

CITY OF LEVELLAND, TEXAS

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2014*

*Introductory Section*

City of Levelland, Texas  
Annual Financial Report  
For The Year Ended September 30, 2014

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*Financial Section*

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### **Independent Auditor's Report**

To the City Council  
City of Levelland, Texas  
1709 Avenue H  
Levelland, Texas 79336

### **Report on the Financial Statements**

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 Levelland, Texas ("the City") as of and for the year ended September 30, 2014, 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 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Levelland, Texas as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note A to the financial statements, in 2014, the City of Levelland, Texas adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Levelland, Texas's basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for that portion labeled "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2015 on our consideration of City of Levelland, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over

financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Levelland, Texas's internal control over financial reporting and compliance.

Respectfully submitted,

*Pate, Downs & Pinkerton, LLP*

Pate, Downs & Pinkerton, LLP

Levelland, Texas  
February 12, 2015

*Management's Discussion and Analysis*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Levelland's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

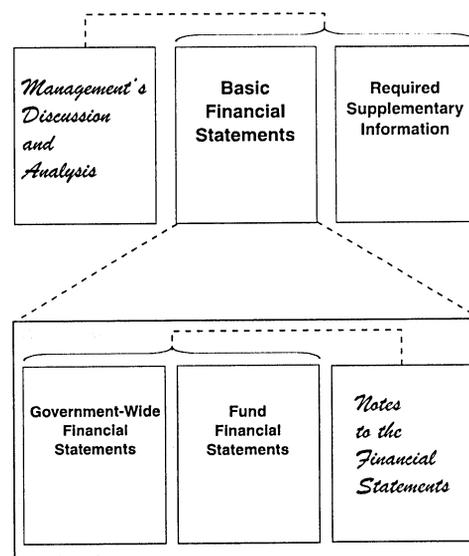
- The City's total combined net position was \$45,881,910 at September 30, 2014.
- During the year, the City's expenses were \$1,491,473 less than the \$16,838,785 generated in taxes and other revenues.
- The total cost of the City's programs increased by approximately 8.1 percent from last year.
- The general fund reported a fund balance this year of \$5,597,408.
- The City issued no new indebtedness during fiscal year ended September 30, 2014. Outstanding long-term debt was decreased by \$1,084,923.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

**Figure A-1F, Required Components of the City's Annual Financial Report**



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City's government (except fiduciary funds) and the City's component units	The activities of the city that are not proprietary or fiduciary	Activities the city operates similar to private businesses	Instances in which the city is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net positions includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net positions and how they have changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Ad Valorem, Sales and Use taxes and grants finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- We use *internal service funds* to report activities that provide supplies and services for the City's other programs and activities.
- *Fiduciary funds*—The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net positions and a statement of changes in fiduciary net positions. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was \$45,881,910 September 30, 2014. (See Table A-1).

**Table A-1**  
City's Net Position  
(In thousands dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013	2014	2013	
<b>Current assets:</b>							
Cash and cash equivalents	9,860.3	13,802.2	4,707.5	4,009.2	14,567.8	17,811.4	-18.2
Due from other governments	1.4	-	17.1	-	18.5	-	1,850.0
Due from other funds	951.0	72.5	-932.5	-56.2	18.5	16.3	13.5
Other receivables	1,316.5	873.3	727.6	841.3	2,044.1	1,714.6	19.2
Inventories – supplies and materials	-	-	147.8	193.8	147.8	193.8	-23.7
Deferred Expenditures	-	-	4.6	-	4.6	-	460.0
<b>Total current assets:</b>	<b>12,129.2</b>	<b>14,748.0</b>	<b>4,672.1</b>	<b>4,988.1</b>	<b>16,801.3</b>	<b>19,736.1</b>	<b>-14.9</b>
<b>Noncurrent assets:</b>							
Land	1,539.8	1,539.0	510.7	510.7	2,050.5	2,049.7	-
Depreciable Capital Assets	34,806.0	30,927.0	22,425.7	20,983.0	57,231.7	51,910.0	10.3
Less accumulated Depreciation	-11,005.8	-10,135.5	-8,470.1	-7,896.8	-19,475.9	-18,032.3	8.0
Investment in Water Source	-	-	13,015.9	13,015.9	13,015.9	13,015.9	-
Less accumulated Amortization	-	-	-5,297.6	-4,940.2	-5,297.6	-4,940.2	7.2
Other Assets	-	-	-	-	-	-	-
<b>Total noncurrent assets</b>	<b>25,340.0</b>	<b>22,330.5</b>	<b>22,184.6</b>	<b>21,672.6</b>	<b>47,524.6</b>	<b>44,003.1</b>	<b>8.0</b>
<b>Total Assets</b>	<b>37,469.4</b>	<b>37,078.5</b>	<b>26,856.7</b>	<b>26,660.8</b>	<b>64,326.1</b>	<b>63,739.3</b>	<b>0.1</b>
<b>Current liabilities:</b>							
Accounts payable and Accruals	689.5	525.2	355.0	346.0	1,044.5	871.2	19.9
Bonds Payable	660.0	545.0	382.9	556.5	1,042.9	1,101.5	-5.3
Capital Lease Payable	-	-	175.4	168.1	175.4	168.1	4.3
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>1,349.5</b>	<b>1,070.2</b>	<b>913.3</b>	<b>1,070.6</b>	<b>2,262.8</b>	<b>2,140.8</b>	<b>5.7</b>
<b>Long-term liabilities:</b>							
Other Liabilities	7.3	6.1	256.1	250.6	263.4	256.7	2.6
Bonds Payable	10,225.0	10,885.0	4,831.9	5,030.4	15,056.9	15,915.4	-5.4
Capital Lease Payable	-	-	861.1	1,036.1	861.1	1,036.1	-16.9
<b>Total Liabilities</b>	<b>11,581.8</b>	<b>11,961.3</b>	<b>6,862.4</b>	<b>7,387.7</b>	<b>18,446.2</b>	<b>19,349.0</b>	<b>4.7</b>
<b>Net positions:</b>							
Invested in capital assets	14,455.0	10,900.5	15,933.3	14,881.5	30,388.3	25,782.0	17.9
Restricted	-	-	-	-	-	-	-
Unrestricted	11,432.6	14,216.7	4,061.0	4,391.7	15,493.6	18,608.4	-16.7
<b>Total Net Position</b>	<b>25,887.6</b>	<b>25,117.2</b>	<b>19,994.3</b>	<b>19,273.2</b>	<b>45,881.9</b>	<b>44,390.4</b>	<b>3.4</b>

Approximately sixty-six percent of the City's net position represents investment in capital assets, net of related debt. The remaining \$11,432,561 of unrestricted net positions in the governmental activities represents resources available to fund the programs of the City next year and \$4,060,979 is available for Enterprise activities.

**Changes in net position.** The City's total revenues were \$16,838,785. A significant portion, 49.2 percent, of the City's revenue comes from general revenues which include property, franchise and sales and use taxes. (See Figure A-2) 10.1 percent comes from grants, while 40.7 percent relates to charges for services.

The total cost of all programs and services was \$15,347,312; 29.6 percent of these costs are for services.

**Governmental Activities**

- Property tax rates increased in the current year. Increasing values enabled an increase of tax revenues to \$3,959,978.
- The City issued new debt obligations for the purpose of developing an amateur sports complex.

**Table A-2**  
Changes in City's Net Position  
(In thousands dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013	2014	2013	
<b>Revenues:</b>							
Ad Valorem, Franchise, Sales and Use Taxes	7,809.4	7,409.9	-	-	7,809.4	7,402.9	5.5
Permits and Fees	375.8	314.9	-	-	375.8	314.9	19.3
Rent and Royalties	123.5	124.3	271.9	.1	395.4	124.4	217.8
Earnings on Investments	89.0	137.4	28.6	36.2	117.6	173.6	-32.3
Charges for Services	76.8	72.8	-	-	76.8	72.8	5.5
Federal, State And Local Contributions	1,587.6	1,423.9	17.1	46.9	1,604.7	1,470.8	9.1
Water and Wastewater Revenue	190.1	191.1	3,849.8	3,654.2	4,039.9	3,845.3	5.1
Street Light Revenue	-	-	155.6	155.9	155.6	155.9	-2
Refuse Collection Revenue	-	-	2,111.8	2,024.5	2,111.8	2,024.5	4.3
Gifts & Bequests	-	-	-	-	-	-	-
Other	112.2	-	39.6	607.6	151.8	607.6	-75.0
<b>Total Revenues</b>	<b>10,364.4</b>	<b>9,667.3</b>	<b>6,474.4</b>	<b>6,525.4</b>	<b>16,838.8</b>	<b>16,192.7</b>	<b>4.0</b>
General Government	1,182.8	1,149.3	-	-	1,182.8	1,149.3	2.9
Public Safety	4,581.6	4,395.1	-	-	4,581.6	4,395.1	4.2
Highways & Streets	1,466.6	1,482.9	-	-	1,466.6	1,482.9	1.1
Culture & Recreation	857.4	780.6	-	-	857.4	780.6	9.8
Economic & Physical Dev	767.3	359.3	-	-	767.3	359.3	113.5
Airport	150.0	217.9	-	-	150.1	217.9	-31.1
Interest & Fiscal Charges	345.9	322.9	-	-	345.9	322.9	7.1
Administration	-	-	451.2	428.8	451.2	428.8	5.2
Water Production	-	-	2,750.1	2,511.6	2,750.1	2,511.6	9.5
Wastewater Collection	-	-	751.2	667.3	751.2	667.3	12.6
Sanitation	-	-	1,983.3	1,830.3	1,983.3	1,830.3	8.4
Swimming Pool	-	-	57.9	54.3	57.9	54.3	6.6
Other	-	-	2.0	2.0	2.0	2.0	-
<b>Total Expenses</b>	<b>9,351.6</b>	<b>8,708.0</b>	<b>5,995.7</b>	<b>5,494.3</b>	<b>15,347.3</b>	<b>14,202.3</b>	<b>8.1</b>
<b>Excess (Deficiency) Before Other Resources, Uses &amp; Transfers</b>	<b>1,012.8</b>	<b>959.3</b>	<b>478.7</b>	<b>1,031.2</b>	<b>1,491.5</b>	<b>1,990.5</b>	<b>-25.1</b>
Transfer In / (Out)	-242.5	-782.0	242.5	782.1	-	.1	-
<b>Increase / (Decrease) in Net Position</b>	<b>770.3</b>	<b>177.3</b>	<b>721.2</b>	<b>1,813.3</b>	<b>1,491.5</b>	<b>1,990.6</b>	<b>-25.1</b>
Net Position Beginning	25,117.3	24,895.4	19,273.2	17,459.9	44,390.5	42,355.3	4.8
Prior Year Adjustments	-	44.6	-	-	-	44.6	-4,460.0
<b>Net Position - Ending</b>	<b>25,887.6</b>	<b>25,117.3</b>	<b>19,994.4</b>	<b>19,273.2</b>	<b>45,882.0</b>	<b>44,390.5</b>	<b>3.6</b>

Table A-3 presents the cost of each of the City's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services as well as grants and contributions.

- The cost of all *governmental* activities this year was \$9,351,596.
- The amount that our taxpayers paid for these activities through property taxes was \$3,959,978.
- Some of the cost was paid by those who directly benefited from the programs \$699,804, or
- By grants and contributions \$1,676,367.

**Table A-3**  
Net Cost of Selected City Functions

	Total Cost of Services		% Change	Net Cost of Services		% Change
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>	
General government	1,182,817	1,149,305	2.9	1,137,396	786,589	44.6
Public Safety	4,581,618	4,395,127	4.2	4,260,812	4,111,117	3.6
Highways and streets	1,466,578	1,482,900	-1.1	983,792	1,230,898	20.1
Culture and Recreation	857,353	780,629	9.8	854,853	620,027	37.8
Economic and Physical Development	767,251	359,257	113.6	-137,606	-243,121	-43.4
Airport	150,104	217,863	-31.1	65,383	139,953	-53.3
Interest and Fiscal Charges	345,875	322,897	7.1	-189,205	-2,213	8,449.7

**Business-type Activities**

Revenues of the City's business-type activities decreased 4.9 percent to \$6,156,804, and expenses increased 9.1 percent to \$5,995,716.

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

Revenues from governmental fund types totaled \$10,311,149, an increase of 8.6% over the preceding year. The increase in local revenues is a result of ad valorem taxes, sales tax, state and local contributions.

**General Fund Budgetary Highlights**

Over the course of the year, the City revised its budget once. Actual expenditures were \$1,073,117 below final budget amounts.

Resources available were \$844,334 above the final budgeted amount. As noted earlier:

- Property tax collections were more than expected.
- Sales and Use Taxes were higher than estimated for the current year.
- State and local contributions were higher than estimated for the current year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2014, the City had invested \$59,282,234 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$5,322,449 or 9.9 percent over last year.

**Table A-4**  
City's Capital Assets

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013	2014	2013	
Land	1,539,797	1,539,031	510,739	510,739	2,050,536	2,049,770	-
Construction in Progress	3,987,912	627,357	1,105,053	165,569	5,092,965	792,926	542.3
Buildings	1,742,979	1,560,476	605,145	605,145	2,348,124	2,165,621	8.4
Improvements	23,368,993	23,348,828	18,276,184	18,218,248	41,645,177	41,567,076	0.2
Machinery and Equipment	5,706,147	5,390,319	2,439,285	1,994,072	8,145,432	7,384,391	10.3
Totals at historical Cost	<u>36,345,828</u>	<u>32,466,011</u>	<u>22,936,406</u>	<u>21,493,774</u>	<u>59,282,234</u>	<u>53,959,785</u>	9.9
Total accumulated depreciation	-11,005,800	-10,135,468	-8,470,118	-7,896,800	-19,475,918	-18,032,268	8.0
Net capital assets	<u>25,340,028</u>	<u>22,330,544</u>	<u>14,466,288</u>	<u>13,596,973</u>	<u>39,806,316</u>	<u>35,927,517</u>	10.8

The City's fiscal year 2015 capital budget projects spending another \$3,379,775 for capital projects. We will use current year appropriations for these improvements. More detailed information about the City's capital assets is presented in the notes to the financial statements.

### Long Term Debt

At year-end the City had \$17,136,230 in bonds, certificates of obligation and capital leases outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements

**Table A-5**  
City's Long Term Debt

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013	2014	2013	
Leases payable	-	-	1,036,418	1,204,246	1,036,418	1,204,246	-13.9
Bonds payable	2,405,000	2,580,000	5,214,812	5,586,906	7,619,812	8,166,906	-6.7
Certificates of Obligation	8,480,000	8,850,000	-	-	8,480,000	8,850,000	-4.2
Totals bonds, Leases & Notes payable	<u>10,885,000</u>	<u>11,430,000</u>	<u>6,251,230</u>	<u>6,791,153</u>	<u>17,136,230</u>	<u>18,221,153</u>	-6.0

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

- Appraised value used for the 2015 budget preparation is up \$147.9 million, or 32.8% from 2014.
- Capital Outlay for 2015 will be approximately \$3,379,775 in several funds.
- General operating fund spending increases in the 2015 budget from \$8,565,270 to \$9,023,890. This is a 5.4% increase.

These indicators were taken into account when adopting the general fund budget for 2015. Amounts available for appropriation in the general fund budget are \$7,610,851, a decrease of 4.1percent over the final 2014 budget of \$7,923,784. Property taxes will increase due to increasing values. The City will use these increases in revenues to finance programs we currently offer.

Expenditures are budgeted to rise nearly 4.5 percent to \$9,023,890. The largest increments are due to increases in police and fire projects.

If these estimates are realized, the City's budget shows a fund balance decrease projected for both the General Fund and the Enterprise Fund. These funds were deficit budgeted last year; but because of hard work and budget awareness on the part of our department heads, along with higher than projected income in some areas, we will bring the 2015 budget in with a positive rather than negative adjustment to the fund balances. Our department heads will continue to do us a great job and we anticipate when this budget is completed in September of 2015 we will not end the year with significant budget deficits.

### Component Units

The Levelland Economic Development Corporation (LEDC), a nonprofit corporation, was incorporated in the state of Texas, March 12, 1992. The purpose of the LEDC is to promote and develop industrial and manufacturing enterprises in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for and on behalf of the City of Levelland, Texas. Complete financial statements for the LEDC may be obtained at the City's administrative offices.

The Levelland Community Development Corporation (LCDC), a nonprofit corporation, was incorporated in the state of Texas, September 17, 2010. The purpose of the LCDC will be to engage in projects primarily for amateur sports, including children's sports, including ballparks, soccer fields and sports and recreational complexes; for public park facilities and open space improvements; for related concession and automobile parking facilities; and for maintenance and operations expenses for any of the above described projects.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance.