. S. Department of Education			**1,471**
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct Programs:			
Canyon Lakes Water Reuse Project	66.202	XP96629501	21,986
Total CFDA 66.202			21,986
Total U. S. Environmental Protection Agency			**21,986**
U.S. DEPARTMENT OF ENERGY			
Passed through Texas Department of Housing and Community Affairs:			
ARRA-DOE County 2009	81.042	16090000668	3,476
Total CFDA 81.042			3,476
Total U. S. Department of Energy			**3,476**
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through Texas Department of Aging & Disability Services:			
Special Program for the Aging Title III B 12-13	93.044	A100	28,982
Special Program for the Aging Title III C 12-13	93.045	A100	171,195
Total Aging Cluster			200,177
Passed through Texas Department of State Health Services:			
Immunization / Locals 13-14	93.268	2014-001290-00	20,102
Immunization / Locals 12-13	93.268	2013-041470-001	243,516
Total CFDA 93.268			263,618
Public Health Emergency Preparedness 13-14	93.069	2014-001284-00	16,628
Preparedness and Prevention Community Preparedness Section 12-13	93.069	2013-041470-005	16,216
Public Health Emergency Preparedness 12-13	93.069	2013-041470-002	264,411
Total CFDA 93.069			297,255
Preventive Health & Health Services Block Grant (RLSS/LPHS) 13-14	93.991	2014-001286-00	1,543
Preventive Health & Health Services Block Grant (RLSS/LPHS) 12-13	93.991	2013-041470-003	19,185
Total CFDA 93.991			20,728
Passed through Texas Department of Housing & Comm. Affairs:			
Comprehensive Energy Assistance Program (CEAP) 2013 2nd Award	93.568	58120001681	486,115
Comprehensive Energy Assistance Program (CEAP) 2013	93.568	58130001622	721,540
Comprehensive Energy Assistance Program (CEAP) 2012	93.568	58120001362	368,596
Total CFDA 93.568			1,576,251

City of Lubbock, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	Grant/ Contract Number	Federal Awards Expended
Community Services Block Grant 2013	93.569	61130001572	$ 238,956
Community Services Block Grant 2012	93.569	61120001291	186,915
Total CFDA 93.569			425,871
Total U. S. Department of Health & Human Services			**2,783,900**
U. S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Governor's Division of Emergency Management:			
FEMA Public Assistance Grant - Hurricane Alex	97.036	FEMA 1931-DR-TX	3,370
Total CFDA 97.036			3,370
Emergency Management Performance Grant 12-13	97.042	13TX-EMPG-0944	120,812
Total CFDA 97.042			120,812
MMRS 2011	97.071	2011-SS-00019	206,476
Metropolitan Medical Response Systems (MMRS)	97.071	233-01-0049	1,448
Total CFDA 97.071			207,924
Total U. S. Department of Homeland Security			**332,107**
TOTAL FEDERAL FINANCIAL ASSISTANCE			**$ 19,194,610**

CITY OF LUBBOCK, TEXAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. Federal awards include expenditures funded with program income, but excludes expenditures funded with City matching funds and revolving loan funds.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

(3) Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs, including the summary of auditors' results is included on page 184.

(4) Relationship to Federal and State Financial Reports

Grant expenditure reports as of September 30, 2013, which have been submitted to grantor agencies, will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

(5) Sub-recipients

Of the federal expenditures presented in the Schedule, the City provided federal awards to sub-recipients totaling $1,768,040.

Program	CFDA Number	Sub-recipient	Amount
CDBG	14.218	Various	$ 167,930
ESG	14.231	Various	183,591
Byrne Memorial	16.738	Lubbock County	84,546
CEAP	93.568	Various	1,125,413
CSBG	93.569	Various	180,934
Emergency Management	97.042	Lubbock County	25,626
Total Federal Assistance			$1,768,040

(6) *Outstanding Loans*

The City has provided loans through its various housing programs. The outstanding balance of loans at September 30, 2013 was $5,037,226. Taking into consideration the allowance for loan losses ($240,054), the net balance of loans at September 30, 2013 was $4,797,172.

BKD LLP
CPAs & Advisors

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and City Council
City of Lubbock, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable the financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller General of the United States the statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lubbock, Texas (the City) as of and for the year ended September 30, 2013, which collectively comprise its basic financial statements and have issued our report thereon dated February 17, 2014, which contained a reference to the reports of other accountants and an explanatory paragraph regarding a change in accounting principle. Other auditors audited the financial statements of Civic Lubbock, Inc., Market Lubbock Economic Development Corporation d/b/a Market Lubbock, Inc. and Lubbock Economic Development Alliance, as described in our report on the City's 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 accountants. The financial statements of the Market Lubbock Economic Development Corporation d/b/a Market Lubbock, Inc. and Civic Lubbock, Inc., component units included in the financial statements of the aggregate discretely presented component units, and West Texas Municipal Power Agency, a major fund, were not audited in accordance with *Government Auditing Standards.*

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A 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 City'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.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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

Compliance

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

Other Matters

The purpose of this communication 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 City's internal control or compliance. This communication is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
February 17, 2014

BKD LLP
CPAs & Advisors

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Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

The Honorable Mayor and City Council
City of Lubbock, Texas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Lubbock, Texas (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance referred to above.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with those requirements.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Opinion on Each Major Federal Program

In our opinion, the City of Lubbock, 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, 2013.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
February 17, 2014

City of Lubbock, Texas

Schedule of Findings and Questioned Costs

Year Ended September 30, 2013

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported

   Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ None reported

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on the major federal awards programs disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ No

   Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent accountants' report on compliance with requirements that could have a direct and material effect on the major awards was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? ☐ Yes ☒ No

City of Lubbock, Texas

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2013

7. The City's major programs were:

Cluster/Program	CFDA Number
HUD – CDBG: Entitlement Grants Cluster	14.218
DOT – Federal Transit Cluster	20.507
HUD – Home Investment Partnerships Program	14.239
DOT – Clean Fuels	20.519

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was $575,838.

9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☒ Yes ☐ No

City of Lubbock, Texas

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2013

Findings Required to be Reported by Government Auditing Standards

Reference Number	Summary of Finding	Questioned Costs
No matters are reportable.		

Findings Required to be Reported by OMB Circular A-133

Reference Number	Summary of Finding	Questioned Costs
No matters are reportable.		

City of Lubbock, Texas

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2013

Findings Required to be Reported by **OMB Circular A-133**

Reference Number	Summary of Finding	Status
No matters are reportable.		

City of Lubbock, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Grant/ Contract Number	State Awards Expended
Texas Department of State Health Services		
Milk & Dairy Products Division 11-12	2012-038793	$ 7,800
Preventive Health & Health Services Block Grant (RLSS/LPHS) 13-14	2014-001286-00	6,580
Preventive Health & Health Services Block Grant (RLSS/LPHS) 12-13	2013-041470-003	81,790
STD Syphilis Elimination 13-14	2014-001351-00	7,327
STD Syphilis Elimination 12-13	2013-041470-004	205,787
Total Texas Department of State Health Services		**309,284**
Texas Department of Transportation		
5304 Funds - FY 13 State Route Study	51305F7134	11,108
5307 Funds - FY 13 State Operation	51305F7052	637,480
Total Texas Department of Transportation		**648,588**
Texas Forest Service		
New York Deployment		29,783
Total Texas Forest Service		**29,783**
Texas Commission on Environmental Quality		
SPAG SW Recycling 12-13	582-12-10162	34,360
Total Texas Commission on Environmental Quality		**34,360**
TOTAL STATE FINANCIAL ASSISTANCE		**$ 1,022,014**

CITY OF LUBBOCK, TEXAS
Notes to Schedule of Expenditures of State Awards
For the Year Ended September 30, 2013

(1) General

The accompanying schedule of expenditures of state awards presents the activity of all applicable state awards of the City. The City's reporting entity is defined in Note 1 to the City's basic financial statements. State awards received directly from the state agencies, not passed through the State by the Federal Government, as well as state awards passed through other government agencies are included on the schedule.

(2) Basis of Accounting

The accompanying schedule of state awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

(3) Relationship to State Financial Reports

Grant expenditure reports as of September 30, 2013, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and the State of Texas *Uniform Grant Management Standards*

The Honorable Mayor and City Council
City of Lubbock, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable the financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller General of the United States and the State of Texas *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Management of the State of Texas, the statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lubbock, Texas (the City) as of and for the year ended September 30, 2013, which collectively comprise its basic financial statements and have issued our report thereon dated February 17, 2014, which contained a reference to the reports of other accountants and an explanatory paragraph regarding a change in accounting principle. Other auditors audited the financial statements of Civic Lubbock, Inc., Market Lubbock Economic Development Corporation d/b/a Market Lubbock, Inc. and Lubbock Economic Development Alliance, as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Market Lubbock Economic Development Corporation d/b/a Market Lubbock, Inc. and Civic Lubbock, Inc., component units included in the financial statements of the aggregate discretely presented component units, and West Texas Municipal Power Agency, a major fund, were not audited in accordance with *Government Auditing Standards.* The financial statements of Civic Lubbock, Inc., Market Lubbock Economic Development Corporation d/b/a Market Lubbock, Inc., Lubbock Economic Development Alliance and West Texas Municipal Power Agency were not audited in accordance with the State of Texas *Uniform Grant Management Standards.*

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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 City'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance

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

Other Matters

The purpose of this communication 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 City's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
February 17, 2014

BKD LLP
CPAs & Advisors

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Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the State of Texas *Uniform Grant Management Standards*

The Honorable Mayor and City Council
City of Lubbock, Texas

Report on Compliance for Each Major State Program

We have audited the compliance of City of Lubbock, Texas (the City) with the types of compliance requirements described in the State of Texas *Uniform Grant Management Standards* that could have a direct and material effect on each of its major state program for the year ended September 30, 2013. The City's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state program is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion for each of the City of Lubbock, Texas's major state program based on our audit of the types of compliance referred to above.

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 State of Texas *Uniform Grant Management Standards*. Those standards and the *Uniform Grant Management Standards* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination on the City's compliance with those requirements.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Opinion on Each Major State Program

In our opinion, the City of Lubbock, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended September 30, 2013.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of Texas *Uniform Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 state 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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 State of Texas *Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
February 17, 2014

City of Lubbock, Texas

Schedule of Findings and Questioned Costs

Year Ended September 30, 2013

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported

   Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ None reported

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on the major federal awards programs disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ No

   Material weakness(es)? ☐ Yes ☒ No

5. The opinion expressed in the independent accountants' report on compliance with requirements that could have a direct and material effect on the major awards was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by the State of Texas *Uniform Grant Management Standards*? ☐ Yes ☒ No

City of Lubbock, Texas

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2013

7. The City's major program was:

Cluster/Program	State Agency	CFDA Number
5307 Funds – FY12 State Operations	Texas Department of Transportation	51205F7052

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the State of Texas *Uniform Grants Management Standards* was $300,000.

9. The City qualified as a low-risk auditee as that term is defined in the State of Texas *Uniform Grant Management Standards*? ☒ Yes ☐ No

City of Lubbock, Texas

Schedule of Findings and Questioned Costs (Continued)

Year Ended September 30, 2013

Findings Required to be Reported by Government Auditing Standards

Reference Number	Summary of Finding	Questioned Costs
No matters are reportable.		

Findings Required to be Reported by Uniform Grant Management Standards

Reference Number	Summary of Finding	Questioned Costs
No matters are reportable.		

City of Lubbock, Texas

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2013

Findings Required to be Reported by Uniform Grant Management Standards

Reference Number	Summary of Finding	Status
No matters are reportable.		