

Cover Page

This Cover Page and the following disclosures are required by State Law.

"THIS BUDGET WILL RAISE MORE TOTAL PROPERTY TAXES THAN LAST YEAR'S BUDGET BY \$48,763 OR 1.23% AND OF THAT AMOUNT, \$57,581.86 IS TAX REVENUE TO BE RAISED FROM NEW PROPERTY ADDED TO THE TAX ROLL THIS YEAR."

	FY 2016	FY 2017
Actual Property Tax Rate	.7352	.78
Effective Tax Rate	.735204	.7526
Effective Maintenance and Operations Tax Rate	.762581	.813059
Rollback Tax Rate	.853186	.896592
Debt Tax Rate	.083171	.083533
City Debt Obligations	\$2,590,000	\$5,570,000
LEDC Debt Obligations	\$3,450,000	\$3,265,000
LCDC Debt Obligations	\$4,185,000	\$4,005,000

City Council meeting of September 12, 2016.

Motion by Joe Bill Vardeman, second by Max Ledesma, to approve Ordinance #1009 setting the 2016 tax rate at \$.78.

FOR: Joe Bill Vardeman, Billy Youngblood, Max Ledesma, Jim Myatt

AGAINST: None

ABSTAIN or NOT VOTING: Mayor Barbra Pinner

ABSENT: None

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September 12, 2016

To the Honorable Mayor and City Council
City of Levelland
Levelland, Texas

Dear Mayor Pinner and Members of the City Council:

In accordance with the Civil Statutes of the State of Texas and the City Charter of the City of Levelland I am pleased to present the proposed City of Levelland Budget for Fiscal Year 2016-2017 for your review and consideration. This budget document will provide financial guidance for the operations of the municipal activities and services during the next twelve months. I want to thank the Mayor and Council for the hours of hard work you have put into developing this budget and for the confidence you have shown in me and the City's excellent staff throughout this past year and through the process of developing this budget. I am also very appreciative of the assistance and hard work contributed by our department heads in helping develop this budget, most notable being Director of Finance Dan Downs and City Secretary Beth Walls.

However, as you know, the development of this budget was really guided by Assistant City Manager Erik Rejino. In order to learn the process Erik asked to take the lead and under your guidance he did an outstanding job of developing a good budget in the most challenging financial environment I have ever faced as a city manager. Given our shrinking revenues and continuously increasing costs I believe he and the department heads developed the best budget possible. Because of these efforts I feel we have developed a conservative budget that will address the City's needs, continue to foster the community's development, and continue to provide effective customer service to our citizens.

The shrinking revenues and continuously increasing costs this past fiscal year has been challenging, but our staff has risen to the occasion. Department heads have controlled cost and stayed within budget while continuing to provide good customer service to our citizens. Even so, in response to the tough fiscal environment, we have delayed some non critical items, such as the drive through electronic payment system for City utility bills which was in that budget. At the same time we were able to successfully deal with unforeseen and emergency situations such as the break in the Canadian River Municipal Water Authority aqueduct and the most severe winter storm in over 30 years.

While the proposed budget, like all of our budgets in recent past, is a conservative one, the current economic downturn dictates that this budget be our most conservative yet. As a result the budget includes no cost of living adjustment to the employee pay plan and only a partial increase to cover rising health care costs, with the employee to be responsible for the remainder of the health insurance increase. Due to the "consumer centered" options our insurance provides in response to

the Affordable Care Act, employees have the option of adjusting their insurance plan in response to the increase in their share of the cost.

The budget includes only two significant projects; the construction of a public safety center consisting of a new fire station and a new police communications center, and the placement of a sloped roof over the City's main 1 million gallon water storage tank at the Hickory Street Pump Station. The \$3.9 million public safety center project is already underway and should be completed within this budget. The project is being funded with \$3.5 million in tax notes and \$400,000 in unused insurance claims funds left over from the City's attempt to go into self funded insurance in the late 1980's. The sloped covering for the main water storage tank is a TCEQ requirement and is being funded through the Enterprise fund. The budget also includes a significant maintenance project with an expanded seal coat project planned for the summer of 2017. This is being made possible with federal disaster funds received because of street damage caused by the record winter storm/blizzard of this past winter. In order to assist with the tight finance situation the water meter replacement program initiated two year ago will take a break and hopefully be able to resume with the 2017-2018 budget. The city's water meters, which currently have a 10 year warranty, are being replaced with meters carrying a 20 year warranty. About two more years are needed to have all meters replaced.

As in previous years this budget shows a fund balance decrease projected for both the General Fund and the Enterprise Fund. But, as in previous years, I am certain that under your continued leadership at the end of the year the reductions will not be as drastic as projected. I am also confident that our department heads will continue to work hard and be budget conscience throughout the coming year so that when this budget is completed in September of 2017 we will not end up with the significant budget deficits indicated.

I feel this budget continues our conservative practices, and yet it continues to provide for progress and for future development. Through this budget we can continue to work together to meet the needs of Levelland and make Levelland an ever improving place to live, work and raise a family.

Respectfully Submitted,



Rick Osburn
City Manager

RESOLUTION 2016 – 15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEVELLAND, TEXAS, ADOPTING THE BUDGET FOR THE FISCAL YEAR OF 2016-2017 COMMENCING OCTOBER 1, 2016.

WHEREAS, the City Manager of Levelland, Texas has prepared and submitted a proposed budget in compliance with the City Charter for the fiscal year commencing October 1, 2016; and

WHEREAS, the proposed budget has been reviewed by the City Council and a public hearing has been held at City Hall on August 29, 2016; and

WHEREAS, after full and final consideration, a majority of the members of the City Council being present and voting are of the opinion that said budget is appropriate and correct in all respects, and presents a program of service that is in the best interest of the community, and that all requirements of the City Charter and other applicable laws have been satisfied.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF LEVELLAND, TEXAS:

Section 1. That the budget proposal for the fiscal year beginning October 1, 2016 as filed and submitted to the City Council is hereby approved and adopted.

Section 2. That there is hereby appropriated from the funds indicated in such budget, and for the accomplishment of each of the departments, project, operations, activities, purchases, and other expenditures proposed in such budget, not to exceed the total amount of the estimated costs of the departments, projects, operations, activities, purchases, and other expenditures proposed for each fund.

Section 3. That the City Council expressly finds that the amounts budgeted in the various funds for employee benefits, longevity pay, employee awards and recognition, and other similar items promote employee morale, which is a proper, public purpose for those expenditures.

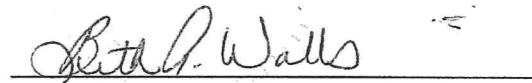
Section 4. That a copy of the FY 2016-2017 Budget shall be filed in the office of the City Secretary of Levelland, Texas.

PASSED, APPROVED AND ADOPTED THIS THE 12TH DAY OF SEPTEMBER, 2016.



Barbra Pinner, Mayor

ATTEST:



Beth A. Walls, TRMC, IPMA-CP
City Secretary

ORDINANCE NO. 1009

AN ORDINANCE PROVIDING FOR THE LEVYING OF TAXES FOR THE USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF LEVELLAND FOR THE FISCAL YEAR 2016-2017, PROVIDING FOR THE INTEREST AND REDEMPTION FUND FOR THE YEAR 2016-2017, APPROPRIATING SAID LEVY FOR THE SPECIFIC PURPOSE, PROVIDING SAID LEVY FOR THE SPECIFIC PURPOSE, PROVIDING FOR THE TIME AND MANNER OF PAYING THE AD VALOREM TAXES LEVIED, PROVIDING FOR PUBLICATION BY CAPTION ONLY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council finds that conducting of budget work sessions open to the public and publication of the proposed tax rate in the local news media and the City's website have collectively provided adequate and legal notice so that this ordinance maybe adopted as an emergency measure and thereby made effective immediately:

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF LEVELLAND, TEXAS:

SECTION 1. That there is hereby levied and there shall be collected for the use and support of the Municipal Government of the City of Levelland for the Fiscal Year 2016-2017, and to provide an Interest and Redemption Fund for the Fiscal Year 2016-2017, upon all property located within the corporate limits of the City as of January 1, 2016, subject to taxation for the year 2015, a tax of \$0.78 on each one hundred dollar valuation of property. Said tax is levied and appropriated to the specific purposes herein set forth:

1. For the maintenance and support of the General Fund \$0.6920 on each One Hundred Dollar valuation of property for the year 2016.
2. For the upkeep and maintenance of the Levelland Cemetery \$0.0150 on each One Hundred Dollar valuation of property for the year 2016.
3. For the Interest and Redemption Fund \$0.073 on each one Hundred Dollar valuation of property for the year 2016.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 3.64 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$27.40.

SECTION 2. All monies collected as delinquent taxes after July 1, 2017 for the tax year 2016 for the Interest and Redemption Fund, General Fund, and Cemetery Fund will be deposited in their funds as collected.

SECTION 3. All monies collected under this Ordinance for the specific items named shall be and the same are hereby appropriated and set apart for the specific purposes indicated in each item; and the Finance Director of the City of Levelland, Texas shall keep these accounts so as to readily show the amount collected, the amounts expended and the amount collected, and the amount on hand in each item at all times.

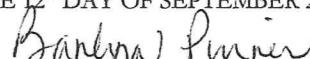
SECTION 4. All taxes shall be payable at the office of the Hockley County Tax Assessor Collector in the City of Levelland, Texas and the period for the payment of taxes without penalty or interest shall be October 1, 2016 through January 31, 2017.

SECTION 5. That this is an emergency measure, which shall be in full force and effect from and after the date hereof for the following reasons:

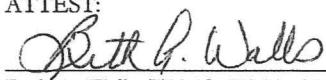
It is intended for the immediate preservation of the public business, property, health, safety and provides for the usual daily operation of all municipal departments, and to defray the current and other expenses of the City.

SECTION 6. This Ordinance may be published by caption only pursuant to V.T.C.A., Local Government Code 52.013 and Article V, Section XXIII of the Levelland City Charter.

PASSED, APPROVED AND ADOPTED THIS THE 12th DAY OF SEPTEMBER 2016.


Barbra Pinner, Mayor

ATTEST:


Beth A. Walls, TRMC, IPMA-CP
City Secretary

BUDGET SUMMARY

	Estimated Balance Oct. 1, 2016	Estimated Revenues FY 2016-17	Estimated Expenditures FY 2016-17	Estimated Balance Sept. 30, 2017
<u>Operating Funds</u>				
General Fund	\$3,718,915	\$7,705,784	\$9,305,446	\$2,119,252
Airport Fund	\$23,116	\$56,900	\$134,115	(\$54,099)
Cemetery Fund	\$410,898	\$208,305	\$353,588	\$265,615
Enterprise Fund	\$2,171,142	\$6,186,500	\$7,401,029	\$956,613
Subtotal	\$6,324,070	\$14,157,489	\$17,194,178	\$3,287,381
<u>Capital Improvement Related Funds</u>				
Capital Financing Fund	\$21,903	\$275,000	\$0	\$297,003
Interest & Redemption Fund	\$96,354	\$1,303,325	\$1,319,691	\$79,987
Public Safety Center Bond Fund	\$3,422,000	\$410,000	\$3,832,000	\$0
Wastewater System Imp. Fund	\$967,330	\$192,800	\$0	\$1,160,130
Tax Increment Financing #1	\$246,395	\$103,644	\$0	\$350,039
Tax Increment Financing #2	\$592	\$40,095	\$0	\$40,686
Subtotal	\$4,754,574	\$2,324,863	\$5,151,691	\$1,927,846
<u>Special Funds</u>				
Civic Improvement Fund	\$126,864	\$4,800	\$10,100	\$121,564
Motel Occupancy Tax Fund	\$444,022	\$208,210	\$300,215	\$352,017
Voluntary Park Fund	\$46,190	\$15,200	\$35,000	\$26,390
LEOSE Fund	\$553	\$8	\$0	\$561
Court Building Security Fund	\$166	\$2,008	\$0	\$2,174
Court Time Payment Fund	\$2,288	\$760	\$2,000	\$1,048
Court Technology Fund	\$1,695	\$3,530	\$1,000	\$4,225
Police Special Fund	\$2,406	\$30	\$0	\$2,436
Federal Seized Funds	\$19,930	\$50	\$0	\$19,980
TPWD Park Grants	\$0	\$37,594	\$37,594	\$0
TCF Main Street	\$0	\$50,000	\$0	\$50,000
CJD Criminal Justice Grants	\$0	\$0	\$0	\$0
HSGD Homeland Security Grants	\$0	\$31,720	\$31,720	\$0
Subtotal	\$644,113	\$353,910	\$417,629	\$580,394
<u>Development Corporations</u>				
Community Development Corp.	\$189,907	\$425,000	\$340,500	\$274,407
Economic Development Corp.	\$1,138,015	\$903,700	\$809,590	\$1,232,125
Subtotal	\$1,327,922	\$1,328,700	\$1,150,090	\$1,506,532
GRAND TOTAL	\$13,050,679	\$18,164,962	\$23,913,588	\$7,302,153

City of Levelland Tax Structure Fiscal Year 2016-2017

Net Taxable Value	\$561,076,296		
Taxable Value of Frozen Senior Property	\$102,729,210		
Non Frozen Taxable Value	\$458,347,086		
Proposed Tax Rate	\$0.7800		
Non Frozen Taxes	\$3,575,107		
Frozen Taxes from Seniors	\$600,454		
Total Taxes	\$4,175,561		
Estimated Percent of Collection	96%		
<hr/>			
Estimated Collected Ad Valorem	@ 96%	@ 100%	
	\$4,008,539	\$4,175,561	
<hr/>			
Increment			
TIF #1	\$9,298,939	\$69,630	\$72,532
TIF #2	\$13,495,741	\$101,056	\$105,267
<hr/>			
Estimated Net Ad Valorem	\$3,837,852	\$3,997,763	

2016-2017 DISTRIBUTION

	Amount of Rate	% of Rate	Amount at 96%	Amount at 100%
General Fund	\$0.6920	88.72%	\$3,404,864	\$3,546,733
Cemetery Fund	\$0.0150	1.92%	\$73,805	\$76,880
Interest & Redemption Fund	\$0.0730	9.36%	\$359,184	\$374,150
SUBTOTAL	0.78	100.00%	\$3,837.852	\$3,997.763

Senior Tax Freeze Information

Taxes Lost to Freeze \$200,834

Resulting Tax Rate On Frozen Property \$0.585

AFFECT ON OVERALL TAX RATE

Without Freeze Rate (raise same revenue) \$0.744

**Portion of Proposed Tax Rate
That Will Subsidize Frozen Property** \$0.036