

**CITY OF LITTLEFIELD**

**LITTLEFIELD, TEXAS**

*ANNUAL FINANCIAL REPORT*

FOR THE YEAR ENDED  
SEPTEMBER 30, 2019

CITY OF LITTLEFIELD  
TABLE OF CONTENTS  
SEPTEMBER 30, 2019

	<u>Page</u>	<u>Exhibit</u>
	-----	-----
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report on Financial Statements	1-3	
Management's Discussion and Analysis (Required Supplementary Information)	4-11	
<u>BASIC FINANCIAL STATEMENTS</u>		
Government-wide Financial Statements:		
Statement of Net Position	12-13	A-1
Statement of Activities	14	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds	15	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17-18	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19	C-4
Statement of Net Position - Proprietary Funds	20-21	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	22	D-2
Statement of Cash Flows - Proprietary Funds	23-24	D-3
Notes to the Financial Statements	25-54	
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	55-58	E-1
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - LEDC Fund	59	E-2
Schedule of Changes in Net Pension Liability and Related Ratios	60	E-3
Schedule of Pension Contributions	61	E-4
Schedule of Changes in Total OPEB Liability and Related Ratios	62	E-5
Notes to Required Supplementary Information	63-64	

CITY OF LITTLEFIELD  
TABLE OF CONTENTS  
SEPTEMBER 30, 2019

	<u>Page</u>	<u>Exhibit</u>
<u>COMBINING FUND FINANCIAL STATEMENTS</u>		
Combining Balance Sheet - All Special Revenue Funds	65	F-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds	66	F-2
<u>OTHER SUPPLEMENTARY INFORMATION</u>		
Schedule of Delinquent Taxes Receivable	67	G-1
Schedule of Bonds	68	G-2
Schedule of Capital Leases	69	G-3
<u>OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION</u>		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70-71	
Schedule of Findings and Responses	72	
Schedule of Prior Audit Findings	73	
Corrective Action Plan	74	

FINANCIAL SECTION

Stephen H. Webb, CPA



Mitchell E. Edwards, CPA

823 LFD Drive | Littlefield, Texas 79339 | 806 . 385 . 5181 | Fax 806 . 385 . 5183

Member of Texas Society of CPA's and American Institute of CPA's

## Independent Auditor's Report

Honorable Mayor & City Council  
City of Littlefield  
301 XIT Drive  
Littlefield, Texas 79339

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Littlefield, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Littlefield'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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Littlefield as of September 30, 2019, 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 1 to the financial statements, in 2019, the City adopted new accounting guidance, *GASBS No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, in 2019, the City adopted new accounting guidance, *GASBS No. 83, Certain Asset Retirement Obligations*. 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, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of pension contributions, and schedule of changes in total OPEB liability and related ratios 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 Littlefield's basic financial statements. The combining fund

financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and other supplementary information 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 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 fund financial statements and other supplementary information 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 January 20, 2020, on our consideration of the City of Littlefield'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Littlefield's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Littlefield's internal control over financial reporting and compliance.

Respectfully submitted,



WEBB, WEBB AND WRIGHT, CPA's  
January 20, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Littlefield's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the City's financial statements.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's property and obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the City were sold to departments within the City or to external customers and how well the sales revenues covered the expenses of the goods or services.

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

### **Reporting the City as a Whole**

#### ***The Statement of Net Position and the Statement of Activities***

The analysis of the City's overall financial condition and operations is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the same basis of accounting used by most private sector companies – accrual.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's revenues are divided into those provided by business functions that are intended to recover a portion of their costs through user fees and charges and general revenues provided by the taxpayers. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets, plus deferred outflows of resources less liabilities, less deferred inflows of resources) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider nonfinancial factors as well, such as changes in the City's property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City operates under two kinds of activities:

*Governmental activities* – Most of the City's basic services are reported here, including general government, police, fire, EMS, refuse, streets and other. Property taxes and fees finance most of these activities.

*Business-type activities* – The City charges a fee to customers to help it cover all or most of the cost of services it provides in water and sewer services.

*Component Unit* - The City includes one separate legal entity in its report - The Littlefield Economic Development Corporation. Although legally separate, this component unit is important because the City is financially accountable for it.

## **Reporting the City's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City's administration establishes many funds to help it control and manage money for particular purposes.

*Governmental Funds* – The City reports most of its basic services in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City’s general operations and the basic services it provides.

We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements.

*Proprietary Funds* – The City reports the activities for which it charges users (whether outside customers or other units of the City) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise fund (one category of proprietary funds) is the business-type activity reported in the government-wide statements but containing more detail and some additional information, such as cash flows.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City’s activities.

Net position of the City’s governmental activities increased from the total of \$3,452,422 to \$3,990,692. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was a deficit of \$119,396 at September 30, 2019.

This increase in governmental net position was the net result of the City’s revenues exceeding the expenses by \$538,270.

The net position of our business-type activities increased by \$1,901,967. This increase is significant to the overall operations of the City as it provides significant services to the community. Factors contributing to this increase are shown in Exhibit B-1.

**Table 1**

## City of Littlefield

**Net Position**  
in thousands

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percentage Change 2018-2019
	2019	2018	2019	2018	2019	2018	
Current and other assets	1,383	1,320	2,240	4,387	3,623	5,707	-36.5%
Capital assets	4,039	3,656	12,337	12,560	16,376	16,217	1.0%
Total assets	<u>5,422</u>	<u>4,976</u>	<u>14,577</u>	<u>16,947</u>	<u>19,999</u>	<u>21,924</u>	-8.8%
Total deferred outflows of resources	<u>715</u>	<u>300</u>	<u>536</u>	<u>498</u>	<u>1,251</u>	<u>798</u>	56.7%
Long-term liabilities	1,204	1,002	3,473	7,510	4,678	8,512	-45.0%
Other liabilities	<u>566</u>	<u>445</u>	<u>942</u>	<u>1,139</u>	<u>1,509</u>	<u>1,584</u>	-4.7%
Total liabilities	<u>1,770</u>	<u>1,447</u>	<u>4,416</u>	<u>8,649</u>	<u>6,186</u>	<u>10,095</u>	-38.7%
Total deferred inflows of resources	<u>376</u>	<u>377</u>	<u>93</u>	<u>94</u>	<u>469</u>	<u>472</u>	-0.6%
Net position:							
Net investment in capital assets	3,614	2,985	8,457	4,447	12,071	7,432	62.4%
Restricted	496	477	497	1,175	993	1,652	-39.9%
Unrestricted (Deficit)	<u>(119)</u>	<u>(9)</u>	<u>1,650</u>	<u>3,080</u>	<u>1,530</u>	<u>3,071</u>	-50.2%
Total net position	<u>3,991</u>	<u>3,452</u>	<u>10,604</u>	<u>8,702</u>	<u>14,595</u>	<u>12,154</u>	20.1%

**Table 2**

City of Littlefield

**Changes in Net Position**

in thousands

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
<b>Revenues:</b>							
<b>Net program revenues:</b>							
Charges for services	1,837	1,810	3,766	3,468	5,603	5,278	6.2%
Operating grants and contributions	2	246			2	246	-99.2%
Capital grants and contributions	286				286	-	
<b>General revenues:</b>							
Property taxes	1,091	1,085	140	138	1,231	1,223	0.7%
Other taxes	995	1,054			995	1,054	-5.6%
Investment earnings	52	47	16	16	68	64	6.3%
Other	422	264	161	104	583	368	58.4%
Gain (Loss) on sale of assets	51	27	-	-	51	27	88.9%
<b>Total revenues</b>	<b>4,737</b>	<b>4,532</b>	<b>4,083</b>	<b>3,727</b>	<b>8,819</b>	<b>8,260</b>	<b>6.8%</b>
<b>Expenses:</b>							
General government	1,106	1,010			1,106	1,010	9.5%
Police	1,250	1,180			1,250	1,180	5.9%
Fire	186	182			186	182	2.2%
EMS	941	854			941	854	10.2%
Refuse	712	715			712	715	-0.4%
Public services	110	157			110	157	-29.9%
Public works	502	372			502	372	34.9%
Other	57	27			57	27	111.1%
Interest on long-term debt	17	16			17	16	6.3%
Water and Sewer BCDC			1,292	1,386	1,292	1,386	-6.8%
			458	565	458	565	-18.9%
<b>Total expenses</b>	<b>4,881</b>	<b>4,513</b>	<b>1,749</b>	<b>1,951</b>	<b>6,631</b>	<b>6,464</b>	<b>2.6%</b>
<b>Increase (decrease) in net position before contributions and transfers</b>							
	(144)	19	2,334	1,776	2,190	1,795	22.0%
Capital Contribution		9			-	9	-100.0%
Transfers	682	709	(432)	(394)	250	315	-20.6%
<b>Change in net position</b>	<b>538</b>	<b>738</b>	<b>1,902</b>	<b>1,382</b>	<b>2,440</b>	<b>2,119</b>	<b>15.1%</b>
Net position-beginning	3,452	2,844	8,702	7,353	12,154	10,197	19.2%
Prior Period Adjustment	-	(130)	-	(32)	-	(162)	-100.0%
Net position-beginning, as restated	3,452	2,715	8,702	7,320	12,154	10,035	21.1%
<b>Net position-ending</b>	<b>3,991</b>	<b>3,452</b>	<b>10,604</b>	<b>8,702</b>	<b>14,595</b>	<b>12,154</b>	<b>20.1%</b>

The City's total revenues increased over \$454,000 this year. The total cost of all programs and services increased over \$239,000 this year.

The City's total revenues increased primarily due to the sale of water to the new Continental Dairy Facility as well as from growth of the Texas Civil Commitment Center Bill Clayton Facility.

The cost of all governmental and business-type activities this year was \$6,630,092. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$2,226,730 because \$5,603,140 of the costs were paid by those who directly benefited from the programs and \$288,556 by other governments and organizations that subsidized certain programs with grants and contributions.

### **THE CITY'S FUNDS**

As the City completed the year, its governmental funds reported a combined fund balance of \$2,111,590 which is significantly more than last year's total of \$1,930,403. Included in this year's total change in fund balance is a decrease of \$62,695 in the City's General Fund.

The City's proprietary funds reported a net position of \$10,603,962 which is significantly higher than last year's restated total of \$8,701,995.

The details of the above summarized information can be found on Exhibit C-3 and Exhibit D-2.

### ***General Fund Budgetary Highlights***

The City's General Fund balance of \$507,435 differs significantly from the General Fund's budgetary fund balance of \$319,683. This difference is shown on the Budgetary Comparison Schedule (Exhibit E-1).

Over the course of the year, the City recommended and the council approved several revisions to the original General Fund budgeted revenue and appropriations. The final amended budget reflected an excess of expenditures over revenues of \$660,447 and the actual was \$451,090. Multiple expenditures were approved throughout the current year - including a project to help close the old unused landfill and an opportunity to expand airport space. These expenditures are strategized to improve previously neglected city infrastructure and were possible due to the increase in revenues during the year. Management continues to implement conservative strategies in regards to budgeting and resource allocation.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

At the end of 2019, the City had \$38,812,185 invested in a broad range of capital assets, including administrative facilities and equipment, public safety facilities and equipment, and maintenance buildings and equipment. This amount represents a net increase of \$901,593 above last year.

This year's major additions included:

Ambulance Carport	\$	7,930
Radio		6,224
Pressure Washer		7,920
Skidsteer with Bucket		23,000
EMS Resuscitation System		77,744
2018 Dodge Ambulance		226,799
Land for Airport		276,986
Construction in Process		225,603
Building Improvements		79,010
Lift Station		6,198
Water Valves		22,100
Water Well Improvement		14,974
Water Meters		69,998
2015 Ford F-250		21,872
Total	\$	<u>1,066,358</u>

The City's planned capital expenditures for FY 2020 are as follows: A new camera system to be installed in police vehicles, additions to the EMS building and new pickups for the public works department. The City does not anticipate the need to take on any new debt because of the aforementioned upcoming capital expenditures.

### ***Debt***

At year-end, the City had \$4,304,825 in bonds, capital leases and a note payable outstanding versus \$8,784,317 last year. More detailed information about the City's long-term liabilities is presented in Exhibit G-2 and Exhibit G-3 as well as Notes 8 and 9 to the Financial Statements.

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

The City's elected officials and appointed officials consider many factors when setting the fiscal year 2020 budget and tax rates. The City intends to monitor and be proactive in spending habits to insure compliance with the budget while still providing city services to the citizens of Littlefield. The City plans to make sure current infrastructure can be maintained correctly and efficiently.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

BASIC FINANCIAL STATEMENTS

CITY OF LITTLEFIELD  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019

	<u>PRIMARY GOVERNMENT</u>			Component Unit
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 354,076	\$ 1,123,405	\$ 1,477,481	\$ 1,144,810
Receivables (net of allowance for uncollectibles)	675,015	619,575	1,294,589	-
Internal Balances	-	-	-	-
Due from Other Governments	44,594	-	44,594	44,594
Due from Other Funds	-	-	-	-
Restricted Assets:				
Cash	308,995	497,352	806,347	-
Capital Assets (net of accumulated depreciation):				
Land	1,095,310	507,595	1,602,905	-
Buildings & Structures	721,943	11,247,789	11,969,732	-
Machinery & Equipment	1,386,744	537,655	1,924,400	-
Furniture & Fixtures	12,549	-	12,549	-
Capital Leases	596,857	43,988	640,845	-
Capital Leases	225,603	-	225,603	-
Total Capital Assets	<u>\$ 4,039,007</u>	<u>\$ 12,337,026</u>	<u>\$ 16,376,033</u>	<u>\$ -</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,421,686</u>	<u>\$ 14,577,358</u>	<u>\$ 19,999,044</u>	<u>\$ 1,189,404</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	\$ -	\$ 356,912	\$ 356,912	\$ -
Deferred Outflow Related to Pensions	703,574	175,893	879,467	-
Deferred Outflow Related to OPEB	11,339	2,835	14,174	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 714,913</u>	<u>\$ 535,640</u>	<u>\$ 1,250,553</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 191,900	\$ 13,614	\$ 205,513	\$ -
Accrued Liabilities	45,517	68,345	113,862	-
Due to Other Funds	-	-	-	-
Customer Deposits	-	176,105	176,105	-
Unearned Revenue	-	19,134	19,134	-
Landfill Closure Liability	75,066	-	75,066	-
Noncurrent Liabilities:				
Due within one year	253,661	665,269	918,930	-
Due in more than one year	170,895	3,215,000	3,385,895	-
Net Pension Liability	879,254	219,814	1,099,068	-
Total OPEB Liability	154,051	38,513	192,564	-
<b>TOTAL LIABILITIES</b>	<u>\$ 1,770,344</u>	<u>\$ 4,415,793</u>	<u>\$ 6,186,137</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	\$ 365,237	\$ 91,309	\$ 456,546	\$ -
Deferred Inflows Related to OPEB	7,738	1,934	9,672	-
Deferred Inflows Related to PEG Fees	2,588	-	2,588	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 375,563</u>	<u>\$ 93,243</u>	<u>\$ 468,806</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019

	<u>PRIMARY GOVERNMENT</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
NET POSITION				
Net Investment in Capital Assets	\$ 3,614,451	\$ 8,456,758	\$ 12,071,209	\$ -
Restricted for:				
Technology Improvements	6,562	-	6,562	-
Public Relations	81,408	-	81,408	-
Parks & Recreation	228,724	-	228,724	-
Debt Service	-	497,352	497,352	-
Ambulance Purchase	134,020	-	134,020	-
Wastewater Improvements	42,323	-	42,323	-
Solid Waste Grant	2,600	-	2,600	-
Unrestricted (Deficit)	(119,396)	1,649,852	1,530,456	1,189,404
<b>TOTAL NET POSITION</b>	<b><u>\$ 3,990,692</u></b>	<b><u>\$ 10,603,962</u></b>	<b><u>\$ 14,594,654</u></b>	<b><u>\$ 1,189,404</u></b>

The accompanying notes are an integral part of this statement.

**CITY OF LITTLEFIELD**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>FUNCTIONS/PROGRAMS</b>								
<b>PRIMARY GOVERNMENT:</b>								
Governmental Activities:								
General Government	\$ 1,106,061	\$ 38,528		\$ -	\$ (1,067,533)	\$ -	\$ (1,067,533)	\$ -
Police	1,249,833	-	2,311	-	(1,247,522)	-	(1,247,522)	-
Fire	186,260	7,750		-	(178,510)	-	(178,510)	-
EMS	940,655	710,798		-	(229,857)	-	(229,857)	-
Refuse	712,491	962,503	-	-	250,012	-	250,012	-
Public Services	110,434	70,358	-	-	(40,076)	-	(40,076)	-
Public Works	501,559	-		-	(501,559)	-	(501,559)	-
Other	56,877	47,133	-	286,245	276,501	-	276,501	-
Interest on Long-Term Debt	16,729	-	-	-	(16,729)	-	(16,729)	-
<b>Total Governmental Activities</b>	<b>\$ 4,880,900</b>	<b>\$ 1,837,070</b>	<b>\$ 2,311</b>	<b>\$ 286,245</b>	<b>\$ (2,755,273)</b>	<b>\$ -</b>	<b>\$ (2,755,273)</b>	<b>\$ -</b>
Business - Type Activities:								
Water & Sewer	\$ 1,291,617	\$ 2,877,596	\$ -	\$ -	\$ -	\$ 1,585,979	\$ 1,585,979	\$ -
BCDC	457,575	888,474	-	-	-	430,898	430,898	-
<b>Total Business Type Activities</b>	<b>\$ 1,749,193</b>	<b>\$ 3,766,070</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,016,878</b>	<b>\$ 2,016,878</b>	<b>\$ -</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,630,092</b>	<b>\$ 5,603,140</b>	<b>\$ 2,311</b>	<b>\$ 286,245</b>	<b>\$ (2,755,273)</b>	<b>\$ 2,016,878</b>	<b>\$ (738,396)</b>	<b>\$ -</b>
<b>COMPONENT UNIT:</b>								
Economic Development	\$ 149,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (149,485)
<b>TOTAL COMPONENT UNIT</b>	<b>\$ 149,485</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (149,485)</b>
General Revenues:								
Property Taxes					\$ 1,091,384	\$ 140,041	\$ 1,231,425	\$ -
Sales Taxes					608,836		608,836	608,836
Franchise Fees					355,742		355,742	
Hotel/Motel Tax					30,727		30,727	
Investment Earnings					51,957	15,988	67,945	21,867
Other					422,281	161,089	583,370	11,552
Gain on Sale of Capital Assets					50,589		50,589	
Transfers					682,028	(432,028)	250,000	(250,000)
<b>Total General Revenues and Transfers</b>					<b>\$ 3,293,543</b>	<b>\$ (114,911)</b>	<b>\$ 3,178,633</b>	<b>\$ 392,255</b>
<b>Changes in Net Position</b>					<b>\$ 538,270</b>	<b>\$ 1,901,967</b>	<b>\$ 2,440,237</b>	<b>\$ 242,769</b>
Net Position - Beginning					3,452,422	8,701,995	12,154,417	946,635
<b>Net Position - Ending</b>					<b>\$ 3,990,692</b>	<b>\$ 10,603,962</b>	<b>\$ 14,594,654</b>	<b>\$ 1,189,404</b>

The accompanying notes are an integral part of this statement.

**CITY OF LITTLEFIELD**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	<u>GENERAL FUND</u>	<u>LEDC FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 156,637	\$ 1,144,810	\$ 197,438	\$ 1,498,886
Accounts Receivable	522,827	-	3,907	526,734
Delinquent Taxes Receivable	174,447	-	-	174,447
Allowance for Uncollectible Taxes	(26,167)	-	-	(26,167)
Due From Other Governments	44,594	44,594	-	89,188
Due From Other Funds	-	-	-	-
Restricted Assets:				
Cash	87,971	-	221,025	308,995
<b>TOTAL ASSETS</b>	<b>\$ 960,309</b>	<b>\$ 1,189,404</b>	<b>\$ 422,370</b>	<b>\$ 2,572,083</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 186,868	\$ -	\$ 5,032	\$ 191,900
Accrued Liabilities	42,660	-	-	42,660
Due To Other Funds	-	-	-	-
Landfill Closure Liability	75,066	-	-	75,066
<b>TOTAL LIABILITIES</b>	<b>\$ 304,593</b>	<b>\$ -</b>	<b>\$ 5,032</b>	<b>\$ 309,625</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	\$ 148,280	\$ -	\$ -	\$ 148,280
Unavailable Revenue - PEG Fees	-	-	2,588	2,588
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 148,280</b>	<b>\$ -</b>	<b>\$ 2,588</b>	<b>\$ 150,868</b>
<b>FUND BALANCES</b>				
Restricted for:				
Technology Improvements	\$ 6,562	\$ -	\$ -	\$ 6,562
Public Relations	81,408	-	-	81,408
Parks and Recreation	-	-	228,724	228,724
Ambulance Purchase	-	-	134,020	134,020
Wastewater Improvements	-	-	42,323	42,323
Solid Waste Grant	-	-	2,600	2,600
Assigned for:				
Economic Development	-	1,189,404	-	1,189,404
Other Purposes	-	-	7,084	7,084
Unassigned	419,465	-	-	419,465
<b>TOTAL FUND BALANCES</b>	<b>\$ 507,435</b>	<b>\$ 1,189,404</b>	<b>\$ 414,750</b>	<b>\$ 2,111,590</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 960,309</b>	<b>\$ 1,189,404</b>	<b>\$ 422,370</b>	<b>\$ 2,572,083</b>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds balance sheet.	\$ 2,111,590
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	4,039,007
A reclassification is necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting, and thereby recognizing unavailable revenue from property taxes as revenue	148,280
Long-term liability used in governmental activities are not due and payable in the current period and therefore not reported in the funds.	(424,556)
Liabilities for long-term debt interest are not due and payable in the current period and therefore not reported in the funds.	(2,858)
Recognition of the City's net pension liability not reported in the funds	(879,254)
Deferred outflow related to pensions not reported in the funds.	703,574
Deferred inflow related to pensions not reported in the funds.	(365,237)
Recognition of the City's total OPEB liability not reported in the funds	(154,051)
Deferred outflow related to OPEB not reported in the funds.	11,339
Deferred inflow related to OPEB not reported in the funds.	(7,738)
Component Unit presented separately.	(1,189,404)
Total net position of governmental activities.	<u>\$ 3,990,692</u>

The accompanying notes are an integral part of this statement.

**CITY OF LITTLEFIELD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>GENERAL FUND</u>	<u>LEDC FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>REVENUES</u></b>				
Taxes	\$ 2,081,927	\$ 608,836	\$ -	\$ 2,690,763
Charges for Services	1,724,268	-	-	1,724,268
Licenses and Permits	27,140	-	-	27,140
Fines	38,528	-	-	38,528
Grants	2,311	-	286,245	288,557
Local Funds	-	-	257,585	257,585
Interest Income	51,957	21,867	-	73,823
Other Revenue	211,760	11,552	70	223,381
<b>TOTAL REVENUES</b>	<b>\$ 4,137,892</b>	<b>\$ 642,255</b>	<b>\$ 543,900</b>	<b>\$ 5,324,046</b>
<b><u>EXPENDITURES</u></b>				
<b>Current Operating:</b>				
Legislative	\$ 15,845	\$ 74,443	\$ -	\$ 90,288
Administrative	226,823	25,000	-	251,823
Municipal Court	92,670	-	-	92,670
Police	979,168	-	-	979,168
Dispatch	197,732	-	-	197,732
Fire	133,179	-	-	133,179
Refuse	392,363	-	-	392,363
Residential Collection	177,322	-	-	177,322
Public Works	465,705	-	-	465,705
Airport	-	-	-	-
Building & Maintenance	544,839	-	-	544,839
EMS	826,508	-	-	826,508
Fleet Services	43,906	-	-	43,906
LEDC	73,399	-	-	73,399
Licensing & Enforcement	110,434	-	-	110,434
Emergency Management	21,175	-	-	21,175
SRF's	-	-	56,877	56,877
Incentives	-	50,042	-	50,042
Capital Outlays	22,074	-	830,132	852,206
Debt Service:				
Principal	246,845	-	-	246,845
Interest	18,994	-	-	18,994
<b>Total Expenditures</b>	<b>\$ 4,588,981</b>	<b>\$ 149,485</b>	<b>\$ 887,010</b>	<b>\$ 5,625,476</b>
<b>Excess (Deficiency) of</b>				
Revenues over Expenditures	<b>\$ (451,090)</b>	<b>\$ 492,769</b>	<b>\$ (343,109)</b>	<b>\$ (301,430)</b>

The accompanying notes are an integral part of this statement.

**CITY OF LITTLEFIELD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>GENERAL FUND</u>	<u>LEDC FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Proceeds from Sale of Assets	\$ 38,307	\$ -	\$ 12,281	\$ 50,589
Proceeds from Capital Leases	-	-	-	-
Operating Transfers In	400,931	-	331,940	732,871.07
Operating Transfers Out	<u>(50,843)</u>	<u>(250,000.00)</u>	<u>-</u>	<u>(300,843)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 388,395</b>	<b>\$ (250,000)</b>	<b>\$ 344,222</b>	<b>\$ 482,616</b>
Net Change in Fund Balances	\$ (62,695)	\$ 242,769	\$ 1,112	\$ 181,187
Fund Balances - Beginning	<u>570,130</u>	<u>946,635</u>	<u>413,638</u>	<u>1,930,403</u>
Fund Balances - Ending	<u><u>\$ 507,435</u></u>	<u><u>\$ 1,189,404</u></u>	<u><u>\$ 414,750</u></u>	<u><u>\$ 2,111,590</u></u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of activities  
 ("SOA") are different because:

Net change in fund balances - total governmental funds.	\$ 181,187
Capital outlays are not reported as expenses in SOA.	852,206
Capital asset depreciation used in governmental activities is not reported in the funds.	(469,520)
Revenues in the SOA that do not provide current financial resources are not reported as revenues in the funds.	4,761
Some expenditures (e.g. principal debt payment) on fund statements are not expenses on the SOA.	246,845
(Increase) or decrease in accrued interest payable from beginning of period to end of period.	2,266
Pension expense relating to GASB #68 is recorded in the SOA but not in the funds.	(26,831)
OPEB expense relating to GASB #75 is recorded in the SOA but not in the funds.	(9,875)
Component unit is presented separately.	(242,769)
Change in net position of governmental activities.	<u>\$ 538,270</u>

The accompanying notes are an integral part of this statement.

**CITY OF LITTLEFIELD**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2019**

	<u>Water &amp; Sewer</u>	<u>BCDC</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 1,123,405	\$ -	\$ 1,123,405
Accounts Receivable	520,778	79,662	600,441
Delinquent Taxes Receivable	-	22,511	22,511
Allowance for Uncollectible Taxes	-	(3,377)	(3,377)
Due from Other Funds	3,319,856	-	3,319,856
<b>Restricted Assets:</b>			
Cash	94,154	403,198	497,352
<b>Total Current Assets</b>	<b>\$ 5,058,193</b>	<b>\$ 501,994</b>	<b>\$ 5,560,187</b>
<b>Capital Assets (Net)</b>			
Land	\$ 325,933	\$ 181,662	\$ 507,595
Building & Structures	3,876,607	7,371,182	11,247,789
Machinery & Equipment	460,595	77,061	537,655
Furniture & Fixtures	-	-	-
Capital Lease Assets	43,988	-	43,988
<b>Total Capital Assets</b>	<b>\$ 4,707,122</b>	<b>\$ 7,629,904</b>	<b>\$ 12,337,026</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,765,315</b>	<b>\$ 8,131,899</b>	<b>\$ 17,897,214</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Charge on Refunding	\$ -	\$ 356,912	\$ 356,912
Deferred Outflow Related to Pensions	175,893	-	175,893
Deferred Outflow Related to OPEB	2,835	-	2,835
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 178,728</b>	<b>\$ 356,912</b>	<b>\$ 535,640</b>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 13,614	\$ -	\$ 13,614
Accrued Liabilities	4,607	63,738	68,345
Due to Other Funds	-	3,319,856	3,319,856
Customer Deposits	176,105	-	176,105
Unearned Revenue	-	19,134	19,134
Capital Leases - Current	15,269	-	15,269
<b>Total Current Liabilities</b>	<b>\$ 209,595</b>	<b>\$ 3,402,728</b>	<b>\$ 3,612,322</b>

The accompanying notes are an integral part of this statement.

**CITY OF LITTLEFIELD**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2019**

	<u>Water &amp; Sewer</u>	<u>BCDC</u>	<u>Total</u>
Current Liabilities Payable From Restricted Assets			
Bonds Payable - Current	\$ 105,000	\$ 545,000	\$ 650,000
Total Current Liabilities Payable From Restricted Assets	<u>\$ 105,000</u>	<u>\$ 545,000</u>	<u>\$ 650,000</u>
Noncurrent Liabilities			
Bonds Payable	\$ 815,000	\$ 2,400,000	\$ 3,215,000
Capital Leases Payable	-	-	-
Net Pension Liability	219,814	-	219,814
Net OPEB Liability	38,513	-	38,513
Total Noncurrent Liabilities	<u>\$ 1,073,327</u>	<u>\$ 2,400,000</u>	<u>\$ 3,473,327</u>
<b>TOTAL LIABILITIES</b>	<u><b>\$ 1,387,922</b></u>	<u><b>\$ 6,347,728</b></u>	<u><b>\$ 7,735,649</b></u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflow Related to Pensions	\$ 91,309	\$ -	\$ 91,309
Deferred Inflow Related to OPEB	1,934	-	1,934
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>\$ 93,243</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 93,243</b></u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	\$ 3,771,853	\$ 4,684,904	\$ 8,456,758
Restricted for Debt Service	94,154	403,198	497,352
Unrestricted (Deficit)	4,596,871	(2,947,019)	1,649,852
<b>TOTAL NET POSITION</b>	<u><b>\$ 8,462,878</b></u>	<u><b>\$ 2,141,083</b></u>	<u><b>\$ 10,603,962</b></u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Water &amp; Sewer</u>	<u>BCDC</u>	<u>Total</u>
Operating Revenues			
Water Sales	\$ 1,997,245	\$ -	\$ 1,997,245
Charges for Services	880,351	-	880,351
Fee Revenue	-	888,474	888,474
Taxes	-	140,041	140,041
Other Revenue	161,089	-	161,089
Total Operating Revenues	<u>\$ 3,038,685</u>	<u>\$ 1,028,514</u>	<u>\$ 4,067,199</u>
Operating Expenses			
Personnel Services	\$ 501,487	\$ -	\$ 501,487
Contractual Services	360,422	49,402	409,824
Supplies and Maintenance	140,791	-	140,791
Depreciation and Amortization	250,336	187,000	437,337
Total Operating Expenses	<u>\$ 1,253,036</u>	<u>\$ 236,402</u>	<u>\$ 1,489,438</u>
Operating Income (Loss)	<u>\$ 1,785,649</u>	<u>\$ 792,112</u>	<u>\$ 2,577,761</u>
Nonoperating Revenues (Expenses)			
Interest Income	\$ 1,816	\$ 14,172	\$ 15,988
Bonds and Capital Lease Interest	(38,581)	(155,312)	(193,894)
Bond Amortization	-	(65,861)	(65,861)
Bond Issuance Costs	-	-	-
Total Nonoperating Revenues (Expenses)	<u>\$ (36,766)</u>	<u>\$ (207,001)</u>	<u>\$ (243,767)</u>
Income (Loss) Before Operating Transfers	\$ 1,748,883	\$ 585,111	\$ 2,333,995
Operating Transfers In	-	250,000	250,000
Operating Transfers (Out)	(682,028)	-	(682,028)
Change in Net Position	<u>\$ 1,066,856</u>	<u>\$ 835,111</u>	<u>\$ 1,901,967</u>
Net Position - Beginning	7,396,023	1,305,972	8,701,995
Net Position - Ending	<u>\$ 8,462,878</u>	<u>\$ 2,141,083</u>	<u>\$ 10,603,962</u>

The accompanying notes are an integral part of this statement.

**CITY OF LITTLEFIELD**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Water &amp; Sewer</u>	<u>BCDC</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>			
Cash Received from Customers	\$ 2,936,009	\$ -	\$ 2,936,009
Cash Payments for Goods and Services	(505,919)	(51,902)	(557,821)
Cash Payments to Employees	(492,311)	-	(492,311)
Other Operating Income	-	1,017,027	1,017,027
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,937,780</u>	<u>\$ 965,125</u>	<u>\$ 2,902,905</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Due To/From Other Funds	\$ (2,423,896)	\$ 2,426,426	\$ 2,530
Operating Transfers In	-	250,000	250,000
Operating Transfers (Out)	(682,028)	-	(682,028)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (3,105,923)</u>	<u>\$ 2,676,426</u>	<u>\$ (429,498)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition of Fixed Assets	\$ (135,142)	\$ (79,010)	\$ (214,152)
Capital Lease Payments	(117,647)	-	(117,647)
Principal Paid on Bonds	(100,000)	(4,015,000)	(4,115,000)
Interest Paid on Bonds and Capital Leases	(39,448)	(242,208)	(281,656)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (392,237)</u>	<u>\$ (4,336,218)</u>	<u>\$ (4,728,455)</u>
<b>Cash Flows From Investing Activities</b>			
Interest Earnings on Cash and Investments	\$ 1,816	\$ 14,172	\$ 15,988
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 1,816</u>	<u>\$ 14,172</u>	<u>\$ 15,988</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,558,564)	\$ (680,495)	\$ (2,239,060)
Cash and Cash Equivalents - Beginning	2,776,123	1,083,693	3,859,817
Cash and Cash Equivalents - Ending	<u>\$ 1,217,559</u>	<u>\$ 403,198</u>	<u>\$ 1,620,757</u>

The accompanying notes are an integral part of this statement.

**CITY OF LITTLEFIELD**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Water &amp; Sewer</u>	<u>BCDC</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ 1,785,649	\$ 792,112	\$ 2,577,761
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Depreciation & Amortization	\$ 250,336	\$ 187,000	\$ 437,337
Bad Debt Write-Off	10,203	-	10,203
Pension Expense Relating to GASB #68	6,708	-	6,708
OPEB Expense Relating to GASB #75	2,468	-	2,468
Other (Gains) Losses	(50,297)	-	(50,297)
<b>Changes in Assets and Liabilities:</b>			-
Accounts Receivable (Increase) Decrease	(42,739)	(11,487)	(54,226)
Accounts Payable & Accrued Liabilities			-
Increase (Decrease)	(14,908)	(2,500)	(17,408)
Escrow & Customer Deposits			-
Increase (Decrease)	(9,640)	-	(9,640)
Total Adjustments	\$ 152,131	\$ 173,013	\$ 325,144
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,937,780</u>	<u>\$ 965,125</u>	<u>\$ 2,902,905</u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of these accounting policies follow.

**A. REPORTING ENTITY**

This report includes all of the services provided by the City to residents and businesses within its boundaries. In evaluating the City's reporting entity in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, management has included all organizations that make up the City's legal entity and all component units. Consistent with applicable guidance, the criteria used by the City to include component units within its reporting entity are financial accountability and/or the nature and significance of the relationship with the City is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

The Littlefield Economic Development Corporation (the "Entity") is legally separate from the City; however, the Entity is fiscally dependent on the City. The Entity provides marketing and economic development services to the City and the City provides custody and investment of the Entity's assets and various administrative services. The City Council appoints the board members and its operations are funded primarily through budgeted allocations of the City's sales and use taxes. The Entity is reported as a governmental fund. There are no separately issued financial statements for the Entity. The Entity will be presented as a discretely presented component unit.

**B. BASIS OF PRESENTATION**

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and activities of its discretely

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's fixed assets, including infrastructure.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the City's governmental programs. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Statement No. 34 also requires the City to present a Management's Discussion and Analysis (MD&A) which provides an analytical overview of the City's financial activities. Although it is Required Supplementary Information (RSI), the City is required to present the MD&A before the basic financial statements. In addition, a budgetary comparison statement that compares the adopted and modified General Fund budget with actual results is required to be presented as RSI.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Accordingly, the accounting and financial reporting of the City's General Fund is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by Statement No. 34.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Proprietary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

The City has presented the following Major Governmental Funds:

General Fund (GF) The City accounts for financial resources used for general operations in this fund. It is a budgeted fund, and any fund balances are considered resources available for current operations.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

The general fund accounts for all financial resources except those required to be accounted for in another fund.

LEDC Fund This fund is used to account for the marketing and economic development services to the City.

The City has presented the following Major Proprietary Funds:

Water and Sewer Fund This fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

BCDC Fund This fund is used to account for revenues and expenses associated in managing a correctional facility. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest associated with this facility.

The City also reports the following Nonmajor Funds:

Special Revenue Funds These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**D. CASH AND CASH EQUIVALENTS**

For purposes of reporting cash flows, all highly liquid investments (including restricted assets) purchased with a maturity of three months or less are considered to be cash equivalents.

**E. RECEIVABLE AND PAYABLE BALANCES**

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

**F. INTERFUND ACTIVITY**

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

**G. INVENTORIES AND PREPAID ITEMS**

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**H. RESTRICTED ASSETS**

Restricted cash assets in the General Fund and Other Governmental Funds are to be used for technology improvements, public relations and parks and recreation. Restricted cash assets in the Water & Sewer Fund and the BCDC Fund are to be used for debt service.

**I. CAPITAL ASSETS**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Interest costs incurred during construction of capital assets are capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class -----	Estimated Useful Lives (Years) -----
Buildings & Structures	5-50
Machinery & Equipment	5-50
Furniture & Fixtures	5-20

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

**J. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**K. ACCUMULATED UNPAID VACATION AND SICK PAY**

Vacation time is earned based on years of service. Vacation time does not accumulate from year to year. Employees receive twelve days of sick leave per year. Sick leave may accumulate up to a total of sixty days. Sick leave does not vest, and is only paid as used by the employee.

**L. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of The Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**M. OTHER POSTEMPLOYMENT BENEFITS**

The fiduciary net position of the TMRS Supplemental Death Benefits Plan (SDBP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from SDBP's fiduciary net position. Benefit payments

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**N. FUND BALANCES**

Fund balances of the governmental funds are classified as follows:

*Non-spendable Fund Balance* - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted Fund Balance* - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

*Committed Fund Balance* - represents amounts that can only be used for a specific purpose because of a formal action by the City's governing body. Committed amounts cannot be used for any other purpose unless the governing body removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing body. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing body or by an official or body to which the governing body delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

*Unassigned Fund Balance* - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position on the Government-wide Statement:

In the government-wide statements, net position is reported in three components - net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt issued to acquire, construct or improve those assets. Restricted net position is reported when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or by enabling legislation. Unrestricted net position does not meet the definition of either of the two categories of net assets listed above.

Unrestricted net position is assets available for use by the City for legal purposes. As of September 30, 2019, the City's BCDC Fund's unrestricted net position was a deficit balance of \$2,947,019. The deficit amount is a result of governments recognizing a liability, such as claims and judgements, compensated absences, and loans, on the government-wide statements of net position as soon as the obligation is incurred. Because governments raise resources based on when liabilities are to be paid rather than when they are incurred, a deficit balance in the unrestricted position occurs. A deficit in unrestricted net position provides a measure of how much the City has already committed its future resources.

When the City incurs an expense for which it may use either restricted or unrestricted position, it uses the restricted position first whenever they will have to be returned if they are not used.

**O. USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

**P. IMPLEMENTATION OF NEW STANDARDS**

In the current fiscal year, the City implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to the financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to the financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

**GASB Statement No. 83 - Certain Asset Retirement Obligations**

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The City does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

**NOTE 2: COMPLIANCE AND ACCOUNTABILITY**

**1. Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No.38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

2. Deficit Fund Balance or Deficit Net Position of Individual Nonmajor Fund

The following are funds having deficit fund balances or deficit net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None Reported	Not Applicable	Not Applicable

**NOTE 3: DEPOSITS AND INVESTMENTS**

The City's funds are required to be deposited and invested under the terms of depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") coverage.

Cash Deposits:

At September 30, 2019, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts) included in cash was \$3,428,638 and the bank balance was \$3,614,975. The City's cash deposits at September 30, 2019 and during the year ended September 30, 2019, were entirely covered by FDIC insurance and by pledged collateral held by the City's agent bank in the City's name.

Investments:

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1)safety of principal and liquidity, (2)portfolio diversification, (3) allowable investments, (4)acceptable risk levels, (5)expected rates of return, (6)maximum allowable stated maturity of portfolio investments, (7)maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8)investment staff quality and capabilities, and (9)bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

Investment Accounting Policy:

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The City's investments at September 30, 2019 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
None	N/A	\$ -0-
		-----
Total Investments		\$ -0-
		=====

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

*a. Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

*b. Custodial Credit Risk*

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

*c. Concentration of Credit Risk*

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

*d. Interest Rate Risk*

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

*e. Foreign Currency Risk*

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

**NOTE 4: PROPERTY TAX**

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

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

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Governmental Activities</u></b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 818,324	\$ 276,986	\$ -	\$ 1,095,310
Construction In Progress	-	225,603		225,603
<b>Total capital assets not being depreciated</b>	<b>\$ 818,324</b>	<b>\$ 502,589</b>	<b>\$ -</b>	<b>\$ 1,320,913</b>
<i>Capital assets being depreciated:</i>				
Buildings and Structures	\$ 6,750,966	\$ 7,930	\$ -	\$ 6,758,896
Machinery and Equipment	4,198,927	341,687	(164,765)	4,375,848
Furniture and Fixtures	209,736			209,736
Capital Leases	968,341			968,341
<b>Total capital assets being depreciated</b>	<b>\$ 12,127,970</b>	<b>\$ 349,617</b>	<b>\$ (164,765)</b>	<b>\$ 12,312,822</b>
<i>Less accumulated depreciation:</i>				
Buildings and Structures	\$ (5,982,423)	\$ (54,530)	\$ -	\$ (6,036,953)
Machinery and Equipment	(2,809,866)	(344,003)	164,765	(2,989,104)
Furniture and Fixtures	(189,883)	(7,304)		(197,187)
Capital Leases	(307,801)	(63,683)		(371,484)
<b>Total accumulated depreciation</b>	<b>\$ (9,289,972)</b>	<b>\$ (469,520)</b>	<b>\$ 164,765</b>	<b>\$ (9,594,728)</b>
<b>Total capital assets being depreciated, net</b>	<b>\$ 2,837,997</b>	<b>\$ (119,903)</b>	<b>\$ -</b>	<b>\$ 2,718,094</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 3,656,321</b>	<b>\$ 382,686</b>	<b>\$ -</b>	<b>\$ 4,039,007</b>

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

	Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Business-type Activities</u></b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 507,595	\$ -	\$ -	\$ 507,595
<b>Total capital assets not being depreciated</b>	<b>\$ 507,595</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 507,595</b>
<i>Capital assets being depreciated:</i>				
Buildings and Structures	\$ 19,931,380	\$ 79,010	\$ -	\$ 20,010,390
Machinery and Equipment	3,118,398	135,142	1,109,322	4,362,862
Furniture and Fixtures	199,854	-	-	199,854
Capital Leases	1,207,072	-	(1,109,322)	97,750
<b>Total capital assets being depreciated</b>	<b>\$ 24,456,703</b>	<b>\$ 214,152</b>	<b>\$ -</b>	<b>\$ 24,670,855</b>
<i>Less accumulated depreciation:</i>				
Buildings and Structures	\$ (8,434,491)	\$ (328,110)	\$ -	\$ (8,762,601)
Machinery and Equipment	(2,653,411)	(62,474)	(1,109,322)	(3,825,206)
Furniture and Fixtures	(199,854)	-	-	(199,854)
Capital Leases	(1,116,332)	(46,752)	1,109,322	(53,763)
<b>Total accumulated depreciation</b>	<b>\$ (12,404,087)</b>	<b>\$ (437,337)</b>	<b>\$ -</b>	<b>\$ (12,841,424)</b>
<b>Total capital assets being depreciated, net</b>	<b>\$ 12,052,616</b>	<b>\$ (223,184)</b>	<b>\$ -</b>	<b>\$ 11,829,432</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 12,560,211</b>	<b>\$ (223,184)</b>	<b>\$ -</b>	<b>\$ 12,337,026</b>

Depreciation expense, including capital lease amortization expense, was charged to functions/programs of the primary government as follows:

Governmental activities:	
Administrative	\$ 48,884
Police	72,933
Fire	53,082
Refuse	142,807
Public Works	37,667
EMS	114,147
	-----
<b>Total depreciation expense - Governmental activities</b>	<b>\$ 469,520</b>
	=====
Business-type activities:	
Water and Sewer	\$ 250,337
BCDC	187,000
	-----
<b>Total depreciation expense - Business-type activities</b>	<b>\$ 437,337</b>
	=====

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

**NOTE 6: MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

\$75,066 reported as landfill closure and post-closure care liability at September 30, 2019 represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Type IV landfill and the use of 18% of the estimated capacity of the Type I landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$236,254 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2019. The City has begun the process of closing the Type IV landfill and expects to close the Type I landfill in the year 2093. Actual cost may be higher because of inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws to meet Financial Assurance Requirements concerning closure and post-closure care costs. The City has filed a letter of credit through AimBank with the Texas Commission on Environmental Quality in order to meet this Financial Assurance Requirement.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

**NOTE 7: OPERATING LEASES & CAPITAL LEASES**

The City had no operating leases at September 30, 2019. As of September 30, 2019, there was one capital lease agreement related to the General Fund and one related to the Water and Sewer Fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Interest paid on all capital leases for the current year was \$9,087. Commitments under capitalized lease obligations provide for future minimum lease payments as of September 30, 2019, as follows:

Year Ending September 30	General Fund	Water and Sewer Fund
	-----	-----
2020	147,899	15,684
	-----	-----
Total Minimum Lease Payments	\$ 147,899	\$ 15,684
Less Amount Representing Interest	(2,643)	(415)
	-----	-----
Present Value - Minimum Lease Payments	\$ 145,256	\$ 15,269
	=====	=====

See Exhibit G-3 for detailed information for each capital lease.

**NOTE 8: LONG-TERM DEBT**

On October 20, 2006, the City originally issued \$1,910,000 of combination tax and revenue certificates of obligation, Series 2006. This bond obligation, with effective interest rates ranging from 3.00% to 3.80%, is accounted for in the Water and Sewer Fund and matures on February 15, 2027. The amount of interest paid in FYE 2019 was \$35,600.

A summary of changes in long-term debt for the year ended September 30, 2019, is as follows:

Description	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
	-----	-----	-----	-----	-----
Series 2006	\$1,020,000	\$ -0-	\$100,000	\$ 920,000	\$ 105,000
	-----	-----	-----	-----	-----
Totals	\$1,020,000	\$ -0-	\$100,000	\$ 920,000	\$ 105,000
	=====	=====	=====	=====	=====

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

Debt service requirements are as follows:

Year Ending September 30 -----	Principal -----	Interest -----	Total Requirements -----
2020	\$ 105,000	\$ 31,986	\$ 136,986
2021	105,000	28,259	133,259
2022	110,000	24,388	134,388
2023	115,000	20,281	135,281
2024	120,000	15,963	135,963
2025-2027	365,000	20,106	385,106
	-----	-----	-----
Totals	\$ 920,000	\$ 140,983	\$ 1,060,983
	=====	=====	=====

On September 20, 2016, the City issued \$7,895,000 of General Obligation Taxable Refunding Bonds, Series 2016 to refund \$7,880,000 of the City's outstanding Refunding Bonds, Series 2014 and 2014A in order to convert tax exempt refunding bonds over to taxable refunding bonds. This bond obligation, with an effective interest rate of 3.48%, is accounted for in the BCDC Fund and matures on February 15, 2024. The amount of interest paid in FYE 2019 was \$242,208.

A summary of changes in long-term debt for the year ended September 30, 2019, is as follows:

Description -----	Beginning Balance -----	Increase -----	Decrease -----	Ending Balance -----	Due Within One Year -----
Series 2016	\$ 6,960,000	\$ -0-	\$4,015,000	\$ 2,945,000	\$ 545,000
	-----	-----	-----	-----	-----
Totals	\$ 6,960,000	\$ -0-	\$4,015,000	\$ 2,945,000	\$ 545,000
	=====	=====	=====	=====	=====

Debt service requirements are as follows:

Year Ending September 30 -----	Principal -----	Interest -----	Total Requirements -----
2020	545,000	102,486	647,486
2021	570,000	83,520	653,520
2022	590,000	100,650	690,650
2023	610,000	68,200	678,200
2024	630,000	34,650	664,650
	-----	-----	-----
Totals	\$ 2,945,000	\$ 389,506	\$ 3,334,506
	=====	=====	=====

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

The City of Littlefield has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City of Littlefield.

In February of 2018, the City secured a 5.00% fixed rate note payable to AimBank for the purchase of a John Deere Model a 755K Crawler Loader and a Caterpillar Model 826G Landfill Compactor. This direct borrowing note is accounted for in the General Fund. The City is to make quarterly installments of \$29,485 (including principal and interest). The note will mature on March 1, 2022. The note is collateralized by the purchased equipment.

The amount of interest paid in FYE 2019 was \$13,755.

A summary of changes in long-term debt for the year ended September 30, 2019, is as follows:

Description	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
-----	-----	-----	-----	-----	-----
Note From Direct Borrowing	\$ 383,486	\$ 0	\$ 104,186	\$ 279,300	\$ 108,405
Totals	\$ 383,486	\$ 0	\$ 104,186	\$ 279,300	\$ 108,405
	=====	=====	=====	=====	=====

Debt service requirements are as follows:

Year Ending September 30	Principal	Interest	Total Requirements
-----	-----	-----	-----
2020	108,405	9,535	117,940
2021	112,796	5,145	117,941
2022	58,099	871	58,970
Totals	\$ 279,300	\$ 15,551	\$ 294,851
	=====	=====	=====

The City had no current year direct placements and/or direct borrowings and no unused lines of credit.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

**NOTE 9: CHANGES IN OTHER LONG-TERM DEBT**

**Governmental Activities:**

Description	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Capital Leases	\$ 287,916	\$ -0-	\$ 142,660	\$ 145,256	\$ 145,256
Landfill Liability	239,839	-0-	3,585	236,254	-0-
Net Pension Liability *	425,350	850,834	396,930	879,254	-0-
Total OPEB Liability *	152,177	13,382	11,508	154,051	-0-
<b>Totals</b>	<b>\$1,105,282</b>	<b>\$ 864,216</b>	<b>\$ 554,683</b>	<b>\$1,414,815</b>	<b>\$ 145,256</b>

**Business-Type Activities:**

Description	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Capital Leases	\$ 132,915	\$ -0-	\$ 117,646	\$ 15,269	\$ 15,269
Net Pension Liability *	106,338	212,709	99,233	219,814	-0-
Total OPEB Liability *	38,044	3,346	2,877	38,513	-0-
<b>Totals</b>	<b>\$ 277,297</b>	<b>\$ 216,055</b>	<b>\$ 219,756</b>	<b>\$ 273,596</b>	<b>\$ 15,269</b>

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Net Pension Liability *	Governmental	General
Net Pension Liability *	Business-Type	Water & Sewer
Total OPEB Liability *	Governmental	General
Total OPEB Liability *	Business-Type	Water & Sewer

**NOTE 10: INTERFUND BALANCES AND ACTIVITIES**

1. Due To and From Other Funds

Balances due to and from other funds at September 30, 2019 consisted of the following:

Due To Fund	Due From Fund	Amount
Water & Sewer Fund	BCDC Fund	\$ 3,319,856
	<b>Total</b>	<b>\$ 3,319,856</b>

Interfund balances are short-term loans. The repayment of all amounts due from the BCDC fund is subject to the net cash provided by operating activities of the Bill Clayton Detention Center.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2019 consisted of the following:

Transfers From	Transfers To	Amount
-----	-----	-----
General Fund	Other Governmental Fund	\$ 50,843
Water & Sewer Fund	General Fund	400,931
Water & Sewer Fund	Other Governmental Fund	281,097
Special Revenue Fund	BCDC Fund	250,000
	Total	----- \$ 982,871 =====

Interfund transfers are subsidy transfers from unrestricted funds and adjustments for bookkeeping purposes.

**NOTE 11: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year end 2019, the City purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**NOTE 12: SELF-INSURED INSURANCE**

The City is a member of the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for Workers' Compensation, Liability and Property/Casualty coverage. The City pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of insured amounts.

**NOTE 13: SUBSEQUENT EVENTS**

There has been no significant subsequent event which would have a material effect on the financial statements as of the Independent Auditor's Report date.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

**NOTE 14: COMMITMENTS AND CONTINGENCIES**

The City participates in state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**NOTE 15: LITIGATION**

The City was not involved in any significant litigation as of September 30, 2019.

**NOTE 16: DEFINED BENEFIT PENSION PLAN**

**A. PLAN DESCRIPTION**

The City of Littlefield participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

**B. BENEFITS PROVIDED**

TMRS provides retirement, disability, and death benefits for employees of the city. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three survivor lifetime options; or one of three guaranteed term options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75% of the member's deposits and interest.

Upon retirement, benefits depend on the sum of an employee's contributions, with interest, and the city-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a percentage adopted by the City, of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan.

Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, either annually or on an annually repeating basis, another type of monetary credit referred to as an Updated Service Credit. This monetary credit is determined by hypothetically re-computing the member's account balance by assuming that the current member deposit rate has always been in effect. The computation also assumes that the member's salary has always been the member's average salary-using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year and increased by the City match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

*Employees covered by benefit terms.*

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	46
Active employees	57
	-----
	150

**C. CONTRIBUTIONS**

The contribution rate for the employees is 5% of employee gross earnings, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for the City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions to TMRS for the 2019 FY were \$225,636, and were equal to the required contributions.

**D. NET PENSION LIABILITY**

The City's Net Position Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions:*

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by an additional factor of 92%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in FY 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

*Discount Rate*

The discount rate used to measure the Total Pension Liability was 6.75%; the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index). The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

*Changes in the Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$8,517,328	\$7,985,640	\$531,688
Changes for the year:			
Service cost	252,541		252,541
Interest	567,142		567,142
Changes in current period benefits			
Difference between expected and actual experience	(169,018)		(169,018)
Changes of assumptions			
Contributions - employer		215,794	(215,794)
Contributions - employee		111,350	(111,350)
Net investment income		(238,995)	238,995
Benefit payments, including refunds of employee contributions	(482,984)	(482,984)	
Administrative expense		(4,623)	4,623
Other changes		(242)	242
Net changes	\$167,681	\$(399,699)	\$567,380
Balance at 12/31/2018	\$8,685,009	\$7,585,941	\$1,099,068

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 2,357,414	\$ 1,099,068	\$ 81,214

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

**E. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2019, the City recognized pension expense (income) of \$259,444. The calculation was based on the measurement date of December 31, 2018.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$713,127	\$299,824
Changes in actuarial assumptions		
Difference between projected and actual investment earnings		156,722
Contributions subsequent to the measurement date	166,340	
<b>TOTAL</b>	<b>\$879,467</b>	<b>\$456,546</b>

\$166,340 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30

2020	\$ 62,781
2021	(8,462)
2022	46,657
2023	155,605
	-----
	\$ 256,581

**NOTE 17: OTHER POSTEMPLOYMENT BENEFITS**

**A. PLAN DESCRIPTION**

The City of Littlefield also participates in a single-employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) that is administered by the Texas Municipal Retirement System (TMRS). The City elected, by ordinance, to provide

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

group-term life insurance coverage ("Supplemental Death Benefits") to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF covers both active and retiree participants, with no segregation of assets, and therefore does not meet the definition of a trust under GASB Statement No. 75. As such, the SDBF is considered to be a single employer unfunded OPEB plan (i.e. no assets are accumulated).

The City of Littlefield is one of 768 municipalities having the benefit plan operated by TMRS. Each of the 768 municipalities has an annual, individual actuarial valuation performed. A summary of actuarial assumptions and definitions can be found in the 2018 TMRS Comprehensive Annual Report, a copy of which may be obtained from TMRS' website at [WWW.TMRS.com](http://WWW.TMRS.com).

**B. BENEFITS PROVIDED**

Payments from the SDBF are similar to group term life insurance benefits, and are paid to designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit and is a fixed amount of \$7,500.

*EMPLOYEES COVERED BY BENEFIT TERMS*

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	8
Active employees	57
	----
Total	98

**C. TOTAL OPEB LIABILITY**

The City's total OPEB of \$192,564 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

**ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise specified.

Inflation	2.5%
Salary increases	3.50% to 10.50% including inflation
Discount rate*	3.71%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Note: The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

**D. CHANGES IN TOTAL OPEB LIABILITY**

	Total OPEB Liability
Balance at 12/31/2017	\$190,221
Changes for the year:	
Service cost	8,463
Interest on total OPEB liability	6,400
Changes of benefit terms	
Difference between expected and actual experience	1,865
Changes in assumptions or other inputs	(12,158)
Benefit payments*	(2,227)
Net changes	\$2,343
Balance at 12/31/2018	\$192,564

\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

*SENSITIVITY of the TOTAL OPEB LIABILITY to CHANGES in the DISCOUNT RATE:*

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
	-----	-----	-----
City's total OPEB liability	\$ 225,370	\$ 192,564	\$ 166,665

**E. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB**

For the year ended September 30, 2019, the City recognized OPEB expense (income) of \$15,531. The calculation was based on the measurement date of December 31, 2018.

OPEB Expense

Service cost	\$8,463
Interest on total OPEB liability	6,400
Changes in benefit terms	0
Employer administrative costs	0
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	381
Changes in assumptions or other inputs*	287
Total OPEB Expense	<u>\$15,531</u>

\* Generally, this will only be the annual change in the municipal bond index rate.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,484	\$0
Changes in assumptions and other inputs	8,014	9,672
Contributions subsequent to the measurement date	4,676	
<b>TOTAL</b>	<b>\$14,174</b>	<b>\$9,672</b>

\$4,676 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows

CITY OF LITTLEFIELD

Notes to Financial Statements  
September 30, 2019

and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30

2020	\$	668
2021		668
2022		363
2023		(1,873)
	-----	
	\$	(174)

**NOTE 18: HEALTHCARE COVERAGE**

During the year ended September 30, 2019, employees of the City were covered by a healthcare insurance plan provided through the TML MultiState Intergovernmental Employee Benefits Pool. The City pays up to \$425 in premiums per month per employee and 0% of the cost of premiums for dependents. This plan is renewable October 1, 2019, and the terms of coverage and contribution costs are included in the contractual provisions.

The TML MultiState Intergovernmental Employee Benefits Pool has liability for all claims. The Pool is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Standard Life Insurance Company, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$125,000, and for aggregate loss.

**NOTE 19: BUDGETARY COMPARISON SCHEDULES**

The General Fund presented in the budgetary comparison schedule reported an excess of expenditures over appropriations.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LITTLEFIELD**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Current Taxes	\$ 1,060,000	\$ 1,060,000	\$ 1,016,204	\$ (43,796)
Delinquent Taxes	32,000	32,000	43,121	11,121
Penalty and Interest	22,000	22,000	27,298	5,298
City Sales Tax	560,000	560,000	608,836	48,836
Franchise Fees	327,000	327,000	355,742	28,742
Hotel/Motel Taxes	34,500	34,500	30,727	(3,773)
<b>Total Taxes</b>	<b>\$ 2,035,500</b>	<b>\$ 2,035,500</b>	<b>\$ 2,081,927</b>	<b>\$ 46,427</b>
<b>Charges for Services:</b>				
Refuse Collection	\$ 905,000	\$ 905,000	\$ 894,392	\$ (10,608)
Fire Service	13,000	13,000	7,750	(5,250)
EMS Fees	585,000	585,000	710,798	125,798
Vector Control	41,000	41,000	40,532	(468)
Landfill Operations	50,000	50,000	68,111	18,111
Other	1,500	1,500	2,685	1,185
<b>Total Charges for Services</b>	<b>\$ 1,595,500</b>	<b>\$ 1,595,500</b>	<b>\$ 1,724,268</b>	<b>\$ 128,768</b>
<b>Licenses and Permits:</b>				
Plumbing	\$ 1,000	\$ 1,000	\$ 766	\$ (234)
Electrical	1,000	1,000	1,445	445
Building	19,500	19,500	6,422	(13,078)
Other	450	450	18,507	18,057
<b>Total Licenses and Permits</b>	<b>\$ 21,950</b>	<b>\$ 21,950</b>	<b>\$ 27,140</b>	<b>\$ 5,190</b>
<b>Fines:</b>				
Municipal Court	\$ 48,750	\$ 48,750	\$ 38,528	\$ (10,222)
<b>Grants:</b>				
Federal/State	\$ 1,400	\$ 1,400	\$ 2,311	\$ 911
<b>Other Revenue:</b>				
Land Rental	\$ 25,000	\$ 25,000	\$ 29,652	\$ 4,652
Penalties	18,000	18,000	20,163	2,163
Ambulance Subsidies	-	-	-	-
EMS Subsidies	46,000	46,000	34,284	(11,716)
Interest Income	15,000	15,000	51,957	36,957
Insurance Proceeds	-	-	-	-
Miscellaneous Revenue	93,484	93,484	127,661	34,177
<b>Total Other Revenue</b>	<b>\$ 197,484</b>	<b>\$ 197,484</b>	<b>\$ 263,716</b>	<b>\$ 66,232</b>
<b>Total Revenues</b>	<b>\$ 3,900,584</b>	<b>\$ 3,900,584</b>	<b>\$ 4,137,892</b>	<b>\$ 237,308</b>

CITY OF LITTLEFIELD  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Expenditures</u>				
Legislative:				
Personnel Services	\$ 10,334	\$ 10,334	\$ 10,173	\$ 161
Contractual Services	15,500	15,500	5,508	9,992
Supplies and Materials	750	750	164	586
Total Legislative	<u>\$ 26,584</u>	<u>\$ 26,584</u>	<u>\$ 15,845</u>	<u>\$ 10,739</u>
Administrative:				
Personnel Services	\$ 172,268	\$ 172,268	\$ 178,261	\$ (5,993)
Contractual Services	46,800	46,800	46,360	440
Supplies and Materials	3,000	3,000	2,203	797
Total Administrative	<u>\$ 222,068</u>	<u>\$ 222,068</u>	<u>\$ 226,823</u>	<u>\$ (4,755)</u>
Municipal Court:				
Personnel Services	\$ 78,037	\$ 78,037	\$ 77,440	\$ 597
Contractual Services	14,730	14,730	8,757	5,973
Supplies and Materials	8,200	8,200	6,473	1,727
Total Municipal Court	<u>\$ 100,967</u>	<u>\$ 100,967</u>	<u>\$ 92,670</u>	<u>\$ 8,297</u>
Police:				
Personnel Services	\$ 852,490	\$ 852,490	\$ 891,360	\$ (38,870)
Contractual Services	45,081	45,081	38,998	6,083
Supplies and Materials	65,500	65,500	48,811	16,689
Total Police	<u>\$ 963,071</u>	<u>\$ 963,071</u>	<u>\$ 979,168</u>	<u>\$ (16,097)</u>
Dispatch:				
Personnel Services	\$ 201,100	\$ 201,100	\$ 193,630	\$ 7,470
Contractual Services	2,850	2,850	3,387	(537)
Supplies and Materials	1,000	1,000	715	285
Total Dispatch	<u>\$ 204,950</u>	<u>\$ 204,950</u>	<u>\$ 197,732</u>	<u>\$ 7,218</u>
Fire:				
Personnel Services	\$ 94,042	\$ 94,042	\$ 94,693	\$ (651)
Contractual Services	27,950	27,950	15,943	12,007
Supplies and Materials	19,700	19,700	22,542	(2,842)
Total Fire	<u>\$ 141,692</u>	<u>\$ 141,692</u>	<u>\$ 133,179</u>	<u>\$ 8,514</u>
Refuse:				
Personnel Services	\$ 116,032	\$ 116,032	\$ 115,333	\$ 699
Contractual Services	39,900	39,900	157,757	(117,857)
Supplies and Materials	77,450	111,750	119,273	(7,523)
Total Refuse	<u>\$ 233,382</u>	<u>\$ 267,682</u>	<u>\$ 392,363</u>	<u>\$ (124,681)</u>

CITY OF LITTLEFIELD  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (Continued)</b>				
<b>Residential Collection:</b>				
Personnel Services	\$ 111,173	\$ 111,173	\$ 99,027	\$ 12,146
Contractual Services	15,750	15,750	1,775	13,975
Supplies and Materials	68,000	68,000	76,520	(8,520)
<b>Total Residential Collection</b>	<b>\$ 194,923</b>	<b>\$ 194,923</b>	<b>\$ 177,322</b>	<b>\$ 17,601</b>
<b>Public Works:</b>				
Personnel Services	\$ 271,176	\$ 271,176	\$ 269,478	\$ 1,698
Contractual Services	31,200	31,200	19,452	11,748
Supplies and Materials	212,500	212,500	176,775	35,725
<b>Total Public Works</b>	<b>\$ 514,876</b>	<b>\$ 514,876</b>	<b>\$ 465,705</b>	<b>\$ 49,171</b>
<b>Airport:</b>				
Personnel Services	\$ -	\$ -	\$ -	\$ -
Contractual Services	-	-	-	-
Supplies and Materials	-	-	-	-
<b>Total Airport</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Building &amp; Maintenance:</b>				
Personnel Services	\$ 61,195	\$ 61,195	\$ 61,627	\$ (432)
Contractual Services	441,800	441,800	471,348	(29,548)
Supplies and Materials	11,300	11,300	11,864	(564)
<b>Total Building &amp; Maintenance</b>	<b>\$ 514,295</b>	<b>\$ 514,295</b>	<b>\$ 544,839</b>	<b>\$ (30,544)</b>
<b>EMS:</b>				
Personnel Services	\$ 555,737	\$ 555,737	\$ 567,493	\$ (11,756)
Contractual Services	28,480	28,480	20,889	7,591
Supplies and Materials	235,200	235,200	238,125	(2,925)
<b>Total EMS:</b>	<b>\$ 819,417</b>	<b>\$ 819,417</b>	<b>\$ 826,508</b>	<b>\$ (7,091)</b>
<b>Fleet Services:</b>				
Personnel Services	\$ 36,511	\$ 36,511	\$ 36,838	\$ (327)
Contractual Services	-	-	-	-
Supplies and Materials	13,000	13,000	7,067	5,933
<b>Total Fleet Services</b>	<b>\$ 49,511</b>	<b>\$ 49,511</b>	<b>\$ 43,906</b>	<b>\$ 5,605</b>
<b>LEDC:</b>				
Personnel Services	\$ 31,434	\$ 58,815	\$ 58,815	\$ (0)
Contractual Services	4,750	14,173	14,174	(0)
Supplies and Materials	200	411	411	-
<b>Total LEDC:</b>	<b>\$ 36,384</b>	<b>\$ 73,399</b>	<b>\$ 73,399</b>	<b>\$ (0)</b>

CITY OF LITTLEFIELD  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Expenditures (Continued)</u>				
Licensing & Enforcement:				
Personnel Services	\$ 80,530	\$ 80,530	\$ 76,356	\$ 4,174
Contractual Services	28,000	28,000	20,059	7,941
Supplies and Materials	14,000	14,000	14,019	(19)
Total Licensing & Enforcement	<u>\$ 122,530</u>	<u>\$ 122,530</u>	<u>\$ 110,434</u>	<u>\$ 12,096</u>
Emergency Management:				
Personnel Services	\$ 8,465	\$ 8,465	\$ 8,069	\$ 396
Contractual Services	12,680	12,680	10,116	2,564
Supplies and Materials	4,500	4,500	2,991	1,509
Total Emergency Management	<u>\$ 25,645</u>	<u>\$ 25,645</u>	<u>\$ 21,175</u>	<u>\$ 4,470</u>
Swimming Pool:				
Personnel Services	\$ -	\$ -	\$ -	\$ -
Contractual Services	-	-	-	-
Supplies and Materials	-	-	-	-
Total Swimming Pool:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Outlays:				
Capital Outlays	\$ 53,580	\$ 53,580	\$ 22,074	\$ 31,506
Total Capital Outlays	<u>\$ 53,580</u>	<u>\$ 53,580</u>	<u>\$ 22,074</u>	<u>\$ 31,506</u>
Debt Service:				
Principal	\$ 246,845	\$ 246,845	\$ 246,845	\$ (0)
Interest	18,996	18,996	18,994	2
Total Debt Service	<u>\$ 265,841</u>	<u>\$ 265,841</u>	<u>\$ 265,840</u>	<u>\$ 1</u>
Total Expenditures	<u>\$ 4,489,716</u>	<u>\$ 4,561,031</u>	<u>\$ 4,588,981</u>	<u>\$ (27,950)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (589,132)</u>	<u>\$ (660,447)</u>	<u>\$ (451,090)</u>	<u>\$ 209,358</u>
Other Financing Sources (Uses)				
Proceeds From Sale of Assets	\$ 10,000	\$ 10,000	\$ 38,307	\$ 28,307
Proceeds From Capital Leases	-	-	-	-
Operating Transfers In	400,000	400,000	400,931	931
Operating Transfers (Out)	-	-	(50,843)	(50,843)
Total Other Financing Sources (Uses)	<u>\$ 410,000</u>	<u>\$ 410,000</u>	<u>\$ 388,395</u>	<u>\$ (21,605)</u>
Net Change in Fund Balances	\$ (179,132)	\$ (250,447)	\$ (62,695)	\$ 187,753
Fund Balances - Beginning	570,130	570,130	570,130	-
Fund Balances - Ending	<u>\$ 390,998</u>	<u>\$ 319,683</u>	<u>\$ 507,435</u>	<u>\$ 187,753</u>

CITY OF LITTLEFIELD  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - LEDC FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Type A Sales Tax	\$ 280,000	\$ 280,000	\$ 304,418	\$ 24,418
Type B Sales Tax	280,000	280,000	304,418	24,418
Total Taxes	<u>\$ 560,000</u>	<u>\$ 560,000</u>	<u>\$ 608,836</u>	<u>\$ 48,836</u>
Other Revenue:				
Interest Income	\$ 1,500	\$ 1,500	\$ 21,867	\$ 20,367
Miscellaneous Revenue	-	-	11,552	11,552
Total Other Revenue	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 33,419</u>	<u>\$ 31,919</u>
Total Revenues	<u>\$ 561,500</u>	<u>\$ 561,500</u>	<u>\$ 642,255</u>	<u>\$ 80,755</u>
<u>Expenditures</u>				
Legislative:				
Personnel Services	\$ 31,434	\$ 31,434	\$ 46,825	\$ (15,391)
Contractual Services	26,350	26,350	27,078	(728)
Supplies and Materials	2,000	2,000	540	1,460
Total Legislative	<u>\$ 59,784</u>	<u>\$ 59,784</u>	<u>\$ 74,443</u>	<u>\$ (14,659)</u>
Administrative:				
Personnel Services	\$ -	\$ -	\$ -	\$ -
Contractual Services	25,000	25,000	25,000	-
Supplies and Materials	-	-	-	-
Total Administrative	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>
Incentives:				
Incentives	\$ 220,216	\$ 220,216	\$ 50,042	\$ 170,174
Total Incentives	<u>\$ 220,216</u>	<u>\$ 220,216</u>	<u>\$ 50,042</u>	<u>\$ 170,174</u>
Total Expenditures	<u>\$ 305,000</u>	<u>\$ 305,000</u>	<u>\$ 149,485</u>	<u>\$ 155,515</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 256,500</u>	<u>\$ 256,500</u>	<u>\$ 492,769</u>	<u>\$ 236,269</u>
Other Financing Sources (Uses)				
Operating Transfers In	\$ -	\$ -	\$ -	\$ -
Operating Transfers (Out)	(250,000)	(250,000)	(250,000)	-
Total Other Financing Sources (Uses)	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 6,500	\$ 6,500	\$ 242,769	\$ 236,269
Fund Balances - Beginning	946,635	946,635	946,635	-
Fund Balances - Ending	<u>\$ 953,135</u>	<u>\$ 953,135</u>	<u>\$ 1,189,404</u>	<u>\$ 236,269</u>

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
MEASUREMENT YEAR ENDED DECEMBER 31  
LAST 10 YEARS (will ultimately be displayed)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service Cost	\$ 184,328	\$ 230,612	\$ 230,269	\$ 240,820	\$ 252,541	\$ -	\$ -	\$ -	\$ -	\$ -
Interest (on the Total Pension Liability)	472,991	503,147	517,311	547,395	567,142					
Changes of benefit terms										
Difference between expected and actual experience	93,249	58,267	(2,145)	(100,615)	(169,018)					
Change of assumptions		(1,534)								
Benefit payments, including refunds of employee contributions	(348,455)	(337,368)	(291,176)	(318,847)	(482,984)					
<b>Net change in total pension liability</b>	402,113	453,124	454,259	368,753	167,681	-	-	-	-	-
<b>Total pension liability - beginning</b>	6,839,079	7,241,192	7,694,316	8,148,575	8,517,328	-	-	-	-	-
<b>Total pension liability - ending (a)</b>	\$ 7,241,192	\$ 7,694,316	\$ 8,148,575	\$ 8,517,328	\$ 8,685,009	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fiduciary Net Position</b>										
Contributions - Employer	\$ 199,809	\$ 203,056	\$ 184,134	\$ 202,425	\$ 215,794	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employee	102,161	104,919	101,173	106,652	111,350					
Net Investment Income	360,871	9,765	445,436	973,744	(238,995)					
Benefit payments, including refunds of employee contributions	(348,455)	(337,368)	(291,176)	(318,847)	(482,984)					
Administrative Expense	(3,768)	(5,949)	(5,032)	(5,047)	(4,623)					
Other	(310)	(294)	(271)	(256)	(242)					
<b>Net Change in Plan Fiduciary Net Position</b>	310,308	(25,870)	434,264	958,671	(399,699)	-	-	-	-	-
<b>Plan Fiduciary Net Position - Beginning</b>	6,308,267	6,618,575	6,592,705	7,026,969	7,985,640	-	-	-	-	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 6,618,575	\$ 6,592,705	\$ 7,026,969	\$ 7,985,640	\$ 7,585,941	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 622,617	\$ 1,101,611	\$ 1,121,606	\$ 531,688	\$ 1,099,068	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Plan Fiduciary Net Position as a % of Total Pension Liability</b>	91.40%	85.68%	86.24%	93.76%	87.35%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Covered Employee Payroll</b>	\$ 2,043,228	\$ 2,098,377	\$ 2,023,455	\$ 2,133,041	\$ 2,226,993	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Pension Liability as a % of Covered Employee Payroll</b>	30.47%	52.50%	55.43%	24.93%	49.35%	0.00%	0.00%	0.00%	0.00%	0.00%
Notes to Schedule: N/A										

SCHEDULE OF PENSION CONTRIBUTIONS  
FISCAL YEAR ENDED SEPTEMBER 30  
LAST 10 YEARS (will ultimately be displayed)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 210,788	\$ 187,758	\$ 196,404	\$ 213,403	\$ 225,636	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	\$ (210,788)	\$ (187,758)	\$ (196,404)	\$ (213,403)	\$ (225,636)	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess) Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	9.97%	9.25%	9.39%	9.62%	9.36%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%

Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.

Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
MEASUREMENT YEAR ENDED DECEMBER 31  
LAST 10 YEARS (will ultimately be displayed)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Total OPEB Liability</b>										
Service Cost	\$ 7,252	\$ 8,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,337	6,400								
Changes of benefit terms Difference between expected and actual experience		1,865								
Changes of assumptions or other inputs	13,560	(12,158)								
Benefit payments	(1,920)	(2,227)								
<b>Net change in total OPEB liability</b>	<b>25,229</b>	<b>2,343</b>								
<b>Total OPEB liability - beginning</b>	<b>164,992</b>	<b>190,221</b>								
<b>Total OPEB liability - ending (a)</b>	<b>\$ 190,221</b>	<b>\$ 192,564</b>	<b>\$ -</b>							
<b>Covered Employee Payroll</b>	<b>\$ 2,133,041</b>	<b>\$ 2,226,993</b>	<b>\$ -</b>							
<b>Total OPEB Liability as a % of Covered Employee Payroll</b>	<b>8.92%</b>	<b>8.65%</b>	<b>0.00%</b>							
Notes to Schedule:	N/A									

CITY OF LITTLEFIELD

Notes to Required Supplementary Information  
September 30, 2019

**BUDGET**

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to October 1, the City Council prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Council is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of an ordinance by the City Council.

Once a budget is approved, it can be amended at the department level only by approval of a majority of the members of the City Council.

Each amendment must have City Council approval. Such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure department level. Budgeted amounts are as amended by the City Council. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase order or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

The General Fund presented in the budgetary comparison schedule reported an excess of expenditures over appropriations.

CITY OF LITTLEFIELD

Notes to Required Supplementary Information  
September 30, 2019

**DEFINED BENEFIT PENSION PLAN**

*Changes of Benefit Terms*

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

*Changes of Assumptions*

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

**OTHER POSTEMPLOYMENT BENEFITS**

*Changes of Benefit Terms*

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

*Changes of Assumptions*

Generally, this will only be the annual change in the municipal bond index rate which went from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

COMBINING FUND FINANCIAL STATEMENTS

CITY OF LITTLEFIELD  
 COMBINING BALANCE SHEET  
 ALL NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2019

	PDNF	PARKS & RECREATION	FEDERAL/STATE GRANT FUNDS	BLIGHT ELIMINATION FUND	AIRPORT FUND	TOTAL
<u>Assets</u>						
Cash and Cash Equivalents	\$ 2,574	\$ 3,792	\$ 181,530	\$ 9,510	\$ 32	\$ 197,438
Accounts Receivable	-	3,907	-	-	-	3,907
Due From Other Governments	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Restricted Assets:						
Cash	-	221,025	-	-	-	221,025
<b>Total Assets</b>	<b>\$ 2,574</b>	<b>\$ 228,724</b>	<b>\$ 181,530</b>	<b>\$ 9,510</b>	<b>\$ 32</b>	<b>\$ 422,370</b>
<u>Liabilities</u>						
Accounts Payable	-	-	-	5,000	32	\$ 5,032
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ 32</b>	<b>\$ 5,032</b>
<u>Deferred Inflows Of Resources</u>						
Unavailable Revenue - PEG Fees	-	-	2,588	-	-	\$ 2,588
<b>Total Deferred Inflows Of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,588</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,588</b>
<u>Fund Balances</u>						
Restricted for:						
Parks & Recreation	-	228,724	-	-	-	\$ 228,724
Ambulance Purchase	-	-	134,020	-	-	134,020
Wastewater Improvements	-	-	42,323	-	-	42,323
Solid Waste Grant	-	-	2,600	-	-	2,600
Assigned for:						
Economic Development	-	-	-	-	-	-
Other Purposes	2,574	-	-	4,510	-	7,084
<b>Total Fund Balances</b>	<b>\$ 2,574</b>	<b>\$ 228,724</b>	<b>\$ 178,942</b>	<b>\$ 4,510</b>	<b>\$ -</b>	<b>\$ 414,750</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 2,574</b>	<b>\$ 228,724</b>	<b>\$ 181,530</b>	<b>\$ 9,510</b>	<b>\$ 32</b>	<b>\$ 422,370</b>

CITY OF LITTLEFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - ALL NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	PDNF	PARKS & RECREATION	FEDERAL/STATE GRANT FUNDS	BLIGHT ELIMINATION FUND	AIRPORT FUND	TOTAL
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	-	-	286,245	-	-	286,245
Local Funds	-	47,133	204,306	-	6,146	257,585
Interest Income	-	-	-	-	-	-
Miscellaneous Revenue	-	70	-	-	-	70
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 47,203</b>	<b>\$ 490,551</b>	<b>\$ -</b>	<b>\$ 6,146</b>	<b>\$ 543,900</b>
<b>Expenditures</b>						
Personnel Services	\$ -	\$ -	\$ -	\$ -	\$ 6,037	\$ 6,037
Contractual Services	-	-	1,430	17,803	4,690	23,924
Supplies & Materials	261	-	23,936	-	2,720	26,917
Capital Outlay	-	-	553,146	-	276,986	830,132
Other	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 261</b>	<b>\$ -</b>	<b>\$ 578,512</b>	<b>\$ 17,803</b>	<b>\$ 290,433</b>	<b>\$ 887,010</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>\$ (261)</b>	<b>\$ 47,203</b>	<b>\$ (87,961)</b>	<b>\$ (17,803)</b>	<b>\$ (284,287)</b>	<b>\$ (343,109)</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds From Sale of Assets	\$ -	\$ -	\$ -	\$ 12,281	\$ -	\$ 12,281
Operating Transfers In (Out)	-	-	50,843	-	281,097	331,940
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,843</b>	<b>\$ 12,281</b>	<b>\$ 281,097</b>	<b>\$ 344,222</b>
<b>Net Change in Fund Balances</b>	<b>\$ (261)</b>	<b>\$ 47,203</b>	<b>\$ (37,117)</b>	<b>\$ (5,522)</b>	<b>\$ (3,190)</b>	<b>\$ 1,112</b>
<b>Fund Balances - Beginning</b>	<b>2,835</b>	<b>181,521</b>	<b>216,060</b>	<b>10,032</b>	<b>3,190</b>	<b>\$ 413,638</b>
<b>Fund Balances - Ending</b>	<b>\$ 2,574</b>	<b>\$ 228,724</b>	<b>\$ 178,942</b>	<b>\$ 4,510</b>	<b>\$ -</b>	<b>\$ 414,750</b>

OTHER SUPPLEMENTARY INFORMATION

**CITY OF LITTLEFIELD**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**SEPTEMBER 30, 2019**

LAST TEN YEARS ENDED SEPTEMBER 30,	TAX RATES	ASSESSED OR APPRAISED VALUATION	BEGINNING BALANCE 10-1-18	CURRENT YEAR'S LEVY	TOTAL COLLECTIONS	ENTIRE YEAR'S ADJUSTMENTS	ENDING BALANCE 9-30-19
2010 Prior Years	Various	Various	\$ 19,446	\$ -	\$ 224	\$ (1,451)	17,772
2011	0.6993	142,531,341	5,935		307	(712)	4,916
2012	0.6993	142,269,977	7,089		487	(747)	5,855
2013	0.7215	147,367,663	9,991		785	(1,122)	8,083
2014	0.7215	148,365,656	13,687		1,722	(1,262)	10,703
2015	0.7349	145,627,308	14,417		2,678	(1,255)	10,484
2016	0.7349	149,819,385	21,121		4,718	(1,349)	15,054
2017	0.7576	156,906,059	35,828		12,151	(1,443)	22,234
2018	0.7576	160,302,666	63,119		24,855	(1,642)	36,622
2019 (Year Under Audit)	0.7576	159,972,944	-	1,211,955	1,146,720	-	65,235
<b>TOTALS</b>			<b>\$ 190,632</b>	<b>\$ 1,211,955</b>	<b>\$ 1,194,646</b>	<b>\$ (10,984)</b>	<b>\$ 196,958</b>

**CITY OF LITTLEFIELD  
SCHEDULE OF BONDS  
SEPTEMBER 30, 2019**

<u>Date of Issue</u>	<u>Description</u>	<u>Interest Rate</u>	<u>(TERMS) MATURITY SCHEDULE</u>	<u>FUND PAYABLE FROM</u>	<u>AMOUNTS OUTSTANDING 10/1/18</u>	<u>ISSUED CURRENT YEAR</u>	<u>RETIRED CURRENT YEAR</u>
10/20/2006	CERTIFICATE OF OBLIGATION, SERIES 2006	3.00% TO 3.80%	20 YEARS	WATER AND SEWER FUND	\$ 1,020,000	\$ -	\$ 100,000
9/20/2016	REFUNDING BOND SERIES 2016	3.48%	8 YEARS	BCDC	6,960,000	-	4,015,000
					<u>\$ 7,980,000</u>	<u>\$ -</u>	<u>\$ 4,115,000</u>

**REQUIREMENTS**

<u>AMOUNTS OUTSTANDING 9/30/19</u>	<u>INTEREST CURRENT YEAR</u>	<u>YEAR ENDING 09/30/20</u>		<u>YEAR ENDING 09/30/21</u>		<u>10/1/21 TO MATURITY INTEREST</u>
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
		<u>\$ 920,000</u>	<u>\$ 35,600</u>	<u>\$ 105,000</u>	<u>\$ 31,986</u>	
<u>2,945,000</u>	<u>242,208</u>	<u>545,000</u>	<u>102,486</u>	<u>570,000</u>	<u>83,520</u>	<u>\$ 203,500</u>
<u>\$ 3,865,000</u>	<u>\$ 277,808</u>	<u>\$ 650,000</u>	<u>\$ 134,472</u>	<u>\$ 675,000</u>	<u>\$ 111,779</u>	<u>\$ 284,238</u>

CITY OF LITTLEFIELD  
SCHEDULE OF CAPITAL LEASES  
SEPTEMBER 30, 2019

<u>Date of Issue</u>	<u>PURPOSE AND LAWFUL AUTHORITY</u>	<u>INTEREST RATE</u>	<u>(TERMS) MATURTY SCHEDULE</u>	<u>FUND PAYABLE FROM</u>	<u>ORIGINAL COST</u>	<u>AMOUNT OUTSTANDING 10/01/18</u>	<u>RETIRED CURRENT YEAR</u>
2/5/2004	UTILITY METERS	4.69%	15 YEARS	W&S	\$ 1,109,322	\$ 102,783	\$ 102,783
4/14/2013	2 - 2014 REFUSE TRUCKS & DUMPSTERS	1.81%	7 YEARS	GENERAL	968,341	287,916	142,660
1/3/2014	SEWER JETTER	2.69%	6 YEARS	W&S	97,750	30,132	14,864
					<u>\$ 2,175,413</u>	<u>\$ 420,831</u>	<u>\$ 260,307</u>

<u>AMOUNTS OUTSTANDING 9/30/19</u>	<u>INTEREST CURRENT YEAR</u>	<u>REQUIREMENTS</u>				
		<u>YEAR ENDING 09/30/20</u>		<u>YEAR ENDING 09/30/21</u>		<u>10/1/21 TO MATURITY INTEREST</u>
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
\$ -	\$ 3,027	\$ -	\$ -	\$ -	\$ -	\$ -
145,256	5,239	145,256	2,643	-	-	-
15,269	821	15,269	415	-	-	-
<u>\$ 160,525</u>	<u>\$ 9,087</u>	<u>\$ 160,525</u>	<u>\$ 3,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION

## Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards*

Honorable Mayor & City Council  
City of Littlefield  
301 XIT Drive  
Littlefield, Texas 79339

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Littlefield, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Littlefield's basic financial statements, and have issued our report thereon dated January 20, 2020.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Littlefield's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Littlefield's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Littlefield's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



WEBB, WEBB, & WRIGHT, CPA's  
January 20, 2020

CITY OF LITTLEFIELD

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?

\_\_\_ Yes    X No

One or more significant deficiencies  
identified that are not considered to be  
material weaknesses?

\_\_\_ Yes    X None Reported

Noncompliance material to financial  
statements noted?

\_\_\_ Yes    X No

B. Financial Statement Findings

None

CITY OF LITTLEFIELD

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None		

CITY OF LITTLEFIELD

CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

None