

Market Lubbock Economic  
Development Corporation,  
dba Market Lubbock, Inc.  
(A Component Unit of The City of Lubbock, Texas)  
Audited Basic Financial Statements  
For the Year Ended:  
September 30, 2012

Robinson  
Burdette  
Martin &  
Seright, L.L.P.

a professional services firm of  
certified public accountants

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### **Independent Auditors' Report**

To the Honorable Mayor Glen Robertson and Members of the City Council  
The City of Lubbock, Texas  
And the Board of Directors of  
Market Lubbock Economic Development Corporation

We have audited the accompanying financial statements of the governmental activities, each major fund of Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc. (MLI), a component unit of the City of Lubbock, Texas, as of and for the year ended September 30, 2012, which collectively comprise MLI's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of MLI's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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* (GAS), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of MLI as of September 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 25 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Robinson Burdette  
Martin & Seright, L.L.P.*

Lubbock, Texas  
November 28, 2012

**Market Lubbock Economic Development Corporation**  
**dba Market Lubbock, Inc.**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2012

This section of Market Lubbock Economic Development Corporation dba Market Lubbock, Inc.'s (MLI or the Organization) financial report presents a discussion and analysis of the Organization's financial performance for the fiscal year ended September 30, 2012. This discussion has been prepared by management, along with the financial statements and related footnote disclosures, and should be read in conjunction with, and is qualified in its entirety by, the basic financial statements and footnotes. This discussion and analysis is designed to focus on current activities, resulting changes and currently known facts.

**Using the Financial Report**

This financial report consists of financial statements that focus on the financial condition of the unit of government and the results of its operations as a whole. One of the most important questions asked about governmental finances is whether the unit of government as a whole is better off or worse off as a result of the year's activities. The key to understanding this question is the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets includes MLI's assets, liabilities and net assets. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when levied or the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. MLI's net assets are one indicator of the Organization's financial health. Over time, increases or decreases in net assets indicate the improvement or erosion of the Organization's financial health.

**Statement of Net Assets**

<b>September 30,</b>	<b>2012</b>	<b>2011</b>	<b>% Change</b>
<b>Assets</b>			
Current assets	\$ 3,456,351	\$ 3,852,684	(10.29)
Capital assets, net of depreciation	942,631	978,460	(84.82)
<b>Total Assets</b>	<b>\$ 4,398,982</b>	<b>\$ 4,831,144</b>	<b>(25.38)</b>
<b>Liabilities</b>			
Current liabilities	\$ 1,108,710	\$ 2,153,471	(48.52)
Noncurrent liabilities	15,400	30,800	(50.00)
<b>Total Liabilities</b>	<b>1,124,110</b>	<b>2,184,271</b>	<b>(48.54)</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	942,631	932,822	(84.07)
Unrestricted	2,332,241	1,714,051	36.07
<b>Total Net Assets</b>	<b>3,274,872</b>	<b>2,646,873</b>	<b>(6.27)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,398,982</b>	<b>\$ 4,831,144</b>	<b>(25.38)</b>

**Market Lubbock Economic Development Corporation**  
**dba Market Lubbock, Inc.**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2012

**Current Assets**

*Cash and Equivalents*

The fiscal year 2012 cash and equivalents balance is higher than the fiscal year 2011 balance due to current year revenues over expenses (before special items) totaling \$631,000, which was partially offset by current year increases in investments and receivables of \$351,000 and \$67,000, respectively, as well as a \$42,000 decrease in payables. The Organization's policy is to maintain sufficient cash reserves to fund a minimum of six-months of operating expenses.

*Investments*

Investments are comprised of five certificates of deposit held with a financial institution and are carried at fair value. The fiscal year 2012 balance is higher than the fiscal year 2011 balance as a result of three new certificates of deposit purchased during the current year.

*Accounts Receivable*

The Organization's accounts receivable are comprised of amounts due from the City of Lubbock (the City) for hotel occupancy tax (HOT) allocations. Visit Lubbock receives HOT allocations throughout the fiscal year based on City estimates, which are "trued-up" approximately 45 days after fiscal year end based on actual receipts for the year. The fiscal 2012 receivables are higher than the fiscal 2011 balances as a result of the City having higher HOT receipts in the current year.

*Inventory*

Inventory includes promotional items such as lapel pins, welcome/tote bags, bookmarks and letter openers, which Visit Lubbock uses at conventions, trade shows and networking events. The inventory balance was slightly higher at September 30, 2012 due to a large order placed near year end.

*Restricted Assets*

Restricted assets are comprised of funds received from the City to be used solely for funding an incentive agreement MLI has entered into with a company. The restricted asset balance, which is directly offset by a deferred revenue balance of the same amount, decreased from fiscal year 2011 to fiscal year 2012 due to eligibility requirements which are fulfilled at a rate of \$1.0 million per year through 2013. Additional information regarding restricted assets and the underlying agreement can be found in Note 10.

**Noncurrent Assets**

*Capital Assets, Net of Depreciation*

Net capital assets of \$942,631 include the historical acquisition cost and related improvements for land, leasehold improvements, vehicles and equipment, and office equipment, less \$243,951 for accumulated depreciation. Capital additions during fiscal year 2012 consisted of a small tract of land purchased from Lubbock Economic Development Alliance (LEDA), a related party, for \$3,000, and \$2,241 in office equipment purchases. Detailed information regarding capital asset additions and deletions is available in Note 5.

**Market Lubbock Economic Development Corporation**  
**dba Market Lubbock, Inc.**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2012

**Current Liabilities**

*Accounts Payable*

The fiscal year 2012 accounts payable balance of \$71,063 consists of expenses for goods and services received from vendors in the current year but paid in the following year. The accounts payable balance is slightly higher than the fiscal year 2011 balance due to sporting events serviced and conferences and meetings attended during September 2012.

*Accrued Liabilities*

Accrued liabilities consist of compensated absences accumulated by the Organization's employees. MLI's accrued liabilities were relatively consistent from September 30, 2011 to September 30, 2012.

*Deferred Revenues*

Deferred revenues relate to funds received from the City before the eligibility requirements have been met. The balance, which is directly offset by a restricted asset balance of the same amount, decreased from fiscal year 2011 to fiscal year 2012 as a result of current year amortization of \$1.0 million. Additional information regarding deferred revenues can be found in Notes 2 and 10.

*Incentives and Special Projects Liabilities, Estimated Amounts Due Within One Year*

Incentives are primarily for economic development through the creation and maintenance of new jobs. Special projects include contractual commitments to local businesses. Visit Lubbock makes offers to groups as incentives to hold their convention/sporting events in Lubbock, but these offers do not become liabilities of the respective funds until the conclusion of the event. Incentives and special projects liabilities, estimated amounts due within one year, are comprised of incentives commitments which are due within 12 months after September 30, 2012. The liability recorded at the end of fiscal year 2012 is slightly lower as a result of open incentives and special projects from fiscal year 2011 which were later forfeited. Detailed information regarding incentives and special projects liabilities is available in Note 7.

**Noncurrent Liabilities**

*Incentives and Special Projects Liabilities, Estimated Amounts Due After One Year*

Incentives and special projects liabilities, estimated amounts due after one year, are primarily comprised of incentives and special projects commitments which are due after September 30, 2013. The balance has decreased from September 30, 2011 due to payments and forfeitures on one open incentive agreement during the current year. Detailed information regarding incentives and special projects liabilities is available in Note 7.

**Net Assets**

*Invested in Capital Assets, Net of Related Debt*

Invested in capital assets, net of related debt, of \$942,631 includes the historical acquisition costs and related improvements for land, leasehold improvements, vehicles and equipment, and office equipment, net of accumulated depreciation, with no related outstanding debt. Detailed information regarding capital assets is available in Note 5.

*Unrestricted Net Assets*

MLI's net assets are restricted in the sense that expenditures are limited to those that further the Organization's purpose of creating, managing and supervising programs and activities to promote, assist and enhance economic development within and around the City of Lubbock, Texas. The \$618,190 increase in unrestricted net assets in fiscal year 2012 is due to a current year change in net assets of \$627,999, less a \$9,809 decrease in amounts invested in capital assets, net of related debt.

**Market Lubbock Economic Development Corporation**  
**dba Market Lubbock, Inc.**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2012

**Statement of Activities**

<b>Year ended September 30,</b>	<b>2012</b>	<b>2011</b>	<b>% Change</b>
<b>Revenues</b>			
Operating grants and contributions	\$ 7,026,337	\$ 6,766,742	3.84
Charges for services	100,586	95,820	4.97
<b>Total Revenues</b>	<b>7,126,923</b>	<b>6,862,562</b>	<b>3.85</b>
<b>Expenses</b>			
Economic Development	4,161,960	4,907,246	(15.19)
Convention & Tourism	1,626,523	1,582,423	2.79
Sports Promotion	669,371	632,449	5.84
Depreciation Expense	38,070	51,762	(26.45)
<b>Total Expenses</b>	<b>6,495,924</b>	<b>7,173,880</b>	<b>(9.45)</b>
Excess of revenues over expenses	630,999	(311,318)	302.69
<b>Special Items</b>			
Loss on capital asset disposals	(3,000)	(2,220)	35,803.69
<b>Change in Net Assets</b>	<b>627,999</b>	<b>(313,538)</b>	<b>47.04</b>
<b>Net Assets – Beginning</b>	<b>2,646,873</b>	<b>2,960,411</b>	<b>(10.59)</b>
<b>Net Assets – Ending</b>	<b>\$ 3,274,872</b>	<b>\$ 2,646,873</b>	<b>(6.27)</b>

**Revenues**

*Operating Grants and Contributions*

The Organization's primary sources of revenue consist of a three-cent budget allocation of the Lubbock property tax rate (for Market Lubbock) and budget allocations of the Lubbock Hotel Occupancy Taxes (for Visit Lubbock). The City occasionally makes additional grants to MLI for specific projects. The increase in revenues between fiscal years 2011 and 2012 is due to increases in the Lubbock property tax base and Lubbock Hotel Occupancy Tax collections.

*Charges for Services*

Charges for services consist of income generated through advertising, gate receipts or ticket sales for athletic events, as well as sales of programs and promotional items. Such revenues are generally utilized to offset costs associated with meetings, conventions, conferences and sporting events hosted by Visit Lubbock. Gate receipts and ticket sales in connection with sporting events increased approximately \$8,700 from fiscal year 2011 to fiscal year 2012, while advertising receipts for convention & tourism decreased by about \$4,000.

**Market Lubbock Economic Development Corporation**  
**dba Market Lubbock, Inc.**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2012

**Expenses**

*Program Expenses*

In the fiscal year ended September 30, 2012, the Organization expended nearly \$4.2 million for economic development within and around Lubbock, compared to \$4.9 million in the prior year. Approximately \$3.0 million and \$2.7 million of these fiscal 2012 and 2011 expenditures, respectively, were in the form of cash grants to LEDA, a related party. Also in fiscal year 2012, the Organization expended roughly \$1.6 million and \$669,000 for conventions & tourism and sports promotion, respectively. Comparatively, convention & tourism expenditures increased by about \$44,000 from fiscal year 2011, and sports promotion expenses increased by about \$37,000. Program expenditures for fiscal years 2012 and 2011 are below.

**Economic Development Expenses**

<b>Year ended September 30,</b>	<b>2012</b>	<b>2011</b>
Administrative expenses	\$ 58,395	\$ 160,973
Business incentives and special projects	988,945	1,973,962
Employee compensation and benefits	81,329	99,157
Grants to LEDA	2,995,000	2,670,000
Promotions and advertising	38,097	1,380
Office expenses	194	1,774
<b>Total Economic Development Expenses</b>	<b>\$ 4,161,960</b>	<b>\$ 4,907,246</b>

**Convention & Tourism Expenses**

<b>Year ended September 30,</b>	<b>2012</b>	<b>2011</b>
Administrative expenses	\$ 116,315	\$ 81,298
Employee compensation and benefits	695,781	663,185
Marketing and sales	688,586	694,848
Office expenses	125,841	143,092
<b>Total Convention &amp; Tourism Expenses</b>	<b>\$ 1,626,523</b>	<b>\$ 1,582,423</b>

**Sports Promotion**

<b>Year ended September 30,</b>	<b>2012</b>	<b>2011</b>
Administrative expenses	\$ 9,624	\$ 27,900
Employee compensation and benefits	123,200	118,884
Marketing and sales	514,339	460,413
Office expenses	22,208	25,252
<b>Total Sports Promotion Expenses</b>	<b>\$ 669,371</b>	<b>\$ 632,449</b>

*Depreciation Expense*

MLI's depreciable capital assets include leasehold improvements, vehicles and equipment, and office equipment. Depreciation expense decreased between fiscal years 2011 and 2012 as a result of a vehicle disposed of during the year, as well as substantial amounts of office equipment becoming fully depreciated. Detailed information regarding depreciation expense is available in Note 5.

**Market Lubbock Economic Development Corporation**  
**dba Market Lubbock, Inc.**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2012

**Special Items**

*Capital Asset Disposals*

During fiscal year 2012, MLI transferred to the City a tract of land which it had purchased from LEDA, a related party, earlier in the same fiscal year. As a result of the transfer to the City, MLI recorded a \$3,000 loss on capital asset transfers.

**Other Information**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparisons, which are *required supplementary information*. The budgetary comparisons demonstrate the level of budgetary control and can be found on page 25-27.

**Overall Financial Position**

Management believes the Organization is in good condition financially. Assets exceeded liabilities by almost \$3.3 million (*net assets*) at the close of the fiscal year, compared to assets exceeding liabilities by \$2.6 million (*net assets*) at the end of the prior fiscal year. As a result of operations, revenues over expenses (before special items) totaled approximately \$631,000 for the year.

Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.

Basic Financial Statements

For the Year Ended:

September 30, 2012

Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.

Government-Wide Financial Statements

For the Year Ended:

September 30, 2012

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**  
Statement of Net Assets  
September 30, 2012

*Government-Wide Financial Statements - Accrual Basis - There are no Business-Type Activities*

	<b>Governmental Activities</b>
Cash and equivalents	\$ 1,167,537
Investments	734,156
Accounts receivable	482,968
Inventory	71,690
Restricted assets:	
Incentives advances	1,000,000
Capital assets:	
Land	872,087
Depreciable capital assets, net	<u>70,544</u>
<b>Assets</b>	<b>\$ <u><u>4,398,982</u></u></b>
Accounts payable	\$ 71,063
Accrued liabilities	22,247
Deferred revenues	1,000,000
Incentives and special projects liabilities:	
Estimated amounts due within one year	15,400
Estimated amounts due after one year	<u>15,400</u>
<b>Liabilities</b>	<b><u>1,124,110</u></b>
Invested in capital assets, net of related debt	942,631
Unrestricted	<u>2,332,241</u>
<b>Net Assets</b>	<b>\$ <u><u>3,274,872</u></u></b>

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**  
Statement of Activities  
For the Year Ended September 30, 2012

*Government-Wide Financial Statements - Accrual Basis - There are no Business-Type Activities*

<b>Programs</b>	Expenses	Program Revenues		Net Revenue (Expense) & Change in Net Assets
		Charges for Services	Operating Grants & Contributions	
Economic development	\$ 4,161,960	\$ -	\$ 4,399,632	\$ 237,672
Convention & tourism	1,626,523	45,958	1,994,549	413,984
Sports promotion	669,371	54,628	632,156	17,413
Depreciation expense (all unallocated)	38,070	-	-	(38,070)
<b>Governmental Activities</b>	<b>\$ 6,495,924</b>	<b>\$ 100,586</b>	<b>\$ 7,026,337</b>	<b>630,999</b>
Loss on capital asset disposals				(3,000)
<b>Special Items</b>				(3,000)
<b>Change in Net Assets</b>				627,999
Net assets - beginning				2,646,873
Net assets - ending				<b>\$ 3,274,872</b>

Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.

Fund Financial Statements

For the Year Ended:

September 30, 2012

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**  
Governmental Funds Balance Sheets  
September 30, 2012

*Governmental Fund Financial Statements - Modified Accrual Basis*

ML - Market Lubbock; LCVB - Lubbock Convention and Visitors Bureau; LSA - Lubbock Sports Authority

	Major Special Revenue Funds			Governmental Funds
	ML	LCVB	LSA	
Cash and equivalents	\$ 768,930	\$ 398,607	\$ -	\$ 1,167,537
Investments	-	734,156	-	734,156
Accounts receivable	-	308,435	174,533	482,968
Inventory	-	71,690	-	71,690
Restricted assets:				
Incentives advances	1,000,000	-	-	1,000,000
<b>Assets</b>	<b>\$ 1,768,930</b>	<b>\$ 1,512,888</b>	<b>\$ 174,533</b>	<b>\$ 3,456,351</b>
Accounts payable	\$ 2,702	\$ 68,361	\$ -	\$ 71,063
Accrued liabilities	-	16,415	5,832	22,247
Deferred revenues	1,000,000	-	-	1,000,000
<b>Liabilities</b>	<b>1,002,702</b>	<b>84,776</b>	<b>5,832</b>	<b>1,093,310</b>
Fund balances:				
Nonspendable	-	71,690	-	71,690
Committed	30,800	-	-	30,800
Assigned	-	631,328	318,750	950,078
Unassigned	735,428	725,094	(150,049)	1,310,473
<b>Fund Balances</b>	<b>766,228</b>	<b>1,428,112</b>	<b>168,701</b>	<b>2,363,041</b>
<b>Liabilities &amp; Fund Balances</b>	<b>\$ 1,768,930</b>	<b>\$ 1,512,888</b>	<b>\$ 174,533</b>	<b>\$ 3,456,351</b>

**Reconciliation of the Governmental Funds Balance Sheets to the Government-Wide Statement of Net Assets:**

**Governmental Fund Balance Above** 2,363,041

*Amounts reported for governmental activities in the Statement of Net Assets (page 10) are different due to the following:*

Capital assets used in governmental activities are not financial resources and are not reported in the funds. 942,631

Long-term liabilities are not due and payable from current financial resources and are not reported in the funds. (30,800)

**Net Assets, per the Government-Wide Statement of Net Assets - Page 10** \$ 3,274,872

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**  
Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended September 30, 2012

*Governmental Fund Financial Statements - Modified Accrual Basis*

ML - Market Lubbock; LCVB - Lubbock Convention and Visitors Bureau; LSA - Lubbock Sports Authority

	Major Special Revenue Funds			Governmental Funds
	ML	LCVB	LSA	
Property taxes allocated by City of Lubbock	\$ 4,390,233	\$ -	\$ -	\$ 4,390,233
Hotel occupancy taxes allocated by City of Lubbock	-	1,987,971	630,408	2,618,379
Other income	9,399	52,536	56,376	118,311
<b>Revenues</b>	<u>4,399,632</u>	<u>2,040,507</u>	<u>686,784</u>	<u>7,126,923</u>
Economic development incentives and special projects	3,999,345	90,140	-	4,089,485
Convention and event promotion	-	268,134	456,049	724,183
Personnel services	81,329	695,781	123,200	900,310
Administration	96,686	572,468	90,122	759,276
Capital outlay	3,000	874	1,367	5,241
<b>Expenditures</b>	<u>4,180,360</u>	<u>1,627,397</u>	<u>670,738</u>	<u>6,478,495</u>
<b>Revenues over Expenditures</b>	<u>219,272</u>	<u>413,110</u>	<u>16,046</u>	<u>648,428</u>
Transfers in	-	-	(44,529)	(44,529)
Transfers out	-	44,529	-	44,529
<b>Other Financing Sources (Uses), Net</b>	-	44,529	(44,529)	-
<b>Changes in Fund Balances</b>	219,272	457,639	(28,483)	648,428
Fund balances - beginning	546,956	970,473	197,184	1,714,613
Fund balances - ending	<u>\$ 766,228</u>	<u>\$ 1,428,112</u>	<u>\$ 168,701</u>	<u>\$ 2,363,041</u>

**Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities:**

**Governmental Funds Change in Fund Balance Above** 648,428

*Amounts reported for governmental activities in the Statement of Activities (page 11) are different due to the following:*

Governmental funds report capital asset purchases as capital outlay expenditures and proceeds from disposals as income. However, in the Statement of Activities, the costs of capital assets are allocated over their estimated useful lives as depreciation expense and gains/losses on disposals are recognized. This is the net effect of the government-wide accounting for capital asset transactions for the current period. (35,829)

Expenses related to incentive and special project commitments recognized in the Statement of Activities do not require the use of current financial resources and are not recognized in the funds. This is the change in the incentive and special project commitments recognized in the Statement of Activities. 15,400

**Change in Net Assets, per the Government-Wide Statement of Activities - Page 11 \$** 627,999

Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.

Notes to Basic Financial Statements

For the Year Ended:

September 30, 2012

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**

Notes to Basic Financial Statements  
For the Year Ended September 30, 2012

**Note 1: Reporting Entity**

Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc. (MLI) was formed on October 10, 1995 by the City of Lubbock, Texas (Lubbock) to create, manage and supervise programs and activities to promote, assist and enhance economic development within and around Lubbock. Through the Lubbock Convention and Visitors Bureau (LCVB) and Lubbock Sports Authority (LSA), MLI strives to foster and promote Lubbock as a convention center and a city of interest to tourists, and to encourage the use of the Memorial Civic Center, Auditorium/Coliseum and other Lubbock facilities for conventions, as well as participatory and spectator sports events.

A board of directors appointed by the Lubbock City Council (City Council) oversees MLI's operations. A three-cent budget allocation of the Lubbock property tax rate is the primary source of revenue for MLI; budget allocations of the Lubbock Hotel Occupancy Taxes are the primary sources of revenue for LCVB and LSA. From time to time, Lubbock makes additional grants to MLI for specific projects. MLI's Basic Financial Statements (BFS) are discretely presented as a component unit in Lubbock's Comprehensive Annual Financial Report, in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. MLI has no component units within its own reporting entity.

**Note 2: Summary of Significant Accounting Policies**

These BFS are prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units, including specialized industry practices as specified in the American Institute of Certified Public Accountants audit and accounting guide titled *Audits of State and Local Governmental Units* (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body that establishes governmental accounting and financial reporting principles.

*Basis of Presentation.* MLI has implemented the provisions of GASB Statement No. 34, *Basic Financial Statements for State and Local Governments* (GASB 34). MLI's BFS consist of **Government-Wide Financial Statements** and **Fund Financial Statements**, as well as these notes. The measurement focus and basis of accounting vary across the financial statements.

*Measurement Focus and Basis of Accounting.* The accompanying BFS are prepared under two different methods of measurement and basis of accounting. Measurement focus relates to the goal in determining results of operations, while the basis of accounting relates to the timing of recognition. A fund's basis of accounting is determined by its measurement focus. The **economic resources** measurement focus requires the **accrual** basis of accounting. The **current financial resources** measurement focus requires the **modified accrual** basis of accounting.

- Under the **economic resources / accrual** method, revenues and expenses are recognized when earned and when a liability is incurred, respectively, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met. All assets and liabilities associated with operations (e.g., capital assets and debt) are recognized. The government-wide financial statements are prepared and presented under this method.

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**

Notes to Basic Financial Statements  
For the Year Ended September 30, 2012

**Note 2: Summary of Significant Accounting Policies (continued)**

- The **current financial resources / modified accrual** method recognizes revenues and other financing sources when measurable and available. Revenues are considered available when they are collectible (i.e. collection is expected to occur in the current period or soon enough thereafter to pay liabilities of the current period). For this purpose, MLI considers revenues to be available if they are collected by the end of the current fiscal period. Expenditures are recorded when a liability is incurred, with the exceptions of debt service, judgments, and claims, which are not recognized until payment is due. Unique aspects of this method are that purchases of capital assets are recognized as expenditures rather than being capitalized and depreciated over their useful lives; borrowings are recognized as financial resources (rather than liabilities) and the principal payments, along with interest (i.e., debt service), are recognized as expenditures rather than as reductions of liabilities. Generally, only current assets and current liabilities are recognized. The governmental fund financial statements are prepared and presented under this method.

*Government-Wide Financial Statements (GWFS).* The GWFS, consisting of the Statement of Net Assets and the Statement of Activities, are prepared and presented under the **economic resources** measurement focus and the **accrual** basis of accounting. These statements present information about the financial activities of MLI as a whole.

- The *Statement of Net Assets* presents MLI's year-end financial condition on a government-wide accrual basis.
- *Statement of Activities.* The Statement of Activities is a comparison of direct expenses and revenues for each of MLI's programs. Direct expenses are those that are specifically associated and identifiable with a specific program. Program revenues include charges paid by recipients of goods or services offered by the respective program, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants which is restricted to be used for support of a particular program. Revenues that are not programmatic would be presented as general revenues, with certain exceptions (MLI currently has no source of general revenues). The comparison of direct expenses with program revenues identifies the extent to which each program is self-financing or drawing from any general revenues generated by MLI.

*Fund Financial Statements (FFS).* Throughout the year MLI accounts for transactions correlated with certain programs in separate funds, for financial management and legal compliance purposes. A fund is a distinct fiscal and accounting entity with a self-balancing set of accounts. MLI's financial resources are accounted for in two fund categories, governmental and fiduciary. GASB 34 created the concept of "major" funds for financial reporting purposes; the focus of governmental FFS is major funds.

*Major Fund Determination for MLI.* GASB 34 requires that governmental funds be presented as major funds if total assets, liabilities, revenues or expenditures of an individual governmental fund are 10 percent or more of the corresponding total (assets, liabilities, etc.) for that fund.

GASB 34 further permits the reporting of any fund as major, whether it meets the quantitative criteria or not, if management believes it is of particular importance to financial statement users (e.g., for public interest or consistency).

*Fund Financial Statements.* Fund financial statements enable presentation of financial information at a more detailed level for major funds, while nonmajor funds are combined and presented in a single column.

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**

Notes to Basic Financial Statements  
For the Year Ended September 30, 2012

**Note 2: Summary of Significant Accounting Policies (continued)**

*Account Groups.* Under the GASB 34 reporting model, the General Fixed Assets and General Long-Term Debt account groups presented in the general purpose financial statements are not presented in the BFS; capital assets acquired by governmental funds and long-term liabilities of the governmental funds are included in the GWFS.

*Governmental Funds.* Governmental funds are used to account for all of MLI's general activities, including the collection and disbursement of grants and other contributions. Governmental funds reported in the FFS focus on the sources, uses and balances of current financial resources. Expendable assets are reported in the various governmental funds based on their intended purpose, including any restrictions as to use; current liabilities are reported in the funds from which they will be paid. The net balance of governmental fund assets and liabilities is the fund balance. Grant management contracts are accounted for through individual special revenue funds, one of which is reported as a major fund. MLI has neither a general fund nor capital project or debt service funds.

All governmental funds are accounted for and presented in the FFS under the **current financial resources** measurement focus and the **modified accrual** basis of accounting. This approach differs from the measurement and presentation of the governmental activities in the GWFS. Governmental FFS are reconciled to the GWFS with brief explanations of the reconciling items.

*Cash and Equivalents.* Cash includes amounts on hand and in demand deposits. Book overdrafts of demand deposits, if any, are reclassified to accounts payable for financial statement purposes. Money market mutual funds and other temporary investments are not considered cash equivalents.

*Investments.* Investments are reported at fair market value. *Restricted investments* include unspent proceeds of grants or other contributions, with constraints imposed either: (a) externally by creditors, grantors, contributors or laws or regulations of other governments, or (b) legally through constitutional provisions or enabling legislation.

*Inventory.* Inventory purchases are recorded as expenditures at the time of purchase. At year end, inventory on hand is valued at the lower of first-in-first-out cost (including donated items recorded at fair market value based on the date received) or market value; any valuation adjustments are recorded as decreases in expenditures (for purchased items), or increases in contributions revenue (for donated items).

*General Capital Assets.* Acquisitions are recognized as expenditures in the governmental FFS; the assets are only reported in the GWFS.

In the GWFS, general capital assets are recorded at cost and updated for additions and disposals during the year. Donated fixed assets are recorded at fair market value as of the date received. Improvements are capitalized; costs incurred for routine repairs and maintenance, neither adding value to nor extending the useful life of the asset, are not capitalized. General capital assets, with the exception of land, are depreciated from the date placed in service using the straight-line method, over their estimated useful lives as follows:

Leasehold improvements.....	7-10 years
Vehicles and equipment.....	5 years
Office equipment.....	3-7 years

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**

Notes to Basic Financial Statements  
For the Year Ended September 30, 2012

**Note 2: Summary of Significant Accounting Policies (continued)**

*Incentives and Special Projects Liabilities.* Incentive, special project and convention promotion expenditures are recognized in the governmental FFS when the obligation was incurred and payment made during the current fiscal year or will occur within 45 days of year end. Additional liabilities are recorded in the GWFS for incentive and special project contractual commitments entered into during the year but not accrued for in the special revenue funds at year end, if the eligibility requirements have been met and management considers payment to be probable. Open convention offers are not contractually binding (i.e. payment is tentative) thus they are not accrued for in the FFS or GWFS; such offers are disclosed in these notes.

*Compensated Absences.* Accumulated vacation leave is generally not significant; such expenditures are included in accrued liabilities for the respective funds.

*Deferred Revenues.* Deferred revenues in the accompanying basic financial statements primarily relate to funds received from Lubbock (\$10 million) before the eligibility requirements have been met. Revenues are recognized in the basic financial statements as MLI meets the eligibility requirements imposed by Lubbock (to be recognized ratably over a 10-year term beginning in 2004). These deferred revenues are directly related to restricted assets described above.

*Interfund Activity.* Governmental interfund activity is eliminated in the GWFS. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Interfund transfers are reported for cash flows from one fund to another without a requirement for repayment; interfund transfers are reported as other financing sources/uses in the governmental FFS. Not presented in the financial statements are repayments of expenditures/expenses from the responsible funds to the funds that initially paid for them.

*Property and Hotel Occupancy Tax Allocations.* For 2012, MLI received \$.03 of the Lubbock property tax rate. LCVB and LSA received 37.96186% and 12.03814% of the hotel occupancy taxes for fiscal year 2012, respectively.

*Fund Balances.* Beginning with fiscal year 2011, MLI implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**

Notes to Basic Financial Statements  
For the Year Ended September 30, 2012

**Note 2: Summary of Significant Accounting Policies (continued)**

MLI's Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a board resolution and/or contractual commitments with local businesses. Assigned fund balance is established by management or the Board of Directors through incentives offered to groups to hold conventions or sporting events in Lubbock.

*Net Assets.* Net assets represent the difference between MLI's assets and liabilities in the GWFS; net assets are presented in three components, as applicable:

- Invested in capital assets, net of related debt – include general capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, capital leases or other borrowings that are attributable to the acquisition, construction or improvement of those assets (with the exception of any related unspent debt proceeds at year end, which are presented as amounts restricted for capital purposes).
- Restricted – include **net** assets that are restricted for specific purposes through constraints that are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments, or
  - Imposed by law through constitutional provisions or enabling legislation; and
- Unrestricted – not meeting the criteria for treatment for either of the above components.

In accordance with GASB 34, designations of net assets are not reported on the face of the GWFS.

*Tax Status.* MLI is a nonprofit corporation exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code (IRC) of 1986, as amended. Accordingly, there is no provision for federal income taxes in the accompanying BFS.

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits that the position will be sustained upon examination. As of September 30, 2012 management has analyzed its tax positions and believes that all are more likely than not to be sustained upon examination. MLI's tax returns generally remain open for federal income tax examination for three years from the date of filing.

**Note 3: Budgetary Accounting**

MLI is required to submit proposed operating expenditure budgets to the City Council on an annual basis. Lubbock's Budget Department provides annual revenue estimates from property and hotel occupancy tax allocations; public hearings are conducted for taxpayer comments, then the budget is legally enacted through passage of an ordinance by the City Council. MLI does not use encumbrance accounting.

**Note 4: Cash and Investments**

*Cash.* On September 30, 2012, the bank balance of MLI's deposits in one financial institution totaled approximately \$1.2 million; of this amount, \$250,000 was covered by federal depository insurance. As of September 30, 2012, MLI's bank balance was not exposed to custodial credit risk because it was secured and collateralized by approximately \$3.8 million of securities held by the pledging financial institution's trust department.

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**

Notes to Basic Financial Statements  
For the Year Ended September 30, 2012

**Note 4: Cash and Investments (continued)**

*Investments.* MLI's investments are categorized under criteria specified by GASB as follows:

- 1) Insured or registered, with securities held by the entity or its agent in the entity's name.
- 2) Uninsured and unregistered, with securities held by the counter party's trust department or agent in the entity's name.
- 3) Uninsured and unregistered, with securities held by the counter party or by the counter party's trust department or agent, but not in the entity's name.

As of September 30, 2012, MLI had investments totaling approximately \$734,000, all of which were held in certificates of deposits. These investments are considered "insured or registered" as they are also secured and collateralized by the \$3.8 million of securities held by the trust department of the aforementioned financial institution.

**Note 5: Capital Assets**

Capital assets reported in the accompanying GWFS and the related activity for the year ended September 30, 2012 follow:

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Land	\$ 872,087	\$ 3,000	\$ (3,000)	\$ 872,087
Not Depreciable, at Cost	<u>872,087</u>	<u>3,000</u>	<u>(3,000)</u>	<u>872,087</u>
Leasehold improvements	30,901	-	-	30,901
Vehicles and equipment	13,841	-	-	13,841
Office equipment	<u>267,512</u>	<u>2,241</u>	<u>-</u>	<u>269,753</u>
Being Depreciated, at Cost	<u>312,254</u>	<u>2,241</u>	<u>-</u>	<u>314,495</u>
Leasehold improvements	9,927	4,230	-	14,157
Vehicles and equipment	-	2,768	-	2,768
Office equipment	<u>195,954</u>	<u>31,072</u>	<u>-</u>	<u>227,026</u>
Accumulated Depreciation	<u>205,881</u>	<u>38,070</u>	<u>-</u>	<u>243,951</u>
Depreciable, Net	<u>106,373</u>	<u>(35,829)</u>	<u>-</u>	<u>70,544</u>
Capital Assets, Net	<u>\$ 978,460</u>	<u>\$ (32,829)</u>	<u>\$ (3,000)</u>	<u>\$ 942,631</u>

Depreciation expense of \$38,070 was recognized in the GWFS during the current year; none of this expense was allocated to MLI's various programs.

**Note 6: Leases**

On November 1, 2006, LCVB and LSA entered into a ten-year operating lease for office space at 1500 Broadway. Per the terms of the lease agreement, rent is \$6,637 per month plus a pro-rata portion for the monthly utilities for the property. The monthly rent will be subject to annual increases based on calculations set forth in the lease agreement.

LCVB and LSA also lease storage facilities under monthly operating leases. LCVB and LSA recognized \$100,488 of total lease and rental expenditures for the year ended September 30, 2012.

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**

Notes to Basic Financial Statements  
For the Year Ended September 30, 2012

**Note 7: Incentives and Special Projects Liabilities**

Incentive and special project expenditures are recognized in the FFS when expected to be paid within 45 days of year end. Incentives and special projects liabilities, and the related activity in the GWFS follow:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Due Within One Year</u>
Incentive contracts	\$ 47,534	\$ -	\$ (16,734)	\$ 30,800	\$ 15,400
Special projects	<u>1,755</u>	<u>-</u>	<u>(1,755)</u>	<u>-</u>	<u>-</u>
	<u>\$ 49,289</u>	<u>\$ -</u>	<u>\$ (18,489)</u>	<u>\$ 30,800</u>	<u>\$ 15,400</u>

Incentives are primarily for economic development through the creation and maintenance of new jobs. Special projects include contractual commitments to local businesses. The underlying contracts provide for payments over periods ranging from two to five years, if the performance requirements are met.

LCVB and LSA make offers to groups as incentives to hold their convention/sporting events in Lubbock. These offers become liabilities of the respective funds at the conclusion of the event. Open (undeclared) offers as of September 30, 2012 are \$631,328 for LCVB and \$318,750 for LSA, for possible events through 2025. Due to the tentative nature of the offers, these amounts are not accrued as liabilities in the GWFS or the FFS, but are reflected as designations of fund balance in the FFS.

**Note 8: Retirement Plans**

The Market Lubbock, Inc. 401(k) Plan (the Plan) is a defined contribution pension plan administered by a third party. All permanent full-time employees, as defined by the Plan, are eligible to participate after one year of service. Employees are not required to contribute to the Plan, but may make elective deferrals up to the allowable IRS annual limitation. MLI annually contributes 5% of eligible employee's compensation to the Plan on their behalf; all contributions vest immediately. During the year ended September 30, 2012, employees contributed \$24,097 to the Plan and MLI contributed \$19,500 on their behalf.

**Note 9: Related Party Transactions**

Lubbock provides certain services to MLI at no charge; the nature and scope of these services vary as deemed necessary by Lubbock and MLI management. Lubbock also processes certain disbursements when it is deemed economically beneficial to MLI for such disbursements to be made by Lubbock. Management is unable to estimate the value of these services. Historically and during the year ended September 30, 2012, Lubbock provided substantially all funding for MLI activities.

MLI made cash grants to Lubbock Economic Development Alliance, a related party, totaling approximately \$3.0 million during the year ended September 30, 2012, to be utilized for economic development and expansion of commercial activity for the City of Lubbock.

**Note 10: Commitments and Contingencies**

In 2002, the City of Lubbock granted MLI \$10 million to be used solely to fund an incentive agreement MLI has entered into with a company. Under this incentive agreement, MLI has advanced the company \$10 million primarily to construct a manufacturing facility in Lubbock. The advance is subject to a repayment obligation that is reduced by realization of specified annual payrolls at the facility over a 10-year term beginning with completion of the facility. The grant has been included in deferred revenues in the accompanying financial statements and is amortized into income at \$1 million per year, through 2013.

**Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.**

Notes to Basic Financial Statements  
For the Year Ended September 30, 2012

**Note 11: Fund Balance Deficits**

LSA's unassigned fund deficit of \$150,049 is due to \$318,750 of open (undeclared) incentives offered to groups for potential sporting events through 2015. Management expects to fund these commitments (net of any forfeitures) through future hotel occupancy tax allocations from Lubbock.

**Note 12: Subsequent Events Evaluation**

Management has evaluated subsequent events through November 28, 2012, the date which the financial statements were available to be issued. No material subsequent events have occurred during this time which would require recognition in the financial statements or footnotes as of and for the year ended September 30, 2012.

Market Lubbock Economic Development Corporation  
dba Market Lubbock, Inc.

Required Supplementary Information

**For the Year Ended:**

September 30, 2012

**Market Lubbock Economic Development Corporation  
dba Market Lubbock, Inc.  
Budgetary Comparison Schedule - Market Lubbock, Inc.  
For the Year Ended September 30, 2012**

	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
City of Lubbock Funding (\$.03 allocation)	\$ 3,386,174	\$ 3,390,233	\$ 4,059
City Contribution - Tyco Incentive	1,000,000	1,000,000	-
Interest Income	3,500	9,399	5,899
Total Revenue Sources	<u>4,389,674</u>	<u>4,399,632</u>	<u>9,958</u>
Utilization of Net Assets	725,676	-	(725,676)
<b>Total Revenues</b>	<u><u>\$ 5,115,350</u></u>	<u><u>\$ 4,399,632</u></u>	<u><u>\$ (715,718)</u></u>
<b>Expenses</b>			
Personnel			
Compensation	\$ 96,000	\$ 81,329	\$ 14,671
Personnel	<u>96,000</u>	<u>81,329</u>	<u>14,671</u>
Administrative			
Bank Charges	3,000	839	2,161
Pre-Employment Costs	15,000	-	15,000
Professional Services	88,000	42,316	45,684
Meeting Expense	3,000	3,888	(888)
Insurance	9,000	3,740	5,260
Miscellaneous Expense	1,000	224	776
Professional Dues/Subscriptions	6,550	1,511	5,039
Travel/Training	<u>19,000</u>	<u>5,877</u>	<u>13,123</u>
Administrative	<u>144,550</u>	<u>58,395</u>	<u>86,155</u>
Office			
Supplies	1,000	-	1,000
Postage	<u>1,000</u>	<u>194</u>	<u>806</u>
Office	<u>2,000</u>	<u>194</u>	<u>1,806</u>
Promotions/Advertising			
Promotions/Advertising/Marketing	<u>43,800</u>	<u>38,097</u>	<u>5,703</u>
Business Incentives/Special Projects			
Grant to LEDA	3,295,000	2,995,000	300,000
Special Projects	434,000	(1,755)	435,755
Job Creation/Retention Incentives	<u>1,065,000</u>	<u>1,006,100</u>	<u>58,900</u>
Business Incentives/Special Projects	<u>4,794,000</u>	<u>3,999,345</u>	<u>794,655</u>
Capital Costs			
Computer Expense	5,000	-	5,000
Lubbock Business Park and Railport	<u>30,000</u>	<u>3,000</u>	<u>27,000</u>
Capital Costs	<u>35,000</u>	<u>3,000</u>	<u>32,000</u>
<b>Total Expenses</b>	<u><u>\$ 5,115,350</u></u>	<u><u>\$ 4,180,360</u></u>	<u><u>\$ 934,990</u></u>

**Market Lubbock Economic Development Corporation**  
**dba Market Lubbock, Inc.**  
**Budgetary Comparison Schedule - Lubbock Convention and Visitors Bureau**  
**For the Year Ended September 30, 2012**

	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Hotel/Motel Tax Revenue	\$ 1,679,535	\$ 1,679,535	\$ -
Hotel/Occupancy Tax True-Up - CVB/LSA	213,684	308,435	94,751
Investment Income	7,801	6,578	(1,223)
Sale of Promotional Items	4,293	7,308	3,015
Advertising Income	43,000	38,651	(4,349)
Total Revenue Sources	<u>1,948,313</u>	<u>2,040,507</u>	<u>92,194</u>
Utilization of Net Assets	12,198	-	(12,198)
Grant from CVB	(95,968)	-	95,968
<b>Total Revenues</b>	<u>\$ 1,864,543</u>	<u>\$ 2,040,507</u>	<u>\$ 175,964</u>
<b>Expenses</b>			
<b>Personnel</b>			
Compensation	\$ 574,450	\$ 472,787	\$ 101,663
Employee Benefits	270,400	222,994	47,406
Personnel	<u>844,850</u>	<u>695,781</u>	<u>149,069</u>
<b>Administrative</b>			
Bank Charges	2,550	1,184	1,366
Automobile	21,930	9,944	11,986
Pre-Employment	4,250	2,380	1,870
Member Dues/Subscriptions	18,700	16,620	2,080
Miscellaneous Expense	4,250	5,014	(764)
Professional Services	95,710	76,996	18,714
Insurance/Workers Compensation	2,763	3,251	(488)
Repairs and Maintenance	850	356	494
Capital Asset Purchase	5,100	874	4,226
Business Meetings	850	570	280
Administrative	<u>156,953</u>	<u>117,189</u>	<u>39,764</u>
<b>Office</b>			
Postage and Shipping	22,100	12,831	9,269
Rent	85,595	83,654	1,941
Storage Fees	2,125	1,761	364
Supplies	17,000	14,541	2,459
Telephone	16,320	13,054	3,266
Office	<u>143,140</u>	<u>125,841</u>	<u>17,299</u>
<b>Marketing/Sales</b>			
Industry Conventions	44,200	46,716	(2,516)
Incentives	100,000	90,140	9,860
Local Membership Organizations	3,400	2,633	767
Convention and Sports Sales	119,500	127,167	(7,667)
Servicing Items	68,000	62,570	5,430
Site Tours	10,500	10,616	(116)
Marketing	348,500	330,343	18,157
Public Relations	25,500	18,401	7,099
Marketing/Sales	<u>719,600</u>	<u>688,586</u>	<u>31,014</u>
<b>Total Expenses</b>	<u>\$ 1,864,543</u>	<u>\$ 1,627,397</u>	<u>\$ 237,146</u>

**Market Lubbock Economic Development Corporation  
dba Market Lubbock, Inc.  
Budgetary Comparison Schedule - Lubbock Sports Authority  
For the Year Ended September 30, 2012**

	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Hotel/Motel Tax Revenue	\$ 532,600	\$ 532,600	\$ -
Hotel\Occupancy Tax True-Up - CVB/LSA	67,763	97,808	30,045
Investment Income	2,074	1,748	(326)
Sale of Promotional Items	-	6,157	6,157
Advertising Income	-	2,200	2,200
Event Revenue	<u>24,000</u>	<u>46,271</u>	<u>22,271</u>
Total Revenue Sources	<u>626,437</u>	<u>686,784</u>	<u>60,347</u>
Utilization of Net Assets	2,152	-	(2,152)
Grant from CVB	95,968	-	(95,968)
<b>Total Revenues</b>	<u>\$ 724,557</u>	<u>\$ 686,784</u>	<u>\$ (37,773)</u>
<b>Expenses</b>			
<b>Personnel</b>			
Compensation	\$ 136,500	\$ 83,848	\$ 52,652
Employee Benefits	<u>60,700</u>	<u>39,352</u>	<u>21,348</u>
Personnel	<u>197,200</u>	<u>123,200</u>	<u>74,000</u>
<b>Administrative</b>			
Bank Charges	450	209	241
Automobile	(6,130)	(2,790)	(3,340)
Pre-Employment	3,250	1,795	1,455
Member Dues/Subscriptions	3,300	2,932	368
Miscellaneous Expense	750	865	(115)
Professional Services	6,890	5,547	1,343
Insurance/Workers Compensation	487	574	(87)
Repairs and Maintenance	150	63	87
Capital Asset Purchase	7,900	1,367	6,533
Business Meetings	<u>650</u>	<u>429</u>	<u>221</u>
Administrative	<u>17,697</u>	<u>10,991</u>	<u>6,706</u>
<b>Office</b>			
Postage and Shipping	3,900	2,265	1,635
Rent	15,105	14,762	343
Storage Fees	375	311	64
Supplies	3,000	2,566	434
Telephone	<u>2,880</u>	<u>2,304</u>	<u>576</u>
Office	<u>25,260</u>	<u>22,208</u>	<u>3,052</u>
<b>Marketing/Sales</b>			
Industry Conventions	7,800	8,244	(444)
Local Membership Organizations	600	465	135
Convention and Sports Sales	3,000	3,194	(194)
Servicing Items	12,000	11,041	959
Marketing	61,500	58,298	3,202
Public Relations	4,500	3,247	1,253
Sports Servicing	<u>395,000</u>	<u>429,850</u>	<u>(34,850)</u>
Marketing/Sales	<u>484,400</u>	<u>514,339</u>	<u>(29,939)</u>
<b>Total Expenses</b>	<u>\$ 724,557</u>	<u>\$ 670,738</u>	<u>\$ 53,819</u>