



**CITY OF  
LONGVIEW, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**PREPARED BY THE FINANCE DEPARTMENT  
OF THE CITY OF LONGVIEW, TEXAS**

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## **INTRODUCTORY SECTION**



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February 25, 2016

To the Citizens of the City of Longview  
Longview, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Longview, Texas, for the year ended September 30, 2015, is submitted herewith. We believe the information, as presented, is accurate in all material respects, that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included. It is the responsibility of the management of the City to prepare the CAFR.

The Governmental Accounting Standards Board requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

The CAFR includes all the funds of the City, the funds of the Longview Economic Development Corporation (LEDCO), and the Longview Firemen's Relief and Retirement Fund.

Reflected in this report is the extensive range of services provided by the City of Longview, Texas. These basic services include public safety, streets, recreation and parks, health and welfare, general administrative services, and utility services as well as the activities of LEDCO and the Longview Firemen's Relief and Retirement.

I believe the report, prepared by the City's Finance Department, based on generally accepted accounting principles, conforms to the standards of governmental accounting and financial reporting principles as promulgated by the Governmental Accounting Standards Board.

### **ECONOMIC CONDITION AND OUTLOOK**

The City of Longview is located in Northeast Texas approximately 60 miles west of Shreveport, Louisiana, 120 miles east of Dallas, and 210 miles north of Houston. Longview serves as the county seat of Gregg County. The Home Rule charter adopted in January 1979 established the Council-Manager form of government with six City Council districts. The Mayor is elected at-large. Longview once was one of the largest known oil fields in the world and the East Texas area continues to have a significant business community that services the energy sector. However, the Longview economy is diversifying with major businesses other than oil and gas whom are contributors to the Longview economy. In fiscal year 1995, mineral values represented 13.7% of the assessed values, while in fiscal year 2015; those values represented just 1% of the assessed values. Health care distribution, retail, food processing and manufacturing have diversified the economic base for the area.

According to the Federal Reserve Bank of Dallas' February 2016 *Regional Economic Update*, "The Texas Leading Index declined again in December, a pattern that has persisted through most of 2015, contributing to the employment forecast of 1.1 percent growth for 2016. On the upside, the Texas service sector continues to show resilience during this most recent slump in oil prices. The Texas Business-Cycle Index, which was designed to gauge overall state economic activity, shows the

gradual downshifting in economic growth over the course of 2015. While it does not indicate recession at this point in time, it does show a noticeable dip in recent months, consistent with the negative state economic impact of low energy prices.”

The City’s local economy is reflective of the low energy prices mentioned in the Federal Reserve Report. An indicator of this is the City of Longview’s sales tax revenues, reported for the fiscal year 2014-2015 as a 3% decrease compared to receipts in the prior year. The City of Longview expects the trend of decreased revenues to continue and budgeted accordingly for fiscal year 2015-2016. Single-family housing permits for calendar year 2015 also decreased by 14% compared to the number of permits issued in calendar year 2014.

Moody’s Economy November 2015 *Précis METRO* report states that “Longview’s energy-sensitive economy will struggle to grow as long as oil prices are low. While low-paying services will absorb some of the slack from faltering oil and gas companies and drillers suppliers, weakness in incomes will limit the growth of consumer services. In the long run, higher oil prices and firm demand for manufactured durable goods will nudge job growth closer to the U. S. average.”

The Moody’s Analytics report noted the following as strength for Longview:

- Housing market tightens more quickly, spurring more residential construction

The report also noted the following weaknesses:

- EPA regulations cause power plant to shutdown, raising electricity prices
- Extended low energy prices weaken demand for energy-related goods and services
- Rail car orders decline further, delivering a big blow to the manufacturing

For Longview, 4A sales tax funds the Longview Economic Development Corporation (LEDCO) which guides much of the economic direction for the City. LEDCO completed its strategic plan in January 2014 which included both quantitative research and fieldwork identifying challenges and opportunities for the City. Some of the key findings as stated in the Economic Development Strategic Plan for LEDCO are:

- There is much more to Longview than meets the eye. World-class employers (e.g. Eastman Chemical, LeTourneau University), fully supported industrial sites, and strong public school systems, are a few examples of assets that would make many communities envious. While many in the area know the assets well, there is an opportunity to better tell the Longview economic development story, both internally and externally.
- Longview has not fully exploited its location as part of the IH-20 corridor. This is due to a combination of reasons, including: (1) limited visibility of Longview from the interstate, (2) lack of adjacent developable lands due to flood plain, (3) lack of attractive gateways leading to the city, and (4) development in other competing areas (e.g. north Longview).
- In spite of strong education and training assets in the community, some area businesses are still struggling to find the talent they need, specifically in technical and professional areas. Some shortages are due to causes outside of community control (i.e. company wage rates or national skills shortages), but many could be mitigated with better alignment of business needs with area education and training providers.

## **MAJOR INITIATIVES**

### **For the Year**

This year’s budget showed that Longview’s priorities continue to be placed on the critical services of public safety and public works. The City also continues to place importance on maintaining our services to the community such as our parks, library and other amenities.

An additional \$1,000,000 one-time expenditure of City funds was budgeted as part of the George Richey Road Extension Project, which is a collaborative effort between the City of Longview, Texas Department of Transportation, Longview Economic Development Corporation, and the Longview Metropolitan Planning Organization.

Following the recommendations of a Mayor’s task force and direction from city council, this year’s budget included one-time expenditures of \$2,500,000 and \$500,000 for the construction and initial operational reserves, respectively, for a new state-of-the-art animal shelter. In addition, Gregg County has pledged an additional \$2,500,000 towards the construction costs.

New restrooms and a pavilion structure were budgeted for the rodeo arena at the Maude Cobb Convention and Activity Complex. The additions would service both the rodeo arena and the agricultural pavilion area. The nearly \$1,000,000 project is funded by a portion of Hotel Occupancy Tax which is restricted for use specifically for building, expanding, or operating convention-related facilities.

For the first time, the Government Accounting Standards Board (GASB) has mandated that beginning this year the city report its net pension liability, the difference between the total pension liability (the present value of projected benefits) and the funds set aside for paying these benefits. This new GASB Standard 68 will dramatically alter the City's net position. The City currently participates in two pension plans, the Texas Municipal Retirement System (TMRS) and the Longview Firemen's Relief and Retirement Plan. In years' past, the unfunded pension liability has always been disclosed in the notes to the financial statements. Under GASB No. 68, the employer must now report the net pension liability (NPL) and pension expense for these pension plans on the face of the City's financial statements. This standard does not change the actual cash position of the City, but does highlight the fact that there are not enough cash reserves presently to fund both of the liabilities. The NPL for TMRS is \$8,195,066 or a 95% funded ratio (Assets/Liability), with the Fire Pension at \$61,825,947 or a 42% funded ratio. The city has been working with the Fire Pension plan to increase their funded ratio. The following changes have been enacted over the past few years in order to improve the financial status of the plan:

- Effective January 22, 2013, the Average Monthly Salary period used for purposes of calculating retirement benefits was increased from the highest 36 consecutive months to the highest 60 consecutive months of service for non-vested members as of that date.
- Effective May 1, 2015, the normal annuity form of benefit payment was amended to be a Life Annuity for all non-vested members, regardless of marital status.
- Effective October 1, 2012 the City's annual contribution rate was increased from 15% to 16% of payroll, along with effective May 1, 2015, the contribution rate was increased to 17% of payroll

#### **For the Future**

Users of this document as well as others interested in the programs and services offered by the City of Longview are encouraged to read the City's 2015-2016 Fiscal Year Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. You can find this document conveniently located on the City's website at [www.longviewtexas.gov](http://www.longviewtexas.gov).

Next year's budget includes a significant increase to police officer pay in an effort to improve officer recruitment and retention. Over the last several years, the Longview Police Department has often operated with between 5 and 15 vacancies. In an effort to reduce that number, this budget implements a new pay plan. As part of the initiative, officers pay increased and additional steps were added over a longer period of time. Previously, Longview's officer pay structure was "front-loaded" with a total of seven steps, occurring one each year for the first eight years of service. The new plan includes eleven steps spread over nineteen years of service. The change to the police pay comes at a total cost of approximately \$780,000, with benefits to the City in terms of improved recruitment and retention.

Last budget year, the City began the construction of a new animal shelter, which is expected to open April 2016. Next year's budget reflects the start-up and operational costs of this new shelter. The net new costs to the budget are projected to be approximately \$620,000.

The \$1,400,000 budgeted for the police pay initiative and the new animal shelter operations were funded out of the General Fund's fund balance reserves. The City understands that using reserves to balance a budget is not sustainable year after year. The city will monitor growth in FY2015-2016, and adjust next year's budget accordingly as to using reserves for one time purposes only. It is also important to note that even with the use of reserves, the city will maintain an adequate fund balance well above the 10% of expenditure requirement set by council.

Much discussion was had during the city council meetings regarding water, sewer, and sanitation rates. Ultimately, council chose to leave water and sewer rates unchanged while increasing sanitation rates by \$1 per month. FY2014-2015 was the first full year of implementation of the new simplified collection program, which brought once a week collection of both trash and recycling services. By switching to the new collection system, the city was able to delay the \$1 increase by two years, but ultimately needed the increase.

## **LONG-TERM FINANCIAL PLANNING**

In March 2015, the City adopted the Longview Comprehensive Plan. The long-term strategic plan serves as a guiding document for the next 15 to 20 years on issues such as future land use, transportation, economic development, parks, neighborhood livability, public facilities, and growth management. The plan was created utilizing community engagement and public input over an 18 month period. The end result is a large list of goals, objectives, and strategies for implementation. With the Longview Comprehensive Plan officially adopted, our challenge is now to put it into action.

The plan showed a need to expand the total park land as well as the recreation options available. In early 2015, to begin the process of addressing the issue, we removed Parks and Recreation from under Community Services, and created a new Parks and Recreation Director position to oversee those efforts specifically. Next year's budget also includes \$100,000 for "The Green" an entryway improvement project and new 9 acre park under construction at the Hwy 31 entrance near South Street.

Redevelopment, especially enhancement of Downtown Longview and the I-20 corridor were major themes within the plan. Next year's budget includes creation of "small area plans" for both of those key areas. The purpose of the small area plan is to create location-specific strategic plans for redevelopment. A similar plan was created in the late 1990's for downtown, which led to the major renovations of downtown streets, and it is now time to update those plans to make way for the next phase of redevelopment.

You can find this document conveniently located on the City's website at [www.longviewtexas.gov](http://www.longviewtexas.gov).

## **FINANCIAL INFORMATION MANAGEMENT AND CONTROL**

A detailed understanding of the financial position and operating results of the City is provided in the CAFR. Presented below is a brief description of financial information, management of financial resources, obligations and information.

### **Basis of Accounting**

The basis of accounting used determines when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. The government-wide financial statements are full accrual basis statements. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenue is recognized when it becomes measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. All proprietary funds and Fiduciary Funds are accounted for using the accrual basis of accounting. Their revenue is recognized when it is earned, and their expenses are recognized when they are incurred.

### **Accounting Systems and Budgetary Control**

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorization.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- Access to assets is permitted only in accordance with management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control encompasses reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with the State Law of Texas, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the departmental level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Purchase orders that result in an overrun of departmental balances are not released until additional appropriations are made available through transfer from other accounts, either by ordinance of City Council or by administrative transfer. Open encumbrances are reported as reservations of fund balances at September 30, 2014.

The City receives resources from other state and federal agencies under a variety of programs. Resources received from the state government are subject to various specified controls and compliance standards and are periodically audited by the State Auditor's General Office. Resources received from federal agencies generally are subject to auditing according to standards established by the Single Audit Act Amendments of 1996 and other directives prepared by the U. S. Office of Management and Budget. Both state and federal audits require that the City design, implement and monitor an internal control structure that satisfies the conditions of each grant. Audit reports prepared by the state and federal governments related to the City's internal control structure and compliance with applicable laws and regulations are not included in the Comprehensive Annual Financial Report, but are available on request.

### **Debt Administration**

A detailed discussion of the City of Longview's outstanding debt is located in the Management and Discussion and Analysis.

### **OTHER INFORMATION**

#### **Independent Audit**

State statutes require an annual audit by independent certified public accountants. The accounting firm of Henry & Peters, P. C. was selected by the City Council. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the governmental compliance section.

#### **Awards**

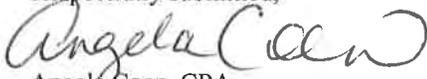
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### **Acknowledgements**

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the City. Each member of the staff has our sincere appreciation for their contribution made in the preparation of this report. Further, we wish to thank the auditing firm of Henry & Peters, P. C. whose competent assistance made this report possible.

The combined support of the City Manager and members of the Council, who remain committed to fiscal integrity and financial leadership, is also appreciated.

Respectfully submitted,



Angela Coen, CPA  
Director of Finance

**CITY OF LONGVIEW, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2015**

**PRINCIPAL OFFICIALS**

**MAYOR**

Andy Mack

**CITY COUNCIL**

Ed Moore, District 1  
Nona Snoddy, District 2  
Kasha Williams, District 3  
Kristen Ishihara, District 4  
David Wright, District 5  
Sidney Allen, District 6

**CITY MANAGER**

David Willard

**FINANCE DIRECTOR**

Angela Coen, CPA

**WEBSITE**

[www.longviewtexas.gov](http://www.longviewtexas.gov)



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Longview  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO



Citizens

City Council

City Manager  
David Willard

City Attorney  
Jim Finley

City Secretary  
Shelly Ballenger

Municipal Judge  
Larry Merriman

Assistant City Manager  
Keith Bonds

Fire Chief  
J.P. Steelman

Media & Tourism  
Shawn Hara

Assistant Chief  
David Bates

Assistant Chief  
Curtis Shaw

Fire Marshal  
Johnny Zackary

EMS Chief  
Hank Hester

Training Chief  
George Glenn

Police Chief  
Mike Bishop

Assistant Chief  
Carlos Samples

Assistant Chief  
Anthony Boone

Public Safety  
Communications  
Matt Almsworth

Director of  
Financial Services  
Angela Coen

Finance  
Kimberly Adams

Purchasing  
Jaye Latch

Utility Customer  
Services  
Willie Marshall

Director of  
Administration  
Mary Ann Miller

Human Resources  
& Risk  
Terri Fields

Information  
Services  
Justin Cure

Municipal Court  
Sally Forbus

Development  
Services Director  
Michael Shirley

Assistant Director  
Ingrid Self

Building  
Inspection  
Vacant

Planning & Zoning  
Angela Choy

Metropolitan  
Planning  
Karen Owen

Code Compliance  
Supervisor  
Kenny James

Community  
Services Director  
Laura Hill

Assistant Director  
Dietrich Johnson

Partners in  
Prevention  
Holly Fuller

Housing  
Cheteva Marshall  
(interim)

Library  
Kara Spitz

Environmental  
Health  
Leisha Kidd-Brooks

Maude Cobb  
Activity Complex  
Dixie Golden

Animal Shelter  
Shannon DeRosa

Public Works  
Director  
Rolin McPhee

Assistant Director  
Dwayne Archer

Wastewater  
Scott Baggett

Water C&D  
Rick Evans

Streets & Drainage  
Elroy Brooks

Water Supply  
Mike Brown

Plant Automation  
Mark Wyche

Traffic Engineer  
Stephen Ha

City Engineer  
Alton Bradley

Facilities  
Brent Brevard

Sanitation & Fleet  
David Simmons

Parks & Recrea-  
tion Director  
Scott Caron

Operations &  
Maintenance  
Ray Bostick

Recreation  
Seth Pyle

Updated November 2015

## **FINANCIAL SECTION**

**HENRY & PETERS, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and  
Members of the City Council  
City of Longview, Texas

***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 Longview, Texas, (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

The City's 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 from 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 Longview, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 discussed in Note 15 to the financial statements, in 2015 the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 on pages 3-13 and the required supplementary information on pages 78-80 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's basic financial statements. The introductory section, combining fund financial statements and schedules, statistical section, and the Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements, the individual budgetary financial schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 statements, the individual budgetary financial schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Henry & Peters, P.C.

Longview, Texas  
March 9, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As Management of the City of Longview, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ended September 30, 2015, by \$106,587,770 (net position).
- The City's current year increase in net position of \$6,970,383 for the year ended September 30, 2015 can be attributed to several factors.
  - The net position in the business-type activities increased \$2,095,438.
  - Property tax revenue increased \$834,176 over prior year collections.
  - The city received donated revenues of \$625,137 and a contribution from Gregg County of \$2,500,000 for the construction of the new animal shelter, which is expected to be completed in April 2016.
  - A new developer participation agreement generated \$1,813,557 in revenue.
  - Other revenue sources in governmental and business type activities, such as hotel tax and sanitation fees increased over prior year.
- The increases above were offset by the following decreases in net position.
  - A decrease in sales tax revenue of \$1,146,503 over the prior year collections was realized.
  - The Water Utilities fund issued Refunding Revenue Bonds with issuance costs of \$349,670.
- The City implemented GASB 68, *Accounting and Financial Reporting for Pensions* in this report, which caused the City's net pension liability to increase by \$70,021,013, of which, \$61,825,947 is attributable to the Longview Firemen's Relief and Retirement Fund and \$8,195,066 is attributable to the Texas Municipal Retirement.
- As a result of a prior period adjustment, the City's net position decreased \$83,340. For details on this adjustment refer to page 76.
- As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$50,786,949, a total decrease of \$9,649,847 in comparison with the prior fiscal year. The majority of this decrease was due to the following:
  - The General Fund used \$4,000,000 of fund balance for major construction projects.
  - The General Fund used fund balance to purchase a new fire truck, increase the City's contribution to fire pension by 1% and acquire real property for the fire department.
  - The General Fund added the following new manager positions: an animal shelter manager and a Director of Community Development.
  - Completion of street projects funded through general obligation bonds in the Capital Projects Fund.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used compensated absences). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, planning, transportation, streets, developmental services, cultural and parks, and general administration.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system, solid waste, and recreation association are reported here.
- **Component units** – The City includes two types of component units in its report. The Longview Economic Development Corporation is reported as a "discretely presented" component unit in the financial statements. The Longview Firemen's Relief and Retirement Fund and Longview Transit Management, Inc. are reported as "blended" component units in the financial statements. Although legally separate, these component units are important because the City is financially accountable for them. Longview Economic Development Corporation and the Longview Firemen's Relief and Retirement Fund issue separate financial statements which readers may refer to.

The government-wide financial statements can be found on pages 14-16 of this report.

## Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for

governmental activities in the government-wide statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City maintains 19 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Projects Fund and Debt Service Fund, which are considered to be major funds. Data for the other 16 governmental funds are combined into a single, aggregated non-major fund presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

- **Proprietary funds** – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The Internal Service Funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's insurance funds, fleet maintenance, and vehicle replacement functions.

The City maintains three enterprise funds. The City uses enterprise funds to account for its water and sewer services, sanitation services, and recreation services. The funds provide the same type of information as the government-wide financial statements, only in more detail and do not include an allocation of the internal service fund activity. The proprietary fund financial statements provide separate information for the water and sewer and sanitation funds, which are both considered major funds of the City. The Longview Recreation Fund is presented individually, due to there being no other non-major funds, but is considered a non-major fund. The aggregated internal service balances are also presented within the proprietary fund financial statements.

The City's basic governmental and proprietary fund financial statements can be found on pages 17-35 of this report.

### **Reporting the City's Fiduciary Responsibility**

The City is the trustee, or fiduciary, for the Longview Firemen's Relief and Retirement Fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of this fund are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 38-77 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to the employees. Required supplementary information can be found on pages 78-80 of this report.

The combining statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplemental information. Combining statements and schedules can be found on pages 81-110 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$106,587,770 as of September 30, 2015. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is \$76,934,253 and the governmental net position is \$29,653,517. This analysis focuses on the net position (Table 1) and changes in general revenues (Table 2) and significant expenses of the City's governmental and business-type activities.

The largest portion of the City's net position (94.64%) reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TABLE 1**  
**CITY OF LONGVIEW'S NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 66,140,973	\$ 74,013,126	\$ 38,023,933	\$ 39,949,440	\$ 104,164,906	\$ 113,962,566
Capital assets	120,196,359	110,858,648	105,306,015	108,242,219	225,502,374	219,100,867
Total assets	186,337,332	184,871,774	143,329,948	148,191,659	329,667,280	333,063,433
Total Deferred outflows of of resources	7,048,503	384,427	865,748	273,362	7,914,251	657,789
Long-Term liabilities	148,427,976	87,235,677	58,279,854	62,916,319	206,707,830	150,151,996
Other liabilities	15,098,774	13,157,671	8,981,589	9,866,815	24,080,363	23,024,486
Total liabilities	163,526,750	100,393,348	67,261,443	72,783,134	230,788,193	173,176,482
Total Deferred inflows of of resources	205,568	153,102	-	-	205,568	153,102
Net Position						
Net investment in capital assets	56,970,760	54,393,324	43,777,934	44,463,455	100,748,694	98,856,779
Restricted	15,942,630	11,391,150	9,106,223	9,614,389	25,048,853	21,005,539
Unrestricted	(43,259,873)	18,925,277	24,050,096	21,604,043	(19,209,777)	40,529,320
Total net position	\$ 29,653,517	\$ 84,709,751	\$ 76,934,253	\$ 75,681,887	\$ 106,587,770	\$ 160,391,638

## Governmental Activities

The City's general revenues increased by approximately 7% or \$4,143,649 over prior year revenue. The primary reason for this increase was a reduction in the amount transferred to the Texas Department of Transportation for the City's portion of the George Richie Road extension project. The city is drawing near to completion of the purchase of right of ways for this project, therefore the amount decreased. In addition, tax revenue collections decreased 0.3% or \$241,387 for 2015 as compared to the prior year's actual collections. Lastly, Gregg County contributed \$2,500,000 for the construction of a new city owned animal shelter. Construction began in 2015; however, the largest expenditures will occur in next fiscal year.

**TABLE 2**

### CITY OF LONGVIEW'S GENERAL REVENUES

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Taxes	\$ 62,267,525	\$ 62,508,912	\$ -	\$ -	\$ 62,267,525	\$ 62,508,912
Other	3,498,575	(886,461)	256,823	163,484	3,755,398	(722,977)
<b>Total</b>	<b>\$ 65,766,100</b>	<b>\$ 61,622,451</b>	<b>\$ 256,823</b>	<b>\$ 163,484</b>	<b>\$ 66,022,923</b>	<b>\$ 61,785,935</b>

Governmental and business-type activities increased the City's net position by \$6,970,383, with the governmental resulting in a increase of \$4,874,945 combined with an increase to business of \$2,095,438. The key elements in this net change are as follows:

#### Governmental-type Activities

- Property tax revenue collections exceeded anticipated totals, as did the City's franchise revenues, fines, and charges for services. Permit fees, building inspections and engineering permit fees increased due to development expansion in the north part of the city. These increases were offset by a decrease in sales tax revenues due to the declining oil and gas industry.
- A developer participation agreement to extend Fourth Street from Hawkins Parkway to Hwy 259. The City's participation expands the road from a two-lane road to a four-lane road plus a turn lane that will be aligned seamlessly with the existing Fourth Street. The developer has provided \$2 million towards this project.

#### Business-type Activities

- The net gain to the business-type activities is mainly due to an increase in water rates enacted during the year which will provide funds necessary to maintain the water infrastructure going forward. In addition, the interest expense in the Water Utilities fund decreased.

TABLE 3

## CITY OF LONGVIEW'S STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 9,881,978	\$ 10,420,713	\$ 39,174,121	\$ 38,303,860	\$ 49,056,099	\$ 48,724,573
Operating grants and contributions	11,664,955	9,452,460	-	-	11,664,955	9,452,460
Capital grants and contributions	1,078,988	1,397,447	-	-	1,078,988	1,397,447
General revenues:						
Taxes	62,267,525	62,508,912	-	-	62,267,525	62,508,912
Other	4,821,347	2,827,644	256,823	163,484	5,078,170	2,991,128
Special Items	(1,322,772)	(3,714,105)	-	-	(1,322,772)	(3,714,105)
Total revenues	<u>88,392,021</u>	<u>82,893,071</u>	<u>39,430,944</u>	<u>38,467,344</u>	<u>127,822,965</u>	<u>121,360,415</u>
<b>Expenses:</b>						
General government	3,370,755	3,370,092	-	-	3,370,755	3,370,092
Public safety	40,531,515	42,433,989	-	-	40,531,515	42,433,989
Public works	13,091,128	10,733,392	-	-	13,091,128	10,733,392
Development services	2,894,415	2,779,375	-	-	2,894,415	2,779,375
Culture and recreation	11,074,028	12,585,476	-	-	11,074,028	12,585,476
Public transit	2,426,635	2,482,593	-	-	2,426,635	2,482,593
Public welfare	7,178,549	6,633,691	-	-	7,178,549	6,633,691
Interest and fiscal	2,950,051	3,323,942	-	-	2,950,051	3,323,942
Water utilities	-	-	31,636,175	30,405,509	31,636,175	30,405,509
Sanitation	-	-	5,190,423	5,222,130	5,190,423	5,222,130
Recreation	-	-	508,908	767,919	508,908	767,919
Total expenses	<u>83,517,076</u>	<u>84,342,550</u>	<u>37,335,506</u>	<u>36,395,558</u>	<u>120,852,582</u>	<u>120,738,108</u>
<b>Increases in net position</b>						
before transfers	4,874,945	(1,449,479)	2,095,438	2,071,786	6,970,383	622,307
Transfers	-	-	-	-	-	-
Change in net position	4,874,945	(1,449,479)	2,095,438	2,071,786	6,970,383	622,307
Net position, beginning	84,709,751	86,394,963	75,681,887	74,000,175	160,391,638	160,395,138
Cumulative effect of change in accounting principle	(59,847,839)	-	(843,072)	-	(60,690,911)	-
Prior period adjustment	(83,340)	(235,733)	-	(390,074)	(83,340)	(625,807)
Total net position	<u>\$ 29,653,517</u>	<u>\$ 84,709,751</u>	<u>\$ 76,934,253</u>	<u>\$ 75,681,887</u>	<u>\$ 106,587,770</u>	<u>\$ 160,391,638</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2015, the City had \$225,502,374 (net of accumulated depreciation) invested in a broad range of capital assets, a net increase (including additions and disposals) of \$6,401,507 from prior year. This increase is largely due to a higher volume of projects that were completed during the year. The capital assets are comprised of police and fire equipment, buildings, park facilities, public transit, roads, water and sewer lines, and drainage improvements.

TABLE 4

#### CITY OF LONGVIEW'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$4,933,349	\$4,574,560	\$765,576	\$755,576	\$5,698,925	\$5,330,136
Buildings	85,979,367	84,818,387	21,592,860	21,592,860	107,572,227	106,411,247
Equipment	50,150,982	47,715,717	38,326,443	38,101,231	88,477,425	85,816,948
Infrastructure	138,944,918	124,114,991	196,339,952	193,847,218	335,284,870	317,962,209
Construction in progress	19,174,505	19,007,130	6,790,852	3,716,361	25,965,357	22,723,491
Accumulated depreciation	(178,986,762)	(169,372,137)	(158,509,668)	(149,771,027)	(337,496,430)	(319,143,164)
<b>Total</b>	<b>\$120,196,359</b>	<b>\$110,858,648</b>	<b>\$105,306,015</b>	<b>\$108,242,219</b>	<b>\$225,502,374</b>	<b>\$219,100,867</b>

### Current Year Major Additions:

	2015
Sludge Thickening & Co-Digestion Improvements	\$3,136,918
FM2275 George Richey Extension	2,431,023
4th Street Extension	2,190,528
Downtown Street Improvements - Methvin Street	2,181,110
Animal Shelter	2,102,109
Magnolia Lane Widening	1,697,236
Rodeo Arena Restroom	1,010,840
Fenton Road Improvements	977,928
Upgrade Oil Dirt Streets	672,689
Water System Flow Monitoring Improvements	669,848
	<u>\$17,070,229</u>

The City's 2014-2015 Five-Year Capital Improvements Program has approximately \$117,610,000 in projects, of which \$9,225,000 has been adopted for completion in the current year. The projects are as follows: Drainage - \$475,000, Water - \$800,000 and Wastewater - \$800,000, Streets - \$1,000,000 and Municipal Facilities - \$6,150,000.

Completing these programs will result in improvements to bridges and culverts on Hill Road Bridge at Grace Creek and provide shoulder widening to improve the safety of the traveling public. These programs will also help to construct a new animal shelter, replace the corrals at the rodeo grounds, and provide for new restroom buildings and open

pavilion at the Longview Fairgrounds. It will also help to purchase right-of-way and relocate utility lines for the furtherance of the FM2275 George Richey Road Texas Department of Transportation project. These programs will be replacing the wastewater main along West Radio Street and rehabilitating the Eastman Lake Creek Interceptor between Cotton Street and US 80. Finally, the program will help to replace existing water lines that are undersized and beyond their maintenance life at 15<sup>th</sup> from Ridglea to Morgan, Turner Drive, Charlotte Drive, 6<sup>th</sup> from Turner to US 80; and to rehabilitate and (or) repair the water line to Sabine and Hutchings from Dean Street to Level Street.

Additional information regarding the City's capital assets can be found in Note 4 on pages 52-54 of this report.

**Debt Administration**

At the end of the current fiscal year, the City had \$129,300,000 in general obligation and certificates of obligation, and revenue bonds outstanding. This represents a decrease of \$12,635,000 compared to the prior year. The following table shows the debt outstanding at September 30, 2015:

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General and certificates of obligation bonds	\$72,440,000	\$77,155,000	\$ -	\$ -	\$72,440,000	\$77,155,000
Revenue bonds	-	-	56,860,000	64,780,000	56,860,000	64,780,000
<b>Total</b>	<b>\$72,440,000</b>	<b>\$77,155,000</b>	<b>\$56,860,000</b>	<b>\$64,780,000</b>	<b>\$129,300,000</b>	<b>\$141,935,000</b>

As of September 30, 2015, the City had a total of \$72,440,000 of outstanding tax supported debt. The current debt service requirement on existing tax-supported debt is \$7,358,995

On May 14, 2011, a bond issuance of \$52,600,000 was authorized by the registered voters of the city to be issued in three separate series referred to as the Street Bond Package. On August 25, 2011 the City issued \$21,300,000, and then in 2013 issued the second series for \$23,300,300. The remaining \$8,000,000 is anticipated to be issued in August of 2016.

As of September 30, 2015, the City had \$38,204,428 water and \$18,655,572 sewer for a total of \$56,860,000 of Water and Sewer Revenue Bonds outstanding. The current debt service requirement for FY 15-16 is \$7,672,413. The Bond Reserve fund has accumulated the required amount of reserves which is equal to at least the average annual principal and interest requirements of the bonds similarly secured; therefore, a transfer from the Water Utilities fund in FY14-15 was not required.

On January 8, 2015 the City called redemption of Revenue Bonds, Series 2004A, Series 2005, and Series 2010. This refunding resulted in a net present value debt service savings of approximately \$5,522,473.

The City also utilizes capital leases to finance equipment purchases. The assets are recorded on the City's records along with the outstanding lease obligation payable. At September 30, 2015, the City had a total of \$6,383,712 of outstanding lease obligations.

The following table shows the capital lease obligations for the governmental and business-type funds:

**TABLE 6**  
**CITY OF LONGVIEW'S CAPITAL LEASE OBLIGATIONS**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Capital Lease obligations	\$3,717,212	\$3,563,837	\$2,666,500	\$3,176,335	\$6,383,712	\$6,740,172
Total	\$3,717,212	\$3,563,837	\$2,666,500	\$3,176,335	\$6,383,712	\$6,740,172

The City entered into a new lease for the purchase of five radio dispatch consoles for use by the Communications Department for the support of emergency calls in the amount of \$486,229.

The City's General Obligation and Waterworks and Sewer System Bond ratings are as follows:

	Fitch	Standard & Poor's
General obligation	AA	AA+
Revenue bonds		AA

For additional information regarding the City's outstanding debt or capital lease obligations, refer to Notes 8 and 9 on page 66-71 of this report.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds

The focus on the City of Longview's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's combined governmental funds reported a combined fund balance of \$50,786,949, a decrease of \$9,649,847 in comparison to the prior year. Approximately 27% of this amount (\$13,796,088) represents unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available to pay for new spending because it has already been restricted, committed or is non-spendable (i.e. inventories). For additional information regarding the City's fund balance categories and balances see page 43-44.

The General Fund is the chief operating fund of the City of Longview. At the end of the current fiscal year, unassigned fund balance was \$13,857,357 while total fund balance was \$17,613,855. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25% of total General Fund expenditures, while the total fund balance represents 31% of that same amount.

The fund balance of the City of Longview's General Fund decreased \$3,226,369 during the current fiscal year. Key factors in this decrease are as follows:

- A decrease in sales tax collections of \$917,203 due to economic conditions
- Use of fund balance for major projects

The Debt Service Fund has a total fund balance of \$2,328,153, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$175,997. The decrease is attributed to the funding of interest and issuance costs for the 2014 General Obligation Refunding Bonds. Fund balance was also utilized for debt service.

The Capital Projects Fund has a total fund balance of \$23,918,361, all of which is either restricted or committed for the capital project funding. The net decrease in fund balance during the current year in the Capital Projects Fund was \$5,731,449. This decrease is due to the continued construction projects. For additional information regarding these commitments see page 73-74.

### **Proprietary Funds**

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water Utilities Fund at the end of the year amounted to \$21,301,227 and those for the Solid Waste Disposal Fund amounted to \$(470,271). The negative unrestricted fund balance in the Solid Waste Disposal is a result of the purchase of recycle bins for the new Simplified Collection plan. This plan is anticipated to generate surplus revenue through attrition and operational savings which will be utilized to restore the unassigned fund balance.

The Water Utilities Fund experienced an increase in net position of \$2,086,552 during the current year due to a fee increase in conjunction with lower interest costs.

### **General Fund Budgetary Highlights**

During the current fiscal year, there were three budget amendments. Total amendments were in the amounts of \$936,835. The amendments comprised of an increase of \$105,335 which funded a 1% increase on the City's contribution to Fire Pension, \$680,000 for the purchase of a fire truck, and \$151,500 for the purchase of real property for the Fire Department.

Total revenue was below budget by \$1,369,423. The details of the more significant variances of budget to actual collections are detailed below:

- \$1,050,844 decrease in anticipated sales taxes
- \$83,901 increase in anticipated property taxes
- \$117,181 increase in building permits, along with increases to the other types of fees that are charged such as building inspections, engineering permits and fire inspections
- \$404,988 decrease in municipal court fines
- \$27,117 decrease in franchise fees.
- \$48,281 decrease in miscellaneous revenue due to decreased funding by Gregg County for street overlays.

Total expenditures for the General Fund were \$3,241,523 under the final expenditure budget. The details of the more significant variances of budget to actual expenditures are detailed below:

- \$654,083 decrease in police due to vacancies in personnel throughout the year
- \$494,413 decrease in fire due to vacancies in personnel throughout the year
- \$560,861 decrease in street maintenance due to savings in supplies
- \$94,309 decrease in city attorney due to savings in litigation costs
- \$123,964 decrease in city manager office due to reorganization of personnel and operational costs
- \$198,836 decrease in traffic maintenance supplies

- \$494,994 decrease in animal shelter due to operational costs to set up new shelter delayed to next fiscal year
- \$395,761 decrease in parks and recreation due to reorganization of personnel and operational costs
- \$122,961 decrease in development services administration due to capital outlay delayed to next fiscal year

#### **NEXT YEAR'S BUDGET AND RATES**

- Estimates a 1.74% increase in overall appraised property values, resulting in an estimated \$482,119 increase in property tax collections
- Estimates a 1.58% decrease in sales tax collection, which is an estimated decrease of \$525,002
- Includes a property tax rate of \$0.5099
- Includes 3% increase in employee salaries
- Includes a \$1.00 increase in residential sanitation rates
- Does not include water and sewer rate change
- Begin to implement the City of Longview's Comprehensive Plan
- Construction of a City operated Animal Shelter

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

This financial report is designed to provide our citizens, taxpayers, customers, 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 Finance Department, at the City of Longview, 300 W. Cotton Street, Longview, Texas 75601.

**GOVERNMENT-WIDE FINANCIAL STATEMENT**

CITY OF LONGVIEW, TEXAS

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business Activities	Total	Longview Economic Development Corporation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,254,699	\$ 11,236,924	\$ 20,491,623	\$ 13,666,235
Investments	17,988,089	6,758,426	24,746,515	-
Receivables (net of allowances for uncollectibles)				
Taxes	6,984,114	-	6,984,114	854,665
Accounts	1,186,172	5,139,639	6,325,811	-
Other	1,068,166	-	1,068,166	45,925
Internal balances	(3,101,237)	3,101,237	-	-
Intergovernmental receivable	935,138	-	935,138	-
Accrued interest	12,424	4,487	16,911	-
Inventories	384,587	1,095,831	1,480,418	-
Prepaid and other assets	-	4,582	4,582	4,025
Notes receivable	-	-	-	710,232
Investment in property	-	-	-	1,380,248
Restricted assets:				
Cash and cash equivalents	20,076,911	5,130,755	25,207,666	706,000
Investments	11,351,910	5,552,052	16,903,962	-
Capital assets:				
Land	4,933,349	765,576	5,698,925	5,265,546
Buildings and improvements	85,979,367	21,592,860	107,572,227	185,149
Machinery and equipment	50,150,982	38,326,443	88,477,425	192,242
Infrastructure	138,944,918	196,339,952	335,284,870	15,598,823
Construction in progress	19,174,505	6,790,852	25,965,357	435,189
Less: accumulated depreciation	(178,986,762)	(158,509,668)	(337,496,430)	(7,973,450)
Total capital assets	120,196,359	105,306,015	225,502,374	13,703,499
Total assets	186,337,332	143,329,948	329,667,280	31,070,829
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	6,974,512	812,369	7,786,881	-
Deferred loss on refunding, net of amortization	73,991	53,379	127,370	-
Total deferred outflows of resources	7,048,503	865,748	7,914,251	-
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	4,117,342	1,129,597	5,246,939	76,255
Due to other governments	9,251	-	9,251	-
Payables from restricted assets:				
Accounts payable and accrued expenses	3,053,865	755,772	3,809,637	-
Meter deposits	-	311,443	311,443	-
Family self-sufficiency escrow	52,656	-	52,656	-
Other liabilities	116,066	-	116,066	-
Other payables	648,771	-	648,771	-
Noncurrent liabilities:				
Due within one year	7,100,823	6,784,777	13,885,600	3,261,837
Due in more than one year	148,427,976	58,279,854	206,707,830	12,101,913
Total liabilities	163,526,750	67,261,443	230,788,193	15,440,005
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Advance of grant funds	205,568	-	205,568	-
Total deferred inflows of resources	205,568	-	205,568	-
<b>NET POSITION</b>				
Net investment in capital assets	56,970,760	43,777,934	100,748,694	7,359,197
Restricted for:				
Grant requirements	941,328	-	941,328	-
Capital projects	8,771,228	-	8,771,228	-
Debt service	2,328,153	9,106,223	11,434,376	706,000
911 Emergency operations	824,920	-	824,920	-
Tourism and convention facilities	2,006,346	-	2,006,346	-
Other purposes	1,070,655	-	1,070,655	-
Unrestricted	(43,259,873)	24,050,096	(19,209,777)	7,565,627
Total net position	\$ 29,653,517	\$ 76,934,253	\$ 106,587,770	\$ 15,630,824

The accompanying notes are an integral part of these financial statements.

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 3,370,755	\$ 77,636	\$ -	\$ -
Public safety	40,531,515	7,556,235	277,342	347,940
Public works	13,091,128	-	3,544,426	197,245
Developmental services	2,894,415	994,771	781,327	25,000
Culture and recreation	11,074,028	786,874	6,953	-
Public transit	2,426,635	334,574	1,358,665	508,803
Public welfare	7,178,549	131,888	5,696,242	-
Interest and fiscal charges	2,950,051	-	-	-
Total governmental activities	<u>83,517,076</u>	<u>9,881,978</u>	<u>11,664,955</u>	<u>1,078,988</u>
Business-type activities:				
Water utilities	31,636,175	33,630,824	-	-
Sanitation	5,190,423	5,027,157	-	-
Nonmajor funds - Longview Recreation Association	508,908	516,140	-	-
Total business-type activities	<u>37,335,506</u>	<u>39,174,121</u>	<u>-</u>	<u>-</u>
Total primary government	<u>120,852,582</u>	<u>49,056,099</u>	<u>11,664,955</u>	<u>1,078,988</u>
<b>Component unit</b>				
Longview Economic Development Corporation	10,202,512	796,161	-	-
Total component unit				

**General revenues:**

Taxes:
Property taxes
Sales taxes
Franchise taxes
Other taxes
Industrial agreements
Developer participation agreements
Investment earnings
Miscellaneous
Gain on sale of asset
Special items:
Transfer of roadway to other government
Change in accounting estimate
Transfers
Total general revenues, special items and transfers
Change in net position
Net position - beginning
Cumulative effect of change in accounting principle (Note 15)
Prior period adjustment (Note 16)
Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Longview Economic Development Corporation
\$ (3,293,119)	\$ -	\$ (3,293,119)	\$ -
(32,349,998)	-	(32,349,998)	-
(9,349,457)	-	(9,349,457)	-
(1,093,317)	-	(1,093,317)	-
(10,280,201)	-	(10,280,201)	-
(224,593)	-	(224,593)	-
(1,350,419)	-	(1,350,419)	-
(2,950,051)	-	(2,950,051)	-
<u>(60,891,155)</u>	<u>-</u>	<u>(60,891,155)</u>	<u>-</u>
-	1,994,649	1,994,649	-
-	(163,266)	(163,266)	-
-	7,232	7,232	-
-	<u>1,838,615</u>	<u>1,838,615</u>	<u>-</u>
<u>(60,891,155)</u>	<u>1,838,615</u>	<u>(59,052,540)</u>	<u>-</u>
-	-	-	(9,406,351)
28,070,142	-	28,070,142	-
25,934,933	-	25,934,933	5,187,028
5,733,174	-	5,733,174	-
2,529,276	-	2,529,276	-
1,513,186	-	1,513,186	-
1,813,557	-	1,813,557	-
397,049	186,161	583,210	109,019
1,070,355	10,232	1,080,587	190,227
27,200	58,659	85,859	-
(1,292,169)	-	(1,292,169)	-
(28,832)	-	(28,832)	-
(1,771)	1,771	-	-
<u>65,766,100</u>	<u>256,823</u>	<u>66,022,923</u>	<u>5,486,274</u>
4,874,945	2,095,438	6,970,383	(3,920,077)
84,709,751	75,681,887	160,391,638	19,550,901
(59,847,839)	(843,072)	(60,690,911)	-
<u>(83,340)</u>	<u>-</u>	<u>(83,340)</u>	<u>-</u>
<u>\$ 29,653,517</u>	<u>\$ 76,934,253</u>	<u>\$ 106,587,770</u>	<u>\$ 15,630,824</u>

## **FUND FINANCIAL STATEMENTS**

**CITY OF LONGVIEW, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,076,834	\$ 2,243,379	\$ 14,911,278
Investments	14,485,123	-	11,351,910
Accounts receivable, net	6,521,069	590,909	270,043
Intergovernmental receivable	-	-	-
Inventory	206,026	-	-
Due from other funds	493,300	10,403	-
Accrued interest	8,457	-	2,585
<b>Total assets</b>	<b>\$ 22,790,809</b>	<b>\$ 2,844,691</b>	<b>\$ 26,535,816</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 1,112,446	\$ -	\$ 2,617,455
Accrued liabilities	1,763,603	-	-
Due to other funds	119,452	-	-
Due to other governments	-	-	-
Other payables	648,771	-	-
Family self-sufficiency escrow	-	-	-
<b>Total liabilities</b>	<b>3,644,272</b>	<b>-</b>	<b>2,617,455</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	335,174	516,538	-
Unavailable revenue - other	1,197,508	-	-
Advance of grant funds	-	-	-
<b>Total deferred inflows of resources</b>	<b>1,532,682</b>	<b>516,538</b>	<b>-</b>
Fund balances:			
Nonspendable	206,026	-	-
Restricted	61,408	2,328,153	22,162,933
Committed	-	-	1,755,428
Assigned	3,489,064	-	-
Unassigned	13,857,357	-	-
<b>Total fund balances</b>	<b>17,613,855</b>	<b>2,328,153</b>	<b>23,918,361</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 22,790,809</b>	<b>\$ 2,844,691</b>	<b>\$ 26,535,816</b>

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

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

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

An Internal Service Fund is used by management to charge costs of certain capital assets to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net position.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

The accompanying notes are an integral part of these financial statements.

Total Nonmajor Funds	Total Governmental Funds
\$ 5,516,247	\$ 23,747,738
500,000	26,337,033
1,312,902	8,694,923
935,138	935,138
-	206,026
85,468	589,171
89	11,131
<u>\$ 8,349,844</u>	<u>\$ 60,521,160</u>

\$ 387,160	\$ 4,117,061
73,795	1,837,398
578,768	698,220
9,251	9,251
116,066	764,837
52,656	52,656
<u>1,217,696</u>	<u>7,479,423</u>

-	851,712
-	1,197,508
205,568	205,568
<u>205,568</u>	<u>2,254,788</u>

-	206,026
4,781,841	29,334,335
2,206,008	3,961,436
-	3,489,064
(61,269)	13,796,088
<u>6,926,580</u>	<u>50,786,949</u>

\$ 8,349,844

115,116,749

2,049,220

9,447,087

(147,883,816)

\$ 29,516,189

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>REVENUES</b>			
Taxes	\$ 47,465,713	\$ 7,181,966	\$ -
Fines and forfeitures	2,595,012	-	-
Licenses and permits	1,257,368	-	-
Intergovernmental	-	-	3,400,000
Charges for services	4,088,727	-	-
Investment earnings	205,836	20,699	105,082
Industrial agreements	1,513,186	-	-
Developer participation agreements	-	-	1,813,557
Miscellaneous	224,675	-	625,137
Total revenues	<u>57,350,517</u>	<u>7,202,665</u>	<u>5,943,776</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,040,240	-	11,187
Public safety	38,463,235	-	-
Public works	4,616,421	-	-
Developmental services	2,098,522	-	-
Public welfare	1,222,213	-	-
Culture and recreation	5,736,645	-	-
Public transit	50,000	-	-
Debt service:			
Principal	288,888	4,715,000	-
Interest and other charges	126,399	2,663,662	13,150
Capital outlay	1,945,854	-	15,447,825
Total expenditures	<u>57,588,417</u>	<u>7,378,662</u>	<u>15,472,162</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(237,900)	(175,997)	(9,528,386)
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease	486,229	-	-
Sale of capital assets	41,986	-	-
Transfers in	380,316	-	4,177,253
Transfers out	(3,897,000)	-	(380,316)
Total other financing sources and uses	<u>(2,988,469)</u>	<u>-</u>	<u>3,796,937</u>
<b>SPECIAL ITEM</b>			
Change in accounting estimate	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(3,226,369)	(175,997)	(5,731,449)
<b>FUND BALANCES, BEGINNING</b>	<u>20,840,224</u>	<u>2,504,150</u>	<u>29,649,810</u>
<b>PRIOR PERIOD ADJUSTMENT (NOTE 16)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 17,613,855</u>	<u>\$ 2,328,153</u>	<u>\$ 23,918,361</u>

The accompanying notes are an integral part of these financial statements.

<u>Total Nonmajor Funds</u>	<u>Total Governmental</u>
\$ 7,781,838	\$ 62,429,517
404,635	2,999,647
-	1,257,368
9,083,259	12,483,259
1,557,587	5,646,314
26,318	357,935
-	1,513,186
-	1,813,557
205,757	1,055,569
<u>19,059,394</u>	<u>89,556,352</u>
5,155	3,056,582
1,528,748	39,991,983
4,545,286	9,161,707
785,671	2,884,193
5,846,602	7,068,815
2,155,268	7,891,913
2,042,936	2,092,936
7,129	5,011,017
3,118	2,806,329
2,299,510	19,693,189
<u>19,219,423</u>	<u>99,658,664</u>
(160,029)	(10,102,312)
-	486,229
-	41,986
433,422	4,990,991
<u>(677,253)</u>	<u>(4,954,569)</u>
(243,831)	564,637
(28,832)	(28,832)
(432,692)	(9,566,507)
7,442,612	60,436,796
<u>(83,340)</u>	<u>(83,340)</u>
<u>\$ 6,926,580</u>	<u>\$ 50,786,949</u>

**CITY OF LONGVIEW, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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

Net change in fund balances - total governmental funds:	\$ (9,566,507)
Governmental funds report capital outlays as expenditures. In addition, property and equipment contributed to governmental funds (either by a donation or transfer from a proprietary fund) is not recorded in the governmental funds. In the statement of activities, however, these items are recorded as capital assets and their acquisition costs (or fair value if donated) are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and contributed assets exceeded depreciation expense in the current year.	10,659,720
In the statement of activities, only the gain on sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold, donated, or transferred.	(1,771,032)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(183,343)
The issuance of long-term debt (e.g. bonds, leases, etc.) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,330,862
Governmental funds report all payments to pension benefits as expenditures. However, in the government-wide statement of activities the pension expense is actuarially determined. This amount is the total of the increase in the net pension liability of \$2,544,312 and the increase in the deferred outflows related to pensions of \$3,753,557.	1,201,500
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(163,502)
Internal service funds are used by management to charge the costs of general insurance, group health insurance, workers' compensation insurance, and fleet services to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.	367,247
Change in net position of governmental activities	<u>\$ 4,874,945</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts	
	Original	Final
<b>REVENUE</b>		
Taxes	\$ 48,626,855	\$ 48,626,855
Fines, forfeits, and penalties	3,000,000	3,000,000
Licenses, permits, and fees	1,249,632	1,249,632
Charges for services	3,978,322	3,978,322
Investment earning	177,400	177,400
Contractual fees	1,513,186	1,513,186
Miscellaneous revenue	308,400	308,400
Total revenue	<u>58,853,795</u>	<u>58,853,795</u>
<b>EXPENDITURES</b>		
Current:		
General government	6,562,538	4,550,882
Public safety	38,930,079	39,866,914
Public works	5,326,317	5,410,016
Development services	1,592,611	1,617,061
Public welfare	1,725,378	1,775,378
Culture and recreation	5,514,535	5,527,017
Public transit	50,000	50,000
Debt service:		
Principal	288,886	288,886
Interest and other charges	126,399	126,399
Capital outlay	1,331,207	1,331,207
Total expenditures	<u>61,447,950</u>	<u>60,543,760</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(2,594,155)</u>	<u>(1,689,965)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital lease	-	-
Proceeds from sale of assets	8,000	8,000
Transfers in	2,441,656	400,000
Transfers out	(3,897,000)	(3,897,000)
Total other financing sources (uses)	<u>(1,447,344)</u>	<u>(3,489,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,041,499)	(5,178,965)
<b>FUND BALANCE - BEGINNING</b>	20,840,224	20,840,224
<b>FUND BALANCE - END</b>	<u>\$ 16,798,725</u>	<u>\$ 15,661,259</u>

The accompanying notes are an integral part of these financial statements.

Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
\$ 47,465,713	\$ 162,082	\$ 47,627,795	\$ (999,060)
2,595,012	-	2,595,012	(404,988)
1,257,368	-	1,257,368	7,736
4,088,727	-	4,088,727	110,405
205,836	(582)	205,254	27,854
1,513,186	-	1,513,186	-
224,675	(27,645)	197,030	(111,370)
<u>57,350,517</u>	<u>133,855</u>	<u>57,484,372</u>	<u>(1,369,423)</u>
3,040,240	(30,008)	3,010,232	(1,540,650)
38,463,235	(273,288)	38,189,947	(1,676,967)
4,616,421	19,311	4,635,732	(774,284)
2,098,522	(10,443)	2,088,079	471,018
1,222,213	1,783	1,223,996	(551,382)
5,736,645	6,465	5,743,110	216,093
50,000	-	50,000	-
288,888	-	288,888	2
126,399	-	126,399	-
1,945,854	-	1,945,854	614,647
<u>57,588,417</u>	<u>(286,180)</u>	<u>57,302,237</u>	<u>(3,241,523)</u>
<u>(237,900)</u>	<u>420,035</u>	<u>182,135</u>	<u>1,872,100</u>
486,229	-	486,229	486,229
41,986	-	41,986	33,986
380,316	-	380,316	(19,684)
<u>(3,897,000)</u>	<u>-</u>	<u>(3,897,000)</u>	<u>-</u>
<u>(2,988,469)</u>	<u>-</u>	<u>(2,988,469)</u>	<u>500,531</u>
<u>(3,226,369)</u>	<u>420,035</u>	<u>(2,806,334)</u>	<u>2,372,631</u>
20,840,224	-	20,840,224	-
<u>\$ 17,613,855</u>	<u>\$ 420,035</u>	<u>\$ 18,033,890</u>	<u>\$ 2,372,631</u>

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**SEPTEMBER 30, 2015**

	Enterprise Funds	
	Water Utilities	Sanitation
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,659,460	\$ 1,436,251
Investments	6,758,426	-
Accounts receivable, net	4,543,271	596,368
Due from other funds	-	-
Inventories	1,095,831	-
Accrued interest	4,487	-
Other assets	4,582	-
Restricted assets:		
Cash and cash equivalents	5,130,755	-
Investments	5,552,052	-
Total current assets	32,748,864	2,032,619
Non-current assets:		
Advance receivable	1,896,195	-
Capital assets:		
Land	760,000	5,576
Buildings	21,362,562	213,798
Water and sewer system	196,339,952	-
Machinery and equipment	31,206,962	7,080,194
Construction in progress	6,790,852	-
Less accumulated depreciation	(155,294,331)	(3,192,144)
Total non-current assets	103,062,192	4,107,424
Total assets	135,811,056	6,140,043
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pension	680,740	128,362
Deferred charge on refunding (net of amortization)	53,379	-
Total deferred outflows of resources	734,119	128,362

(continued)

The accompanying notes are an integral part of these financial statements.

Enterprise Funds		
Nonmajor - Longview Recreation Association	Total	Internal Service Funds
\$ 141,213	\$ 11,236,924	\$ 5,583,872
-	6,758,426	3,002,966
-	5,139,639	543,529
-	-	109,049
-	1,095,831	178,561
-	4,487	1,293
-	4,582	-
-	5,130,755	-
-	5,552,052	-
<u>141,213</u>	<u>34,922,696</u>	<u>9,419,270</u>
-	1,896,195	-
-	765,576	-
16,500	21,592,860	406,696
-	196,339,952	-
39,287	38,326,443	16,533,245
-	6,790,852	-
(23,193)	(158,509,668)	(11,860,334)
<u>32,594</u>	<u>107,202,210</u>	<u>5,079,607</u>
<u>173,807</u>	<u>142,124,906</u>	<u>14,498,877</u>
3,267	812,369	139,789
-	53,379	-
<u>3,267</u>	<u>865,748</u>	<u>139,789</u>

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

(Continued)

**SEPTEMBER 30, 2015**

	Enterprise Funds	
	Water Utilities	Sanitation
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 646,734	\$ 188,183
Accrued liabilities	207,165	68,177
Compensated absences	135,800	23,141
Capital lease obligation	49,565	504,137
Claims and judgments	-	-
Current liabilities payable from restricted assets:		
Accounts payable - construction	599,848	-
Accrued interest payable	155,924	-
Revenue bonds	6,072,019	-
Customer deposits	311,443	-
Total current liabilities	8,178,498	783,638
Non-current liabilities:		
Advance payable	-	1,896,195
Compensated absences	769,531	131,130
Other post-employment benefits	742,410	69,963
Capital lease obligation	468,484	1,644,315
Net pension liability	1,349,494	254,463
Revenue bonds payable	52,842,940	-
Total non-current liabilities	56,172,859	3,996,066
Total liabilities	64,351,357	4,779,704
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	41,786,368	1,958,972
Restricted for debt service	9,106,223	-
Unrestricted	21,301,227	(470,271)
Total net position	\$ 72,193,818	\$ 1,488,701

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the business activities of the Statement of Net Position.

Total net position per government-wide financial statements

The accompanying notes are an integral part of these financial statements.

<u>Enterprise Funds</u>		
<u>Nonmajor - Longview Recreation Association</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 19,338	\$ 854,255	\$ 224,774
0	275,342	44,262
115	159,056	19,186
-	553,702	2,174
-	-	1,266,016
-	599,848	-
-	155,924	-
-	6,072,019	-
-	311,443	-
<u>19,453</u>	<u>8,981,589</u>	<u>1,556,412</u>
-	1,896,195	-
648	901,309	108,726
-	812,373	127,538
-	2,112,799	20,548
6,476	1,610,433	277,118
-	52,842,940	-
<u>7,124</u>	<u>60,176,049</u>	<u>533,930</u>
<u>26,577</u>	<u>69,157,638</u>	<u>2,090,342</u>
32,594	43,777,934	5,056,885
-	9,106,223	-
<u>117,903</u>	<u>20,948,859</u>	<u>7,491,439</u>
<u>\$ 150,497</u>	<u>73,833,016</u>	<u>\$ 12,548,324</u>
	<u>3,101,237</u>	
	<u>\$ 76,934,253</u>	

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Enterprise Funds	
	Water Utilities	Sanitation
<b>OPERATING REVENUES</b>		
Water revenue	\$ 20,335,770	\$ -
Sewer revenue	12,237,095	-
Solid waste collections	-	5,027,157
Installation fees	565,377	-
Penalties	492,582	-
Recreation revenue	-	-
Premiums	-	-
Vehicle revenue	-	-
GIS revenue	-	-
Media development revenue	-	-
Miscellaneous	-	-
Total operating revenues	33,630,824	5,027,157
<b>OPERATING EXPENSES</b>		
Administrative	748,089	-
Utility services	1,288,881	-
Water supply	3,034,485	-
Water distribution	3,022,787	-
Water purification	3,902,978	-
Sanitary sewer maintenance	1,784,653	-
Sanitary sewer treatment	3,168,768	-
Plant automation	554,897	-
Public works engineering	344,158	-
Non-departmental expense	3,182,130	-
Sanitation services	-	4,296,828
Claims and premiums, net of reimbursements	-	-
Fleet service	-	-
Depreciation	8,156,627	917,579
Recreation expenses	-	-
Total operating expenses	29,188,453	5,214,407
<b>OPERATING INCOME (LOSS)</b>	4,442,371	(187,250)

(continued)

The accompanying notes are an integral part of these financial statements.

Nonmajor Enterprise Funds Nonmajor - Longview Recreation Association	Total	Internal Service Funds
\$ -	\$ 20,335,770	\$ -
-	12,237,095	-
-	5,027,157	-
-	565,377	-
-	492,582	-
516,140	516,140	-
-	-	10,266,241
-	-	4,385,640
-	-	696,063
-	-	194,178
-	-	24,483
516,140	39,174,121	15,566,605
-	748,089	2,185,384
-	1,288,881	-
-	3,034,485	-
-	3,022,787	-
-	3,902,978	-
-	1,784,653	-
-	3,168,768	-
-	554,897	-
-	344,158	-
-	3,182,130	-
-	4,296,828	-
-	-	9,863,874
-	-	2,068,370
5,882	9,080,088	1,356,267
503,026	503,026	-
508,908	34,911,768	15,473,895
7,232	4,262,353	92,710

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUNDS**

(Continued)

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Enterprise Funds	
	Water Utilities	Sanitation
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenues	\$ 177,588	\$ 7,746
Miscellaneous revenues	10,000	232
Gain (loss) on sale of capital asset	(41,641)	100,300
Bond issuance costs	(349,670)	-
Interest expense	(2,137,217)	(35,323)
Miscellaneous expenses	(16,650)	-
Total non-operating revenues (expenses)	(2,357,590)	72,955
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	2,084,781	(114,295)
Capital contribution from governmental activities	1,771	-
Transfers out	-	-
<b>SPECIAL ITEM</b>		
Change in accounting estimate	-	-
<b>CHANGE IN NET POSITION</b>	2,086,552	(114,295)
<b>TOTAL NET POSITION, BEGINNING</b>	70,813,735	1,736,209
<b>CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NOTE 15)</b>	(706,469)	(133,213)
<b>TOTAL NET POSITION, ENDING</b>	\$ 72,193,818	\$ 1,488,701

Change in net position, per above

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with business activities.

Change in business-type activities in net position per government-wide financial statements

The accompanying notes are an integral part of these financial statements.

Nonmajor Enterprise Funds		Internal Service Funds
Nonmajor - Longview Recreation Association	Total	
\$ 827	\$ 186,161	\$ 39,114
-	10,232	72,565
-	58,659	168,226
-	(349,670)	-
-	(2,172,540)	-
-	(16,650)	-
<u>827</u>	<u>(2,283,808)</u>	<u>279,905</u>
8,059	1,978,545	372,615
-	1,771	-
-	-	(36,422)
-	-	146,176
<u>8,059</u>	<u>1,980,316</u>	<u>482,369</u>
145,828	72,695,772	12,211,028
<u>(3,390)</u>	<u>(843,072)</u>	<u>(145,073)</u>
<u>\$ 150,497</u>	<u>\$ 73,833,016</u>	<u>\$ 12,548,324</u>
	1,980,316	
	<u>115,122</u>	
	<u>\$ 2,095,438</u>	

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Business-type Activities Enterprise Funds		
	Water Utilities	Solid Waste Disposal	Nonmajor-Longview Recreation Association
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 33,461,892	\$ 5,009,996	\$ 516,142
Cash received from City departments	-	-	-
Cash received from premiums/contributions	-	-	-
Cash received - miscellaneous	-	-	-
Cash payments for claims	-	-	-
Cash payments for goods and services	(14,392,727)	(2,876,411)	(437,803)
Cash payments to employees/retirees	(7,038,761)	(1,377,887)	(75,224)
Net cash provided by operating activities	12,030,404	755,698	3,115
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Advance from other funds for capital purchase	-	(474,049)	-
Proceeds from sale of refunding revenue bonds	31,905,000	-	-
Payment to escrow agent	(33,679,236)	-	-
Unamortized premium on refunding	2,129,675	-	-
Acquisition and construction of capital assets	(6,623,204)	(30,085)	-
Principal paid on revenue bonds	(6,955,000)	-	-
Interest paid on revenue bonds	(1,627,434)	-	-
Proceeds on sale of capital asset	-	100,300	-
Principal paid on long-term debt	(47,797)	(496,782)	-
Bond issuance costs	(366,320)	-	-
Interest and fiscal charges on debt	(20,915)	(41,156)	-
Net cash used in capital and related financing activities	(15,285,231)	(941,772)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments from other funds	474,049	-	-
Purchase of investments	(33,808)	-	-
Interest on investments	178,662	7,746	827
Net cash provided by (used by) investing activities	618,903	7,746	827
<b>NET INCREASE (DECREASE) IN CASH</b>	(2,635,924)	(178,328)	3,942
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	17,426,139	1,614,579	137,271
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 14,790,215	\$ 1,436,251	\$ 141,213

(continued)

The accompanying notes are an integral part of these financial statements.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 38,988,030	\$ -
-	5,283,541
-	10,049,381
-	48,293
-	(9,297,921)
(17,706,941)	(2,686,494)
<u>(8,491,872)</u>	<u>(1,605,341)</u>
12,789,217	1,791,459
-	<u>(36,422)</u>
-	(36,422)
(474,049)	-
31,905,000	-
(33,679,236)	-
2,129,675	-
(6,653,289)	(1,875,507)
(6,955,000)	-
(1,627,434)	-
100,300	203,701
(544,579)	(2,096)
(366,320)	-
<u>(62,071)</u>	<u>-</u>
(16,227,003)	(1,673,902)
474,049	-
(33,808)	(322,399)
<u>187,235</u>	<u>39,156</u>
627,476	(283,243)
(2,810,310)	(202,108)
<u>19,177,989</u>	<u>5,785,980</u>
<u>\$ 16,367,679</u>	<u>\$ 5,583,872</u>

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

(Continued)  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Business-type Activities Enterprise Funds		
	Water Utilities	Solid Waste Disposal	Nonmajor Longview Recreation Association
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 4,442,371	\$ (187,250)	\$ 7,232
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	8,156,627	917,579	5,882
Miscellaneous nonoperating revenue	-	232	-
Change in assets and liabilities:			
Decrease (increase) in assets:			
Receivables	(625,693)	(17,395)	-
Inventories	(94,484)	-	-
Deferred outflows related to pension	(302,330)	(57,008)	(1,451)
Increase (decrease) in liabilities:			
Accounts payable	75,708	10,965	(6,834)
Due to other funds	-	-	-
Accrued liabilities	17,269	9,102	(2,323)
Customer deposits	(17,915)	-	-
Claims payable	-	-	-
Compensated absences	83,158	36,480	(661)
Other post employment benefits	31,079	(6,903)	-
Net pension liability	264,614	49,896	1,270
Total adjustments	7,588,033	942,948	(4,117)
Net cash provided by operating activities	<u>\$ 12,030,404</u>	<u>\$ 755,698</u>	<u>\$ 3,115</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Contributions of capital assets	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:</b>			
Current assets:			
Cash and cash equivalents	\$ 9,659,460	\$ 1,436,251	\$ 141,213
Restricted assets - cash and cash equivalents	5,130,755	-	-
Total cash and cash equivalents	<u>\$ 14,790,215</u>	<u>\$ 1,436,251</u>	<u>\$ 141,213</u>

The accompanying notes are an integral part of these financial statements.

Total	Governmental Activities  Internal Service Funds
\$ 4,262,353	\$ 92,710
9,080,088	1,356,267
232	72,565
(643,088)	(241,341)
(94,484)	(16,613)
(360,789)	(62,083)
79,839	74,749
-	(109,049)
24,048	7,581
(17,915)	-
-	540,641
118,977	10,162
24,176	11,531
315,780	54,339
8,526,864	1,698,749
\$ 12,789,217	\$ 1,791,459
\$ 10,000	\$ -
\$ 11,236,924	\$ 5,583,872
5,130,755	-
\$ 16,367,679	\$ 5,583,872

**CITY OF LONGVIEW**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2015**

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,333,288
Receivables	
Contribution receivable	31,844
Interest and dividends	16,340
Total receivables	<u>48,184</u>
Other assets	600
Investments, at fair value	
Equity securities	17,726,719
Mutual funds	18,457,347
Alternative investments	5,545,714
Pooled investment funds	2,678,287
Total investments	<u>44,408,067</u>
Equipment, at cost, net of accumulated depreciation	<u>2,375</u>
Total assets	<u>45,792,514</u>
<b>LIABILITIES</b>	
Accrued benefits	359,836
Credit card payable	4,983
Total liabilities	<u>364,819</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u>\$ 45,427,695</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF LONGVIEW**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 1,887,320
Members	1,769,363
Transferred contribution	<u>71,784</u>
Total contributions	3,728,467
 Investment income	
Interest and dividend income	1,196,512
Net appreciation in fair value of investments	50,700
Less investment expense	<u>(320,346)</u>
Total investment income	926,866
 Other income	
Proceeds from claim settlements	93,996
Miscellaneous	<u>9,265</u>
Total additions	4,758,594
 <b>DEDUCTIONS</b>	
Benefits paid to members	5,208,259
Refunds of contributions	228,981
Administrative expenses	<u>116,460</u>
Total deductions	<u>5,553,700</u>
Net decrease	(795,106)
 Net position available-for-benefits	
Beginning of year	<u>46,222,801</u>
End of year	<u><u>\$ 45,427,695</u></u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE  
FINANCIAL STATEMENTS**

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The City of Longview, Texas (City) was incorporated under the laws of the State of Texas in 1871 and operates under an elected Mayor-Council form of government. The City provides the following services to the citizens of the City: public safety (police and fire), public works, public health, developmental services, public welfare, recreation, water and sewer utilities, residential sanitation service, and general administrative services.

The governmental reporting entity consists of the City and its component units. Component units are legally separate organizations for which the City is financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with the data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by City Council. All of the component units have a September 30 year end, with the exception of the Longview Firemen's Relief and Retirement Fund which has a December 31 year end.

The financial statements of the individual components units may be obtained by writing to the City of Longview Finance Department, 300 W. Cotton Street, Longview, Texas 75601.

**Discretely presented component units**

**Longview Economic Development Corporation (LEDCO)**

LEDCO is a Texas nonprofit corporation organized for the purpose of benefiting and accomplishing public purposes of the City of Longview, Texas, by promoting, assisting and enhancing economic development activities for the City. The Board members are appointed by the City of Longview City Council. LEDCO is funded by a one-quarter of a cent sales tax levied on taxable sales within the City of Longview. This tax was enacted by popular vote on November 11, 1991, and may be repealed by popular vote.

**Longview Redevelopment Authority Inc.**

The Longview Redevelopment Authority Inc. (the Authority) is a local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the City in promoting the area included in the Longview Reinvestment Zone (Zone) and neighboring areas. The Authority will promote and develop the Zone, and encourage and maintain housing, educational facilities, employment, commerce and economic development. The City has financial accountability because the voting majority of the board members are nominated by the City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City. As of September 30, 2015 the Authority has had no financial activity since inception; therefore, no columnar presentation is included within the accompanying financial statements.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Blended component units**

**City of Longview Firemen's Relief and Retirement Fund**

The City's fire department employees participate in the Longview Firemen's Relief and Retirement Fund (LFRRF). LFRRF functions solely for the benefit of the active and retired firefighters and is governed by a pension board. The City and LFRRF participants are obligated to fund all LFRRF costs based upon actuarial valuations. The City is authorized to approve the actuarial assumptions used in the determination of contribution levels. For financial reporting purposes, LFRRF is reported as if it were part of the city's operations as a fiduciary fund, and therefore is not included in the government wide financial statements. LFRRF's fiscal year-end is December 31. As a result, the financial statements of LFRRF presented herein are for the year ended December 31, 2014.

**Longview Transit Management Inc.**

Longview Transit Management, Inc. (Longview Transit) is a legally separate entity that operates the public transit system in and about the City of Longview and is the employer of the transit system employees. The transit system is funded by grants the City obtained through the Texas Department of Transportation as well as the City's required match on those grant funds. The governing body of the transit system is the same as the City's and Longview Transit is fiscally dependent upon the City.

**Payments Between the City and Component Units**

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions – that is, as revenues and expenses. Resource flows between the primary government and the blended component units are classified as interfund transactions within the financial statements.

Payments received from the discretely presented component unit, LEDCO, are primarily subsidized funding for capital construction projects that mutually benefit both entities and their purposes.

**Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. 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 and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a functional category or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues, but are properly reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. General revenues in the government-wide statement consist of taxes and fees. Program revenues consist of charges for service, contributions, and grant revenues. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Ad valorem, franchise and sales tax revenues in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds and the pension trust fund are accounted for on a flow of economic resources measurement focus. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the City's water utilities and solid waste disposal funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental funds:

The **General Fund** accounts for several of the City's primary services (public safety, public works, public health, public welfare, parks and recreation, etc.) and is the primary operating unit of the City.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** accounts for the acquisition of capital assets or construction of major capital projects.

The City reports the following major enterprise funds:

The **Water Utilities Fund** accounts for the operation of the City's water and sewer utilities. Activities of the fund include administration, operation 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 revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

The **Sanitation Fund** accounts for the operations of the City's sanitation operations. Customers are billed monthly at a rate sufficient to cover the cost of providing such service.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Cont'd)

Additionally, the City reports the following fund types:

The ***Internal Service Funds*** are used to account for general liability insurance, group health insurance, worker's compensation insurance, fleet management services, vehicle replacement services, media development, and to finance the geographic information system. These services are provided to other departments or agencies of the City, generally on a cost reimbursement basis.

The ***Pension Trust Fund*** is used to account for the accumulation of resources to be used for the retirement benefit payments to employees of the City.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**Cash, Cash Equivalents and Investments**

Texas statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, fully collateralized certificates of deposit, repurchase agreements, commercial paper, and direct obligations of cities within the State of Texas. The City is also authorized to invest in direct obligations of the State of Texas or its agencies, obligations of states, agencies, counties, and other political subdivisions, money market mutual funds, prime bankers' acceptances, and reverse repurchase agreements.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash from all fund types (excluding certain restricted assets that are considered cash and cash equivalents) to increase the amount of funds available for investment. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool. Each fund may liquidate its equity in the pool on demand.

In accordance with GASB Statement No. 31, investments are recorded at fair value.

**Restricted Assets**

Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

The balances of the restricted asset accounts at September 30, 2015 are as follows:

	Governmental Activities	Business Activities
Customer deposits	\$ -	\$ 311,443
Capital projects	24,505,613	1,265,141
Debt service/bond reserves	2,243,379	9,106,223
Agency account	61,408	-
Speicial revenue Purposes	4,618,421	-
	\$ 31,428,821	\$ 10,682,807
Total Restricted Assets	\$ 31,428,821	\$ 10,682,807

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Inventories**

Inventories of supplies are maintained at City warehouses and are accounted for by the consumption method. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used. They are valued at the lower of moving average cost or market. Unit prices are adjusted as new inventory is added, thus the moving average cost closely represents the cost of goods sold. Reported inventories in governmental funds are equally offset by nonspendable fund balance, which indicates that they do not constitute "available expendable resources" even though they are a component of net current assets.

**Capital Assets**

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Building Improvements	7 - 20
Equipment	3 - 10
Drainage improvements	10 - 50
System infrastructure	20 - 40

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pensions, which arise only under an accrual basis of accounting, is reported only in the government-wide and proprietary statements of net position. This amount is deferred and amortized over the actuarial determined recognition period.

In addition to liabilities, the statement 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Organization has two types of deferred inflows which arise only under a modified accrual basis of accounting. Unavailable revenue is comprised of property taxes, ambulance revenue, and municipal court revenue and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Advance of grant funds represents grant funds on hand in which the eligibility requirements have been met, however the funds have not yet been expended. These amounts are deferred and recognized as an inflow of resources in the period in which the expenditure is incurred.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Pensions**

During the year ended September 30, 2015, the City implemented the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 Longview Firemen's Relief and Retirement Fund (LFRRF) and additions to/deductions from TMRS and LFRRF's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and LFRRF. 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.

**Arbitrage Liability**

The City accrues a liability for an amount of rebatable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. Such investment activities can result in interest revenue exceeding interest cost. The arbitrage liability is payable to the federal government every five years; however, the City records its arbitrage liability annually based on the calculations by the arbitrage rebate company. The arbitrage liability is recorded as a liability in the government-wide and proprietary fund types, as applicable on the accrual basis and as a reduction of interest income on the invested debt proceeds.

**Compensated Absences**

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employees resignations and retirements.

**Fund Balances**

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned, or unassigned.

**Nonspendable fund balance** – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact.

**Restricted fund balance** – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governmentns, etc.) or imposed by enabling legislation (such as municipal court fines).

**Committed fund balance** – represents amounts than can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by the same action previously used to commit those amounts, an ordinance.

**Assigned fund balance** – represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. The City Manager, or designee, has been granted the authority by resolution of the City Council to create new assignments of fund balance, but they are not spendable until a budget ordinance is passed by City Council.

**Unassigned fund balance** – represents the residual classification for the general fund or deficit fund balances in other funds.

When an expenditure is incurred for a purpose for which more than one fund balance classification could be used, the City considers the expenditure to be made from the most restrictvie classification first.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Fund Balances (Cont'd)**

A summary of the nature and purpose of fund balances at September 30, 2015 is as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Special Revenue</u>	<u>Total</u>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
	\$ 206,026	\$ -	\$ -	\$ -	\$ 206,026
<b>Restricted for:</b>					
Capital projects	-	-	22,162,933	-	22,162,933
Debt service	-	2,328,153	-	-	2,328,153
Municipal court facilities	-	-	-	202,099	202,099
Purposes of grantors and donors	-	-	-	941,328	941,328
911 Emergency operations	-	-	-	824,920	824,920
Tourism/convention facilities	-	-	-	2,006,346	2,006,346
Tax increment district	-	-	-	102,123	102,123
Other public safety	-	-	-	617,893	617,893
Other purposes	61,408	-	-	87,132	148,540
<b>Total restricted</b>	<u>61,408</u>	<u>2,328,153</u>	<u>22,162,933</u>	<u>4,781,841</u>	<u>29,334,335</u>
<b>Committed to:</b>					
Drainage improvements	-	-	1,755,428	2,206,008	3,961,436
<b>Assigned to:</b>					
Encumbrances	101,771	-	-	-	101,771
Comprehensive Plan	350,000	-	-	-	350,000
Animal Shelter	776,189	-	-	-	776,189
Other post-employment benefits	1,500,000	-	-	-	1,500,000
Police Pay Initiative	761,104	-	-	-	761,104
<b>Total assigned</b>	<u>3,489,064</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,489,064</u>
<b>Unassigned</b>	13,857,357	-	-	(61,269)	13,796,088
<b>Total fund balances</b>	<u>\$ 17,613,855</u>	<u>\$ 2,328,153</u>	<u>\$23,918,361</u>	<u>\$ 6,926,580</u>	<u>\$50,786,949</u>

The fund balance policy, as adopted by City Council, states that unassigned fund balance shall be maintained at a level of 10% of estimated annual operating expenses for the General Fund and at 15% of estimated annual operating expenses for the Proprietary Funds.

**Net position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of net capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the city or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

**Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds for goods provided and services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund-level statements when they are expected to be liquidated within one year. If receivables and payables are expected to be liquidated after one year, they are classified as "advances to other funds" or "advances from other funds."

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Interfund Transactions (Cont'd)**

In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services for which the elimination would distort the direct costs and program revenues of the various functions reported.

Internal service fund activity is eliminated in order to remove duplicate activity in making the transition from the fund financial statements to the government-wide financial statements. The elimination of the internal service fund activity requires the City to “look back” and adjust the internal service funds’ internal charges. A positive change in net position derived from internal service fund activity results in a pro rata reduction in the charges made to the participatory funds. A deficit change in net position of internal service funds requires a pro rata increase in the amounts charged to the participatory funds.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**New Accounting Pronouncements**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which improves financial reporting of certain assets and liabilities measured at fair value. This statement is effective for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which improves financial reporting of public employee pensions that are not within the scope of GASB Statement 68. This statement is effective for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which improves the usefulness of information about postemployment benefits other than pensions. This statement is effective for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which improves financial reporting of postemployment benefits other than pensions. This statement is effective for periods beginning after June 15, 2017. The City is evaluating the impact of this statement on the City’s financial statements.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**New Accounting Pronouncements (Cont'd)**

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which improves financial reporting by raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. This statement is effective for periods beginning after December 15, 2015. The City is evaluating the impact of this statement on the City's financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, which improves financial reporting by requiring the disclosure of information about the nature and magnitude of tax abatements. This statement is effective for periods beginning after June 15, 2016. The City is evaluating the impact of this statement on the City's financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement is effective for periods beginning after December 15, 2016. The City is evaluating the impact of this statement on the City's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, which addresses for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for periods beginning after June 15, 2015. The City is evaluating the impact of this statement on the City's financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement is effective for periods beginning after June 15, 2016. The City is evaluating the impact of this statement on the City's financial statements.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statements of net position**

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains the “long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds”.

The details of this \$(147,883,816) difference are as follows:

Bonds payable and related charges	\$ (72,440,000)
Bond premium, net	(534,080)
Deferred charge on refunding, net of amortization	73,991
Capital leases payable	(3,694,490)
Accrued interest payable	(947,708)
Compensated absences	(4,919,515)
Net pension liability	(68,410,580)
Deferred outflow related to pensions	6,974,513
Other post employment benefits	<u>(3,985,947)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	          <u>\$ (147,883,816)</u>

**Explanation of certain differences between the government fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, governmental funds report capital outlays as expenditures. It further states that in the statement of activities these capital outlays, as well as contributed assets, are recorded as capital assets in which their acquisitions costs (or fair value if donated) are allocated over their estimated useful lives as depreciation expense. The details of the \$10,659,720 difference are as follows:

Capital outlay	\$ 19,693,189
Donated assets and transfers	628,974
Depreciation expense	<u>(9,662,443)</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	          <u>\$ 10,659,720</u>

Another element of that reconciliation states the “issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)**

The details of this \$4,330,862 difference are as follows:

Debt issued or incurred:		
Capital lease financing	\$	(486,229)
Principal repayments:		
General obligation debt		4,715,000
Capital lease financing		296,014
Amortization of bond related costs:		
Net premium/discount		116,513
Deferred loss on refunding		<u>(310,436)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u>4,330,862</u>

Another element of that reconciliation states, “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.”

The details of this \$(163,502) difference are as follows:

Compensated absences	\$	(209,372)
Other post employment benefits		(4,331)
Accrued interest		<u>50,201</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	\$	<u>(163,502)</u>

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

The City Council adopts an annual operating budget, which can be amended by the Council throughout the year. Legal budgets are adopted for each of the City’s funds except for the Housing Assistance Fund. The level of budgetary control (the level at which expenditures may not exceed budget) is the fund level. The Director of Finance and/or the City Manager are authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Unencumbered appropriations for annual budgets lapse at fiscal year-end.

Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The City prepares its annual operating budget based on the cash and available resources method (budget basis) which differs from generally accepted accounting principles (GAAP basis). In order to provide a meaningful comparison of actual results to the budget, the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with the original and final budgets.

**Deficit fund equity**

The Transit fund had a deficit fund balance of \$61,269 as of September 30, 2015. The City plans to cover the deficit fund equity of the Transit Fund through transfers from the General Fund until the Transit Fund receives their reimbursement from the Federal and State governments.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**IV. DETAILED NOTES ON ALL FUNDS**

**NOTE 1: DEPOSITS AND INVESTMENTS**

Cash and investments as of September 30, 2015 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Primary Government	
Cash and cash equivalents	\$ 20,491,623
Restricted cash and cash equivalents	25,207,666
Investments	24,746,515
Restricted investments	16,903,962
	<u>87,349,766</u>
Component Units *	
Cash and cash equivalents	15,705,523
Investments	44,408,067
 Total Cash and Investments	 <u>\$ 147,463,356</u>
 Cash on hand	 \$ 9,490
Savings and checking accounts	40,762,258
Cash and cash equivalents held in investment	20,633,064
Investments	86,058,544
Total cash and investments	<u>\$ 147,463,356</u>

\* Component units include the discretely presented component unit, LEDCO, and the blended component unit, Longview Firemen's Relief and Retirement Fund (reported as a Fiduciary Fund). Longview Transit Management, Inc. and the Longview Redevelopment Authority, Inc. have no cash or investments to report as of September 30, 2015.

***Interest Rate Risk***

In accordance with its investment policy, the City, specifically the primary government, manages its exposure to declines in fair market values by limiting weighted average maturity of portfolio to a period of up to two years, and maturities to a period of up to five years. As of September 30, 2015, all of the primary government's investments were invested for a period less than five years, and the weighted average maturity was less than two years.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Primary government		
Certificate of Deposits	\$ 41,650,477	0.86
Component units		
Equity securities	17,726,719	
Mutual funds	18,457,347	
Alternative investments	5,545,714	
Pooled investment funds	2,678,287	
 Total component units	 <u>44,408,067</u>	
 Total Reporting Entity	 <u>\$ 86,058,544</u>	

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 1: DEPOSITS AND INVESTMENTS (Cont'd)**

***Custodial Credit Risk***

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2015, the City and its component units' deposits were covered by Federal Depository Insurance or by collateral held by a third party custodian.

***Credit Risk***

Under provisions of state and local statutes, the City's investment policies and provisions of the City's depository contracts with an area financial institution, the City is authorized to place available deposits and investments in the following:

1. Obligations of the U.S., its agencies and instrumentalities;
2. Certificates of Deposit issued by state and national banks or savings or loan associations domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation or collateralized in accordance with Section 2256.010, the Texas Government Code.
3. No-load money market mutual funds; and
4. TexPool, Lone Star Investment Pool and Texas CLASS

The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Investment Act of 1995 (Chapter 2256, Texas Government Code). In addition, the component units have adopted written investment policies as well. The Longview Firemen's Relief and Retirement Fund authorizes different investment types than the City; however, the pension assets are required to conform with the Texas laws governing such investments for the Fund, specifically, Article 6243e of Vernon's Texas Civil Statutes. Additional disclosures related to the investment policies of the component units are disclosed in their separately issued financial reports.

The investments of the City are in compliance with the Council's investment policies. The City did not have any derivative investment products during the current year. All significant legal and contractual provisions for investments were complied with during the year. Investments at year-end are representative of the types of investments maintained by the City during the year.

**NOTE 2: PROPERTY TAXES**

Property taxes are levied on October 1 on assessed (appraised) value listed as of the prior January 1 for all real and business personal property located within the City and are due and payable at that time. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. All unpaid taxes attach as a lien on property as of January 1 and become enforceable February 1. Penalty and interest is charged at 7 percent on delinquent taxes beginning February 1 and increase each month to 18 percent on July 1. Current tax collections for the year ended September 30, 2015, were 98.78% of the tax levy.

Appraised values are established by the Gregg County District at 100 percent of estimated market value and certified by the Appraisal Review Board. The assessed value less exemptions for the tax roll of January 1, 2015 upon which the original 2015 levy was based, was \$5,612,870,093.

City property tax revenues are recorded as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year-end. An allowance is provided for delinquent personal property taxes not expected to be collected in the future.

For the fiscal year ended September 30, 2015, the City had tax a rate of \$0.50990 per \$100 valuation with a tax margin of \$1.9901 per \$100 valuation based upon a maximum ad valorem tax of \$2.50 per \$100 valuation permitted by Article XI, Section 5, of the State of Texas Constitution.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 2: PROPERTY TAXES (Cont'd)**

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this system, the City sets tax on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of previous years.

**NOTE 3: RECEIVABLES**

Receivables at September 30, 2015 for the government's individual major funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, consist of the following:

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Water Utilities	Solid Waste Disposal	Internal Service	Total
Receivables:								
Taxes	\$ 585,524	\$ 622,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,207,533
Sales Taxes	3,418,497	-	-	854,625	-	31,883	-	4,305,005
Hotel Taxes		-	-	242,896	-	-	-	242,896
Franchise fees	1,320,938	-	-	-	-	-	-	1,320,938
Trade Accounts		-	-	-	3,284,843	418,013	-	3,702,856
Unbilled Trade Accts		-	-	-	1,935,843	282,512	-	2,218,355
Municipal Court	900,214	-	-	-	-	-	-	900,214
Ambulance	1,676,884	-	-	-	-	-	-	1,676,884
Other	41,444	-	270,043	215,381	11,875	6,006	543,529	1,088,278
Gross Receivables	7,943,501	622,009	270,043	1,312,902	5,232,561	738,414	543,529	16,662,959
Less: Allowance for Uncollectibles	1,422,432	31,100	-	-	689,290	142,046	-	2,284,868
Net Total Receivables	\$6,521,069	\$590,909	\$270,043	\$1,312,902	\$4,543,271	\$596,368	\$543,529	\$14,378,091

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2015, was as follows:

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,574,560	\$ 358,789	\$ -	\$ 4,933,349
Construction in progress	19,007,130	16,630,664	16,463,289	19,174,505
Total capital assets, not being depreciated:	<u>23,581,690</u>	<u>16,989,453</u>	<u>16,463,289</u>	<u>24,107,854</u>
Capital assets, being depreciated:				
Buildings and improvements	84,818,387	1,504,376	343,396	85,979,367
Infrastructure	124,114,991	14,829,927	-	138,944,918
Equipment	47,715,717	4,519,738	2,084,473	50,150,982
Total capital assets being depreciated	<u>256,649,095</u>	<u>20,854,041</u>	<u>2,427,869</u>	<u>275,075,267</u>
Less accumulated depreciation for:				
Buildings and improvements	40,812,556	4,269,570	13,787	45,068,339
Infrastructure	96,204,029	3,654,488	-	99,858,517
Equipment	32,355,552	3,236,812	1,532,458	34,059,906
Total accumulated depreciation	<u>169,372,137</u>	<u>11,160,870</u>	<u>1,546,245</u>	<u>178,986,762</u>
Total capital assets, being depreciated, net	<u>87,276,958</u>	<u>9,693,171</u>	<u>881,624</u>	<u>96,088,505</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 110,858,648</u>	<u>\$ 26,682,624</u>	<u>\$ 17,344,913</u>	<u>\$ 120,196,359</u>

- (1) Additions to equipment, in the amount of \$260,684, include a fire truck that was donated to the City of Longview through a grant. The donation is included within the Capital Grants and Contributions program revenue on the Statement of Activities.
- (2) Additions to accumulated depreciation include \$142,161 of accumulated depreciation transferred in from proprietary funds.
- (3) Transfers and retirements of land and construction in progress include the transference of a roadway to the Texas Department of Transportation upon completion of specified phases of the project. \$1,292,169 of related construction costs were transferred and are included in the special items on the Statement of Activities.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 4: CAPITAL ASSETS (Cont'd)**

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 755,576	\$ 10,000	\$ -	\$ 765,576
Construction in progress	3,716,361	5,878,918	2,804,427	6,790,852
Total capital assets, not being depreciated:	<u>4,471,937</u>	<u>5,888,918</u>	<u>2,804,427</u>	<u>7,556,428</u>
Capital assets, being depreciated:				
Buildings	21,592,860	-	-	21,592,860
Water and sewer systems	193,847,218	2,624,393	131,659	196,339,952
Machinery and equipment	38,101,231	489,639	264,427	38,326,443
Total capital assets being depreciated:	<u>253,541,309</u>	<u>3,114,032</u>	<u>396,086</u>	<u>256,259,255</u>
Less accumulated depreciation for:				
Buildings	18,417,529	168,908	-	18,586,437
Water and Sewer Systems	106,078,026	7,081,499	91,379	113,068,146
Machinery and equipment	25,275,473	1,842,679	263,067	26,855,085
Total accumulated depreciation	<u>149,771,028</u>	<u>9,093,086</u>	<u>354,446</u>	<u>158,509,668</u>
Total capital assets, being depreciated, net	<u>103,770,281</u>	<u>(5,979,054)</u>	<u>41,640</u>	<u>97,749,587</u>
<b>Business-type activities, net</b>	<u>\$ 108,242,218</u>	<u>\$ (90,136)</u>	<u>\$ 2,846,067</u>	<u>\$ 105,306,015</u>

(1) Additions to accumulated depreciation include \$12,999 of accumulated depreciation transferred in from governmental funds.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 4: CAPITAL ASSETS (Cont'd)**

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General Government	\$ 338,536
Public Safety	1,726,995
Public Works	4,052,899
Development	37,572
Public welfare	140,692
Culture and Recreation	3,103,564
Public Transit	262,185
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,356,266</u>
Total depreciation expense - governmental activities	<u>\$ 11,018,709</u>

**Business-type activities:**

Water Utilities	\$ 8,156,627
Solid Waste Disposal	917,579
Nonmajor funds - Longview Recreation Fund	<u>5,882</u>
Total depreciation expense - business-type activities	<u>\$ 9,080,088</u>

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
<b>Longview Economic Development Corporation:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,265,546	\$ -	\$ -	\$ 5,265,546
Construction in progress	<u>1,465,106</u>	<u>411,912</u>	<u>1,441,829</u>	<u>435,189</u>
Total capital assets, not being depreciated:	6,730,652	411,912	1,441,829	5,700,735
Capital assets, being depreciated:				
Office equipment and furniture	214,604	18,323	40,685	192,242
Office improvements	185,149	-	-	185,149
Business park improvements	<u>15,586,323</u>	<u>12,500</u>	<u>-</u>	<u>15,598,823</u>
Total capital assets, being depreciated:	<u>15,986,076</u>	<u>30,823</u>	<u>40,685</u>	<u>15,976,214</u>
Less accumulated depreciation:				
Office equipment and furniture	130,178	15,692	36,497	109,373
Office improvements	166,103	1,798	-	167,901
Business park improvements	<u>7,226,394</u>	<u>621,975</u>	<u>152,193</u>	<u>7,696,176</u>
Total accumulated depreciation	<u>7,522,675</u>	<u>639,465</u>	<u>188,690</u>	<u>7,973,450</u>
Total capital assets, being depreciated, net	8,463,401	(608,642)	(148,005)	8,002,764
Capital Assets, Net	<u>\$ 15,194,053</u>	<u>\$ (196,730)</u>	<u>\$ 1,293,824</u>	<u>\$ 13,703,499</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS**

**Texas Municipal Retirement System**

**Plan Description**

The City participates as one of 860 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.tmr.com](http://www.tmr.com).

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

**Benefits provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. 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. 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, which cannot exceed 75% of the member's deposits and interest. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI repeating	70% of CPI repeating

**Employees covered by benefit terms**

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	434
Inactive employees entitled to but not yet receiving benefits	249
Active employees	626
	<u>1,309</u>

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each 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.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)**

**Contributions (Cont'd)**

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.62% and 10.28% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$2,819,998, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, 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 Table, with male rates multiplied by 109% and female rates multiplied by 103%. 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)**

**Net Pension Liability (Cont'd)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
Total	100.00%	

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 7.0%. 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 the 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 Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/13	\$ 146,005,790	\$ 139,417,651	\$ 6,588,139
Changes for the year:			
Service cost	3,778,731	-	3,778,731
Interest	10,103,220	-	10,103,220
Changes of benefit terms	-	-	-
Difference between expected and actual experience	948,510	-	948,510
Changes of assumptions	-	-	-
Contributions - employer	-	3,193,102	(3,193,102)
Contributions - employee	-	2,145,523	(2,145,523)
Net investment income	-	7,975,023	(7,975,023)
Benefit payments, including refunds of employee contributions	(7,126,894)	(7,126,894)	-
Administrative expense	-	(83,268)	83,268
Other changes	-	(6,846)	6,846
Net changes	7,703,567	6,096,640	1,606,927
<b>Balance at 12/31/14</b>	<b>\$ 153,709,357</b>	<b>\$ 145,514,291</b>	<b>\$ 8,195,066</b>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)**

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 28,257,343	\$	8,195,066 \$ (8,461,086)

**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).

**Pension expense and deferred outflows of resources related to pensions**

For the year ended September 30, 2015, the city recognized pension expense of \$2,657,542.

At September 30, 2015, the city reported deferred outflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources
Differences between expected and actual economic experience	\$	715,117
Difference between projected and actual investment earnings		1,427,370
Contributions subsequent to the measurement date		1,991,445
Total	\$	4,133,932

\$1,991,445 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, 2015. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended Dec 31:</b>	
2016	\$ 590,236
2017	590,236
2018	371,779
2019	-
2020	-
Thereafter	-

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage 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 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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)**

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SBDF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contribution to TMRS SDBF for the years ended 2015, 2014, and 2013 were \$3,107,826 and \$3,254,894 and \$3,116,906, respectively, which equaled the required contributions each year.

**Longview Firemen's Relief and Retirement Fund (LFRRF)**

**Plan Description**

The Longview Firemen's Relief and Retirement Fund (Plan) is a single-employer defined benefit pension plan. It is administered by a seven-member Board of Trustees (Board), which includes the mayor or his appointee, the City finance director or their representative, three firefighters elected by active members, and two citizens elected by the Board. The Board oversees the Plan and sets policies for its operation, including appointing management and directing investments. LFRRF issues a separate financial report which may be obtained from the City of Longview Finance Department.

A firefighter shall become a member when he/she first becomes employed with the Longview Fire Department.

The Plan's year end is December 31. Therefore, the Plan information herein is reported as of December 31, 2014.

**Benefits Provided**

The Plan provides retirement, termination, disability and death benefits.

The normal retirement eligibility date is the attainment of age 50 and the completion of 20 years of service. At normal retirement, a member's benefit is 80% of their average monthly salary plus a longevity benefit equal to \$80 per month for each year of service in excess of 20 years. The average monthly salary is calculated using the highest 60 consecutive months of service. A Deferred Retirement Option Program (DROP) is also available to eligible members with 20 or more years of service.

A member may retire early at the age of 45 with 20 years of service, in which their member benefit will be multiplied by an actuarial reduction factor based on their age at the time of commencement.

In the event the City does not provide a disability program and the member is qualified to receive a disability retirement benefit, the member may apply to receive a monthly retirement benefit of \$100 in accordance with Plan provisions.

Upon the death of a member, whether active, retired, or disabled, a benefit is payable to his/her beneficiaries commencing on the date of death. Benefits are available to the spouse and dependent children, or dependent parents.

**Contributions**

Contribution provisions are authorized by the Texas Local Firefighter's Retirement Act of 1937 (Act). The Act provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City. While the contributions are not actuarially determined, state law requires that each plan of benefits adopted by the Plan must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)**

**Contributions (Cont'd)**

<b>Schedule of Contributions</b>			
Reporting Period Ending	September 30, 2015		
Measurement Date	December 31, 2014		
Contractually required contribution:			
City	\$	1,887,320	16%
Members		1,769,363	15%
Contribution made during measurement period			
City		1,887,320	16%
Members		1,769,363	15%
Contribution Deficiency (Excess)	\$	-	

As of the most recent measurement date, December 31, 2014, the membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	132
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Active Plan Members	176
	308

**Net Pension Liability**

The Net Pension Liability (NPL) is the difference between the Total Pension Liability (TPL) and the plan's Fiduciary Net Position (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by the entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The FNP is determined on the same basis used by the pension plan. The City's Net Pension Liability was measured as of December 31, 2014 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Net Pension Liability	
Measurement Date	December 31, 2014
Total Pension Liability	\$ 107,253,642
Fiduciary Net Position	(45,427,695)
Net Pension Liability	\$ 61,825,947

A schedule of Net Pension Liability, in addition to the information above, includes the multi-year trend information (beginning with FY 2014) and is presented in the Required Supplementary Information section on page 78.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)**

**Schedules of Changes in Net Pension Liability**

Changes in the City's Net Pension Liability presented below are calculated on the same basis as the plan. The Change in Net Pension Liability for the fiscal year ended September 30, 2015 is as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Reporting Period Ending September 30, 2014	\$ 106,795,581	\$ 46,222,801	\$ 60,572,780
Changes for the year:			
Service cost	2,461,547	-	2,461,547
Interest	5,985,503	-	5,985,503
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Changes of benefit terms	(2,623,533)	-	(2,623,533)
Contributions - employer	-	1,887,320	(1,887,320)
Contributions - employee	-	1,769,363	(1,769,363)
Contributions - buy back	71,784	71,784	-
Net investment income	-	926,866	(926,866)
Benefit payments, including refunds of employee contributions	(5,437,240)	(5,437,240)	-
Administrative expense	-	(116,460)	116,460
Other changes	-	103,261	(103,261)
Net Changes	458,061	(795,106)	1,253,167
<b>Reporting Period Ending September 30, 2015</b>	<b>\$ 107,253,642</b>	<b>\$ 45,427,695</b>	<b>\$ 61,825,947</b>

The changes in benefit terms represent two changes. Effective October 2012, the City's contribution rate was increased from 15.0% to 16.0%. In addition, effective January 2013, the average monthly salary period used for purposes of calculating retirement benefits was increased from the highest 36 consecutive months to the highest 60 consecutive months or service. The changes were reflected in the actuarial valuation performed as of December 31, 2014 and the rolled forward to December 31, 2014 for purposes of calculating the net pension liability and related pension expense and deferred outflows of resources.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)**

**Pension expense**

For the year ended September 30, 2015, the City recognized total pension expense of \$982,127. Pension expense recognized by the Plan is as follows:

	Pension Expense
Changes for the year:	
Service cost	\$ 2,461,547
Interest	5,985,503
Changes in Benefit terms	(2,623,533)
Contributions - buy back	71,784
Contributions - employee	(1,769,363)
Contributions - buy back	(71,784)
Net investment income	(3,624,815)
Current year amortization of the difference between projected and actual earnings on pension plan investments	539,589
Administrative expenses	116,460
Other	(103,261)
Total pension expense	\$ 982,127

**Deferred Outflows of Resources**

On September 30, 2015 the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 2,158,360
Employer contributions subsequent to the measurement date	1,494,590
Total	\$ 3,652,950

The outcome of the deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2015. Other amounts reported as deferred outflows of resources and related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ 539,590
2017	539,590
2018	539,590
2019	539,590
2020	539,590
Thereafter	539,590

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)**

**Assumptions and Other Data**

Discount Rate

The projection of cash flows used to determine the discount rate assumes that current plan member and employer contributions will be made at the current contribution rate. Future member's contributions in excess of their normal cost were also included. Based on those assumptions, the pension plan's fiduciary net position was projected to provide future benefit payments for 25 years. These payments were discounted using a discount rate of 8%. Future benefit payments beyond 25 years were discounted using a high quality municipal bond rate of 4%, obtained from WM Financial Strategies which is an independent financial advisor to local governments. The single equivalent discount rate was 5.76%.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the Net Pension Liability for the Plan, calculated using the discount rate, as well as what the City's net position would have been if it were calculated using a discount rate that is 1-percent-point lower and 1-percent-point higher than the current rate.

	1% Decrease (4.7%)	Current Discount Rate (5.76%),	1% Increase (6.76%)
Net Pension Liability	\$ 76,432,242	\$ 61,825,947	\$ 49,791,444

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of December 31, 2013, updated to December 31, 2014 using the following actuarial assumptions applied to all measurement periods:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Actuarial Asset Method:	Fair Market Value, net of investment-related expenses.
Salary Increases:	3.0% per year.
Inflation (Payroll Growth):	3.0% per year for amortization of the Unfunded Actuarial Accrued Liability.
Interest Rate:	8.0% per year, compounded annually, net of investment related expenses.
Retirement Age:	Members are assumed to retire at the later of age 52 or 20 years of service
Marital Status:	90% of activities are assumed to be married at the time of benefit commencement.
Termination Rates:	See Table Below.
Disability Rates:	See Table Below.
Mortality Rates - Healthy Lives:	RP2000 projected 10 years for blue collar members -- Sex Distinct.
Mortality Rates - Disabled Lives:	RP2000 Disability Mortality Table set forward 10 years.
Other Information:	Termination and Disability Rate Table.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
25	5.29%	0.26%
30	5.07%	0.39%
35	4.70%	0.54%
40	3.50%	0.69%
45	1.77%	1.20%
50	0.40%	1.70%
55	0.00%	0.00%

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)**

**Assumptions and Other Data (Cont'd)**

Rate of Return

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 expenses 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. The target allocation and the best estimates of arithmetic real rates of return for each major asset class as of December 31, 2014 are summarized in the following table:

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	30%	2.30%
Equities	45%	8.00%
Alternative investments	25%	7.13%
Total	<u>100%</u>	

**NOTE 6: DEFERRED COMPENSATION**

The City offers its executive employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered by Nationwide Retirement Solutions, Inc. Due to the fact that the City does not administer this plan, the plan is not included in the City's financial statements.

**NOTE 7: POST EMPLOYMENT BENEFITS**

Pursuant to City Ordinance, the City provides postretirement health care benefits to eligible employees who retire from the City with at least 20 years of service with the City of Longview. Currently, 162 retirees meet those eligibility requirements. Premiums are paid by the City of Longview and claims are processed by the City's third-party administrator and paid through the Health Claims Fund. Over age 65 retirees receive coverage through a fully insured Medicare Supplement and an Enhanced Medicare Part D Plan. Under the Enhanced Medicare Part D Plan the Retirees Prescription Drugs are reimbursed under the City's Plan through Medicare Part D.

Expenses for postretirement health care benefits are recognized on a pay-as-you-go basis. The cost of retiree health care incurred by the City amounted to \$1,297,475 for the year ended September 30, 2015.

The annual OPEB cost associated with the City's retiree health care costs for the current year is as follows:

	<b>OPEB</b>
Annual required contribution	\$ 1,710,827
Interest on net OPEB obligation	219,864
Adjustments to annual required contribution	<u>(367,397)</u>
Annual OPEB cost	1,563,294
Employer contribution	(1,523,256)
Increase in net OPEB obligation	40,038
Net OPEB obligation, beginning of year	<u>4,885,821</u>
Net OPEB obligation, end of year	<u>\$ 4,925,859</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 7: POST EMPLOYMENT BENEFITS (Cont'd)**

**Three-Year Trend Information for OPEB**

Fiscal Year Ended September 30	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	1,792,927	1,457,861	81%	4,611,727
2014	1,571,569	1,297,475	83%	4,885,821
2015	1,563,292	1,523,256	97%	4,925,857

***Funded Status***

The funded status as of September 30, 2015, the most recent actuarial valuation date, is as follows:

Year Ended September 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (1) / (2)	Unfunded AAL (UAAL) (2)-(1)	Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2015	\$ -	\$ 20,217,880	0.0%	\$ 20,217,880	\$ 36,361,030	55.6%

***Actuarial Methods and Assumptions***

The Projected Unit Credit actuarial cost method is used to calculate the GASB Annual Required Contribution (ARC) for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

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

Inflation rate	3% per annum
Investment rate of return	4.5%, net of expenses
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Amortization period	20 year, open
Salary Growth	N/A
Healthcare cost trend rate	Initial rate of 7.5% declining to an ultimate rate of 4.9% after 11 years

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 7: POST EMPLOYMENT BENEFITS (Cont'd)**

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

**NOTE 8: LEASE OBLIGATIONS**

**Governmental Activities**

The City has entered into lease agreements, as lessee, for financing the acquisition of fire trucks, E911 consoles, and Motorola radio equipment. These leases qualify as capital leases for accounting purposes and, therefore have been recorded as such in the government-wide financial statements. The equipment acquired through capital lease, \$4,679,873 net of accumulated depreciation, is included within Note 4.

Future minimum lease payments are as follows:

Capital Lease Obligation:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 406,422	\$ 123,843	\$ 530,265
2017	415,161	115,104	530,265
2018	428,739	101,526	530,265
2019	442,786	87,479	530,265
2020	457,319	72,946	530,265
2021-2025	1,566,785	147,397	1,714,182
	<u>\$ 3,717,212</u>	<u>\$ 648,295</u>	<u>\$ 4,365,507</u>

**Business Type Activities**

The City has entered into lease agreements, as lessee, for financing the acquisition of sanitation trucks and Motorola radio equipment. These leases qualify as capital leases for accounting purposes and, therefore have been recorded as such in the government-wide financial statements. The equipment acquired through capital lease, \$4,195,429 net of accumulated depreciation, is included within Note 4.

Future minimum lease payments are as follows:

Capital Lease Obligation:

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2016	\$ 553,702	\$ 52,948	\$ 606,650
2017	563,005	43,645	606,650
2018	572,494	34,156	606,650
2019	582,173	24,477	606,650
2020	73,396	14,604	88,000
2021-2025	321,730	30,267	351,997
Total	<u>\$ 2,666,500</u>	<u>\$ 200,097</u>	<u>\$ 2,866,597</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 9: LONG-TERM DEBT**

**Governmental activities:**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2015 are as follows:

	Balance September 30, 2014	Additions	Retirements	Balance September 30, 2015	Amounts Due Within One Year
<b><u>Governmental activities</u></b>					
General obligation bonds	\$ 77,155,000	\$ -	\$ (4,715,000)	\$ 72,440,000	\$ 2,659,584
Bond premiums	650,593	-	(116,513)	534,080	92,258
Total bonds payable	<u>77,805,593</u>	-	<u>(4,831,513)</u>	<u>72,974,080</u>	<u>2,751,842</u>
Capital lease obligation	3,563,837	486,229	(332,854)	3,717,212	130,435
Accrued Compensated Absences	4,827,893	3,686,699	(3,467,165)	5,047,427	757,114
Claims payable	871,551	10,258,339	(9,863,874)	1,266,016	1,266,016
Net Pension Liability - TMRS	5,293,487	17,714,864	(16,423,718)	6,584,633	-
Net Pension Liability - LFRRF	60,572,780	14,072,534	(12,819,367)	61,825,947	-
Other post-employment benefits	<u>4,097,625</u>	<u>107,093</u>	<u>(91,233)</u>	<u>4,113,485</u>	<u>-</u>
Total governmental activities	<u>\$ 157,032,766</u>	<u>\$ 46,325,758</u>	<u>\$ (47,829,724)</u>	<u>\$ 155,528,800</u>	<u>\$ 4,905,407</u>

The General Fund generally liquidates about 93% of the compensated absences payable. The remaining 7% is liquidated by other governmental and internal service funds. The claims liability is reported in the General Liability, Group Health, and Workers' Compensation Funds and will be liquidated by those funds respectively. The net pension liability – TMRS and the Other post-employment benefits obligation are liquidated primarily by the General Fund, but other governmental funds liquidate a pro rata portion of the liability based on the retirees in each cost center. The net pension liability – LFRRF is intended to be liquidated by the Fiduciary Fund (Pension Trust Fund) and any shortages would be the responsibility of the City and ultimately funded by the General Fund.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 9: LONG-TERM DEBT (Cont'd)**

**Governmental activities (Cont'd)**

The principal and interest requirements at September 30, 2015 of the general obligation debt for the next five years and thereafter are as follows:

Governmental Activities			
Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 4,855,000	\$ 2,503,995	\$ 7,358,995
2017	4,770,000	2,345,926	7,115,926
2018	4,915,000	2,194,488	7,109,488
2019	4,900,000	2,049,442	6,949,442
2020	4,995,000	1,904,556	6,899,556
2021-2025	23,365,000	6,635,388	30,000,388
2026-2030	18,605,000	3,083,803	21,688,803
2031-2035	6,035,000	489,000	6,524,000
Total	\$ 72,440,000	\$ 21,206,598	\$ 93,646,598

Long-term debt at September 30, 2015, includes the following individual issues (not including unamortized premiums of \$534,080):

<b>General Long-Term Debt:</b>	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2015
<b>General Obligation Bonds:</b>				
Issue of 2004/Maturing 2015	2.00-3.75	\$ 11,810,000	\$ 970,000	\$ 435,000
Issue of 2005/Maturing 2018	3.30-4.625	13,500,000	1,190,000	-
Issue of 2005A/ Maturing 2016	3.00-5.00	13,680,000	320,000	695,000
Issue of 2007/maturing 2022	4.00-5.00	14,790,000	1,250,000	11,000,000
Issue of 2009/maturing 2025	3.50-4.15	11,250,000	300,000	10,850,000
Issue of 2011/maturing 2030	2.7	22,400,000	470,000	20,530,000
Issue of 2013/maturing 2033	0.360-4.100	23,170,000	100,000	23,070,000
Issue of 2014/maturing 2019	1.4	5,975,000	115,000	5,860,000
Total general obligation		\$ 116,575,000	\$ 4,715,000	\$ 72,440,000

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 9: LONG-TERM DEBT (Cont'd)**

**Business Type Activities:**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2015 are as follows:

	Balance September 30, 2014	Additions	Retirements	Balance September 30, 2015	Amounts Due Within One Year
<b><u>Business-type activities</u></b>					
Waterworks and Sewer System - Revenue bonds	\$ 64,780,000	\$ 31,905,000	\$ (39,825,000)	\$ 56,860,000	\$ 5,820,000
Bonds premiums	401,400	2,129,674	(476,115)	2,054,959	252,019
Total bonds payable	<u>65,181,400</u>	<u>34,034,674</u>	<u>(40,301,115)</u>	<u>58,914,959</u>	<u>6,072,019</u>
Capital lease obligation	3,176,335	34,745	(544,580)	2,666,500	553,702
Accrued Compensated Absences	941,388	824,313	(705,335)	1,060,366	159,055
Net Pension Liability - TMRS	1,294,652	4,332,605	(4,016,824)	1,610,433	-
Other post-employment benefits obligation	<u>788,197</u>	<u>51,984</u>	<u>(27,808)</u>	<u>812,373</u>	<u>-</u>
Total business-type activities	<u>\$ 71,381,972</u>	<u>\$ 39,278,321</u>	<u>\$ (45,595,662)</u>	<u>\$ 65,064,631</u>	<u>\$ 6,784,776</u>

The principal and interest requirements at September 30, 2015 of the revenue bond debt for the next five years and thereafter are as follows:

Fiscal Year Ending September 30,	<u>Business-type Activities</u>		
	Principal	Interest	Total
2016	\$ 5,820,000	\$ 1,852,413	\$ 7,672,413
2017	4,660,000	1,658,488	6,318,488
2018	3,830,000	1,503,613	5,333,613
2019	3,920,000	1,389,138	5,309,138
2020	3,995,000	1,279,413	5,274,413
2021-2025	20,515,000	4,627,056	25,142,056
2026-2030	14,120,000	1,096,872	15,216,872
Total	<u>\$ 56,860,000</u>	<u>\$ 13,406,993</u>	<u>\$ 70,266,993</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 9: LONG-TERM DEBT (Cont'd)**

Long-term debt at September 30, 2015, includes the following individual issues (not including unamortized premiums of \$2,054,959):

**Water Utilities Debt:**

	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2015
<b>Revenue Bonds:</b>				
Issue of 2004/Maturing 2013	2.00-4.00	\$ 9,965,000	\$ 2,235,000	\$ -
Issue of 2005/Maturing 2029	3.00-5.25	36,475,000	30,820,000	-
Issue of 2007/Maturing 2028	4.00-4.375	12,540,000	250,000	11,250,000
Issue of 2010/Maturing 2017	2.50-3.00	4,185,000	930,000	1,145,000
Issue of 2010A/Maturing 2017	2.00-3.00	10,810,000	4,290,000	-
Issue of 2011/Maturing 2028	3.00-4.00	6,000,000	120,000	5,645,000
Issue of 2012/Maturing 2024	2.00-2.75	8,300,000	450,000	7,645,000
Issue of 2015/Maturing 2029	2.00-4.00	31,950,000	730,000	31,175,000
Total revenue bonds		<u>\$ 120,225,000</u>	<u>\$ 39,825,000</u>	<u>\$ 56,860,000</u>

**Federal Arbitrage:**

General obligation bond and combination tax revenue bonds are subject to provisions of the Internal Revenue Code of 1986 and related arbitrage and interest income tax regulations under these provisions.

**Discretely Presented Component Unit:**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2015 are as follows:

	Balance September 30, 2014	Additions	Retirements	Balance September 30, 2015	Amounts Due Within One Year
Sales tax revenue bonds	\$ 7,705,000	\$ -	\$ 645,000	\$ 7,060,000	\$ 670,000
Net discount on bonds	(14,651)	-	(4,953)	(9,698)	(4,953)
	<u>7,690,349</u>	-	<u>640,047</u>	<u>7,050,302</u>	<u>665,047</u>
Accrued Compensated absences	34,003	-	11,287	22,716	18,624
Economic incentives payable	<u>3,509,146</u>	<u>7,128,400</u>	<u>2,346,814</u>	<u>8,290,732</u>	<u>2,578,166</u>
Total governmental activities	<u>\$ 11,233,498</u>	<u>\$ 7,128,400</u>	<u>\$ 2,998,148</u>	<u>\$ 15,363,750</u>	<u>\$ 3,261,837</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 9: LONG-TERM DEBT (Cont'd)**

The principal and interest requirements at September 30, 2015, for the component unit debt for the next five years and, thereafter, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 670,000	\$ 295,875	\$ 965,875
2017	695,000	272,425	967,425
2018	720,000	246,363	966,363
2019	745,000	217,563	962,563
2020	775,000	187,762	962,762
2021-2024	3,455,000	405,263	3,860,263
	<u>\$ 7,060,000</u>	<u>\$ 1,625,251</u>	<u>\$ 8,685,251</u>

Long-term debt at September 30, 2015, includes the following individual issues:

	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2015
<b>Longview Economic Development Corpor</b>				
<b>Sales Tax Revenue Bond:</b>				
Issue of 2009/Maturing 2024	2.50-4.75	\$ 10,570,000	\$ 3,510,000	\$ 7,060,000
Total Sales Tax Revenue Bond - LEDCO		<u>10,570,000</u>	<u>3,510,000</u>	<u>7,060,000</u>

**Pledged Revenues**

The City intends to retire all of its general long-term liabilities, plus interest, from ad valorem taxes and current revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The proprietary fund type long-term debt will be repaid, plus interest, from the operating revenues of the Water Utilities Fund. The component unit's long-term debt, plus interest, will be paid from current sales tax revenue.

The City is in compliance with all significant requirements, regulations and restrictions related to long-term bond debt.

**NOTE 10: CURRENT YEAR DEBT ISSUANCE**

In January 2015, the City issued \$31,905,000 of Waterworks and Sewer System Refunding Bonds, Series 2015. The proceeds from the sale of the bonds were used to refund \$31,905,000 of the City's outstanding revenue bonds to achieve debt service savings and to pay the costs related to the issuance of the bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$778,433. As of September 30, 2015, the entire amount had been amortized to interest expense because the old debt was called on March 1, 2015. The advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$6,431,732 and resulted in an economic gain of \$5,552,473. The bonds are scheduled to mature in 2029 and are included in the detailed maturity schedules in Note 9.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 11: INTERFUND TRANSACTIONS**

The composition of interfund balances as of September 30, 2015, is as follows:

	Due from		
	General	Other Non-Major	Total
Due to:			
General	\$ -	\$ 493,300	\$ 493,300
Debt Service	10,403	-	10,403
Internal Service	109,049	-	109,049
Other nonmajor	-	85,468	85,468
	<u>\$ 119,452</u>	<u>\$ 578,768</u>	<u>\$ 698,220</u>

Significant interfund balances relate to the following:

- (1) An interfund balance was created to offset negative cash balances in the other non-major funds, as they wait for their grant reimbursements, of:
- \$166,485 Grants Fund
  - \$326,815 Community Development Block Grant Fund

During fiscal year ending September 30, 2014, the Water Utilities Fund loaned \$2,370,244 to the Sanitation Fund, payable over five years, for the purchase of recycling bins to be used in the new Simplified Collection Program. This interfund loan is recorded as an advance payable/receivable in the proprietary funds statement of net position. At September 30, 2015 the outstanding balance is \$1,896,195.

Transfers between funds during the year were as follows:

	Transfers In				
	Governmental				Total
	General	Capital Projects	Nonmajor Governmental	Internal Service	
Transfers Out:					
General	\$ -	\$ 3,500,000	\$ 397,000	\$ -	\$ 3,897,000
Capital Projects governmental	380,316	-	-	-	380,316
Internal Service	-	677,253	-	-	677,253
	-	-	36,422	-	36,422
Totals	<u>\$ 380,316</u>	<u>\$ 4,177,253</u>	<u>\$ 433,422</u>	<u>\$ -</u>	<u>\$ 4,990,991</u>

Significant amounts transferred between funds related to the following activities:

- (1) \$3,500,000 was transferred from the General Fund to the Capital Projects Fund for the following purposes:
- \$1,000,000 was transferred for the City's participation with Texas Department of Transportation for the extension of George Richey Road.
  - \$2,500,000 was transferred for the construction of a local animal shelter

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 11: INTERFUND TRANSACTIONS (Cont'd)**

- (2) \$397,000 was transferred from the General Fund to the Nonmajor Funds for the following purposes:
  - \$347,000 was transferred for the City's match on federal and state transit funding
  - \$50,000 was transferred to Maude Cobb Convention Center for operational expenditures
- (3) \$380,316 was transferred from Capital Projects to the General Fund for park and other projects qualifying for economic development funds.
- (4) \$607,253 was transferred from Nonmajor funds to the Capital Projects for the following purposes:
  - \$607,253 was transferred as allocated from the ¼ cent sales tax capital projects
  - \$70,000 was transferred for concrete improvement at the local rodeo arena
- (5) \$36,442 was transferred to set up a new Special Revenue fund for Cable Franchise.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

**Grant Audits**

The City received federal and state grants for special purposes that are subjected to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

**Construction Commitments**

The City has active construction projects as of September 30, 2015. The projects include street construction, park construction, drainage construction, and the construction of water and sewer facilities. At year-end the City's commitments with contractors are as follows:

Project	Spent to-Date	Remaining Commitment
Streets/Traffic	\$ 10,718,189	\$ 12,770,775
Parks/Facilities	4,340,034	4,423,948
Water & Wastewater	5,022,092	6,046,078
Drainage	139,966	429,532
	\$ 20,220,281	\$ 23,670,333

The street construction projects and municipal facilities construction projects are funded by permanent bond proceeds. The park construction projects are funded by permanent bond proceeds and park fee revenues. Water and sewer construction projects are funded by revenue bond proceeds and cash from operating revenues of the water and sewer system. Drainage construction projects are funded by a ¼ cent sales tax, as approved by voters.

The City has entered into an Advanced Funding Agreement whereas the City and the developer have agreed to share the construction costs for the extension of Fourth Street northward from Hawkins Parkway as well as certain improvements to Hawkins Parkway to allow for orderly development of the area and to relieve traffic along Hawkins Parkway. The developer has agreed to pay the first \$2,000,000 of the cost of the city street improvements, then the City will provide the remaining costs of the improvements up to \$1,000,000. The City and the developer have agreed to each pay one-half of that portion of the cost that exceeds \$3,000,000, provided that the total amount paid by the City shall not exceed \$1,383,498.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 12: COMMITMENTS AND CONTINGENCIES (Cont'd)**

**Construction Commitments (Cont'd)**

As of the fiscal year ending September 30, 2015, the total amount spent on this project is \$2,484,425, of which \$2,190,528 occurred during the current fiscal year. This includes design, right of way, and construction costs for the improvements project.

The City has entered into two Advanced Funding Agreements with the Texas Department of Transportation (TxDOT) for the extension of George Richey Road (the "project"). The project will enhance transportation and economic development opportunities in the City of Longview and Gregg County. Therefore, local governments have agreed to match the funds provided by TxDOT through Advance Funding Agreements in order to start the project sooner.

In the agreements, the local governments have committed to acquire the rights of way for the project as well as bear all costs for adjustment, removal, or relocation of utility facilities. To date, the City's portion of the total estimated project cost is \$4.7 million, of which approximately \$800,000 is left to be completed in the fiscal year ending September 30, 2016.

**Water Purchase Contracts**

The City has the following commitments for the purchase of raw water:

<u>Provider</u>	<u>Minimal amount purchases (before escalation clauses)</u>	<u>Contract Expiration Date</u>
Sabine River Authority	651,750	January 1, 2049
Cherokee Water Company	886,315	September 20, 2035
Northeast Texas Municipal Water District	342,144	April 19, 2045

**Encumbrances**

Other significant commitments include encumbrances outstanding for the following governmental funds:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Street projects	\$ 16,050	\$ 10,724,897
Animal shelter	-	4,043,903
Public safety	43,503	-
Public welfare	42,218	-
Drainage projects	-	139,966
Other	-	11,300
	<u>\$ 101,771</u>	<u>\$ 14,920,066</u>

**Litigation**

The City is party to various claims and litigations arising in the ordinary course of its operations. Management, based on counsel's opinion, believes the City has adequate legal defense and/or insurance coverage with respect to each of these actions and does not believe that they will materially alter the City's financial position, as a whole.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 13: CHANGE IN ACCOUNTING ESTIMATE**

During the year, Texas Municipal League (TML), the Plan administrator for General Liability and Workers Compensation Plans, reviewed the estimates related to open claims and made changes to the estimates based on their professional judgment of the circumstances surrounding those claims. The change in estimate for the General Liability Fund and Workers Compensation Fund amounted to a \$146,176 decrease in liability. It is management's opinion that the liability recorded for these funds as of September 30, 2015 is adequate to cover insurance deductibles and potential claims outside of the insurance coverage.

During the year, the City reviewed the estimated intergovernmental receivable balance owed to the City by the Texas Department of Transportation after notification that certain expenses may not be reimbursed. As a result, the City revised the estimated receivable balance, resulting in a decrease in intergovernmental receivables and a negative adjustment of \$28,832 on the Statement of Activities as of September 30, 2015.

**NOTE 14: RISK MANAGEMENT**

The City's risk management activities are administered through various internal service funds.

**Worker's Compensation**

The City uses the Workers Compensation Fund to account for contributions from departments for coverage and payment of premiums, claims and administration costs. The City's workers' compensation insurance is purchased through participation in the TML Intergovernmental Risk Pool. The City pays an annual contribution to the plan, in annual installments, in advance for coverage. TML is responsible for the administration of the plan. The City was self-insured for worker's compensation prior to October 1, 1999 and still has claims pending from the self-insured period. TML was contracted to handle the administration of these claims, but the City is required to pay for any distributions related to these claims. The City has accrued a liability of \$74,706 for the payment of future claims related to the self-insurance period.

**Group Health**

The City is self-insured for health and dental coverage. The City's group health plan provides City employees with health and dental insurance through the Group Health and Life Insurance Fund (the "GHF"). The premiums for insurance coverage are paid from funds obtained from payroll deductions and charges to City departments and participating employees. The City utilizes an independent administrator for the plan and is self-insured up to \$125,000 per participant and \$8,953,855 in the aggregate at September 30, 2015. The City has accrued a liability of \$1,041,310 for estimated unreported claims at September 30, 2015.

**General Liability**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to citizens; and natural disasters. The City participates in the TML, which provides general liability, errors and omissions, automobile liability, law enforcement liability, public officials liability, real and personal property coverage. The TML is responsible for all fund business on behalf of TML members and shall maintain adequate protection from catastrophic losses to protect its financial integrity. The City has agreed to adopt and accept the coverages, provisions, terms, conditions, exclusions and limitations as provided for in the TML Self-Insurance Plan. The City also agrees to pay the annual contribution to the fund, in annual installments, in advance.

Both parties have a right to terminate this agreement. The City maintains an accrued liability for general liability claims to cover insurance deductibles and potential claims outside of the insurance coverage. The liability accrued for these items was \$150,000 at September 30, 2015. Settlements have not exceeded coverages for the past 3 years.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015**

**NOTE 14: RISK MANAGEMENT (Cont'd)**

Changes in the balance of claims liabilities during fiscal 2014 and 2015 are as follows:

Fund	Liability Beginning of Year	Claims and Changes in Estimates	Claim payments and Changes in Estimates	Liability End of Year
<b>2015</b>				
General Liability	\$ 139,000	\$ 433,932	\$ 422,932	\$ 150,000
Workers' Compensation	81,882	401,968	409,144	74,706
Group Health	650,669	9,422,439	9,031,798	1,041,310
Total	<u>\$ 871,551</u>	<u>\$ 10,258,339</u>	<u>\$ 9,863,874</u>	<u>\$ 1,266,016</u>
<b>2014</b>				
General Liability	\$ 30,741	\$ 559,945	\$ 451,686	\$ 139,000
Workers' Compensation	95,803	372,454	386,375	81,882
Group Health	715,244	7,748,229	7,812,804	650,669
Total	<u>\$ 841,788</u>	<u>\$ 8,680,628</u>	<u>\$ 8,650,865</u>	<u>\$ 871,551</u>

**NOTE 15: CHANGE IN ACCOUNTING PRINCIPLE**

During the year, the City implemented GASB No. 68 *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contribution Made Subsequent to Measurement Date*. Under GASB Statement 68, the City was required to record its Net Pension Liability. Adoption of GASB 68 required a prior period adjustment to report the effect retroactively. The prior period adjustments affect only the financial statements on the accrual basis of accounting, and were recorded as follows:

<u>Government-wide financial statements:</u>	
Governmental activities	\$ 59,847,838
Business activities	843,072
<u>Fund financial statements:</u>	
Water Utilities fund	\$ 706,469
sanitation fund	133,213
Recreation fund (Nonmajor)	3,390
Internal Service funds	145,073

**NOTE 16: PRIOR PERIOD ADJUSTMENT**

In 2013, the Longview Housing Authority (LHA) received shortfall funding from the U.S. Department of Housing and Urban Development (HUD) that was intended to provide additional funds, if needed, to cover expenses in 2013. The fund being retained by the LHA was contingent upon a reconciliation that HUD was to provide after year end. As such, the eligibility criteria had not yet been met; therefore the funds should have been recorded as a deferred outflow, but instead were booked as revenue. In March 2015, HUD provided a reconciliation and it was determined that the LHA was not in need of the additional funding and was required to repay the funds. The funds were repaid in April 2015 and a prior period adjustment of \$83,340 was recorded in the governmental activities, resulting in a decrease in net position at September 30, 2014.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**NOTE 17: SUBSEQUENT EVENTS**

The City issued \$9,660,000 in General Obligation Refunding Bonds in December 2015. Proceeds from the Bonds will be used to refund a portion of the city's outstanding general obligation debt and to pay costs related to the issuance of the Bonds.

Subsequent events have been evaluated through March 9, 2016, the date the financial statements were available to be issued.

**REQUIRED  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**CITY OF LONGVIEW, TEXAS**

**LONGVIEW FIREMEN'S RELIEF AND RETIREMENT FUND  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS\***

(UNAUDITED)

Reporting Period Ending	9/30/2015
Measurement Date	<u>12/31/2014</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 2,461,547
Interest	5,985,503
Changes of Benefit Terms	(2,623,533)
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Contributions - Buy Back	71,784
Benefit Payments, Including Refunds of Employee Contributions	<u>(5,437,240)</u>
<b>Net Change in Total Pension Liability</b>	458,061
<b>Total Pension Liability - Beginning</b>	<u>106,795,581</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 107,253,642</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 1,887,320
Contributions - Employee	1,769,363
Contributions - Buy Back	71,784
Net Investment Income	926,866
Benefit Payments, Including Refunds of Employee Contributions	(5,437,240)
Administrative Expense	(116,460)
Other	103,261
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(795,106)</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>46,222,801</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 45,427,695</u></u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u><u>\$ 61,825,947</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	42.36%
<b>Covered Employee Payroll</b>	\$ 12,016,543
<b>Net Pension Liability as a Percentage of covered Employee Payroll</b>	514.51%

\* Schedule is intended to show information for 10 years. Additional year will be displayed as they become available.

**CITY OF LONGVIEW, TEXAS**

**TEXAS MUNICIPAL RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

**LAST 10 FISCAL YEARS\***

**(UNAUDITED)**

	<u>12/31/2014</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 3,778,731
Interest (on the Total Pension Liability)	10,103,220
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	948,510
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(7,126,894)</u>
<b>Net Change in Total Pension Liability</b>	<u>7,703,567</u>
<b>Total Pension Liability - Beginning</b>	<u>146,005,790</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 153,709,357</u></u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 3,193,102
Contributions - Employee	2,145,523
Net Investment Income	7,975,023
Benefit Payments, Including Refunds of Employee Contributions	(7,126,894)
Administrative Expense	(83,268)
Other	<u>(6,846)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<u>6,096,640</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>139,417,651</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 145,514,291</u></u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u><u>\$ 8,195,066</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	94.67%
<b>Covered Employee Payroll</b>	\$ 30,650,330
<b>Net Pension Liability as a Percentage of covered Employee Payroll</b>	26.74%

\* Schedule is intended to show information for 10 years. Additional year will be displayed as they become available.

**CITY OF LONGVIEW, TEXAS**  
**OTHER POST-EMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**

**(UNAUDITED)**

Historical trend information about the City's other post employment benefit liability is presented herewith as required supplementary information. This information is intended to help users assess the City's funding.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2014	\$ -	\$ 20,217,880	\$ 20,217,880	0%	\$ 36,361,030	55.6%
9/30/2012	-	24,343,781	24,343,781	0%	33,843,871	71.9%
9/30/2010	-	26,199,626	26,199,626	0%	34,143,079	76.7%
9/30/2009	-	24,486,623	24,486,623	0%	30,077,414	81.4%

**COMBINING FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The City has the following special revenue funds:

**Municipal Court** - To account for the special revenue collected on all misdemeanors used to provide security at the municipal court building.

**Community Development Block Grant** - To account for the operations of projects utilizing Community Development Block Grant Funds. Such revenue is restricted to expenditures for specified projects by the U. S. Department of Housing and Urban Development.

**Housing Assistance Fund** - To account for the City's operations of the Housing Assistance program, which is sponsored by the U. S. Department of Housing and Urban Development.

**Transit System** - To account for City receipts and expenditures related to the City's mass transit bus system.

**Police Department Special** - To account for the special revenue from forfeited property seized in connection with violations of the Controlled Substances Act and for the disposition of such revenue.

**E – 911** - To account for the special revenue received and expended to operate the City's emergency response system.

**Hotel Occupancy Tax** - To account for the special revenue assessed on hotel/motel occupancy. The special assessment is provided by State statute, which restricts expenditures to specific uses.

**Maude Cobb Activity Fund** - This fund accounts for the activities associated with the Maude Cobb Activity Center. This center is funded by the hotel occupancy tax, an interfund transfer by the General Fund and by user fees.

**Drainage Sales Tax** - To account for a portion of the City's sales tax to be used on various drainage projects.

**School Crossing Guard** - To account for court fees collected when a person is convicted of an offense within a school crossing zone. In a municipal court case these funds are required to be used for a school crossing guard program.

**Special Revenue Grants** - To account for special revenue funds which are individually insignificant to the Special Revenue Funds assets, liabilities, revenues, expenditures and fund balance as a whole. These funds are the Home Investment Partnership grant, Shelter Plus Care grant, Metropolitan Planning Organization grant, State Homeland Security grant, Child Sexual Predator Program, Children of Prisoners grant, Department of Energy Block Grant, Rural Generator grant, Longview Train Station & Multimodal Center grant, ICAC V and VII grants, STEP Tobacco grant, Crisis Response grant, Lone Star Libraries, Bulletproof vests grant, Sexual Assault Nurse Exam grant, Mentoring Program grant, Highland Village Homeownership grant, and Miscellaneous grants.

**Donations** - To account for any unrestricted donations made to the City.

**Federal Motor Carrier Violations** – To account for fines collected under the Federal Motor Carrier Safety Assistance Program.

**Tax Increment Fund** - To account for the property taxes collected within the Tax Incremental Reinvestment Zone.

**Photo Enforcement Program - Red Flex** – To account for fines collected as a result of the traffic light cameras.

**Cable Franchise Fee Agreement** - To account for the State-Issued Cable and Video Franchise Agreement which provides a 1% "Public Educational and Government" or PEG assessment on local cable bills through local cable television providers. The Cable Franchise Funds can only be used for specific equipment and resources related to providing quality television programming to the citizens of Longview.

**CITY OF LONGVIEW, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2015**

	<u>Municipal Court</u>	<u>Community Development Block Grant</u>	<u>Housing Assistance</u>	<u>Transit System</u>	<u>Police Department Special</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 206,356	\$ -	\$ 848,778	\$ 4,530	\$ 123,427
Investments	-	-	-	-	-
Accounts receivable, net	-	-	83,251	-	660
Due from other funds	-	-	-	-	-
Accrued interest	-	-	-	-	-
Intergovernmental receivables	-	362,967	-	62,408	-
Total assets	<u>\$ 206,356</u>	<u>\$ 362,967</u>	<u>\$ 932,029</u>	<u>\$ 66,938</u>	<u>\$ 124,087</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,611	\$ 34,332	\$ 1,305	\$ 118,956	\$ 2,522
Accrued liabilities	2,646	1,820	-	-	-
Due to other funds	-	326,815	85,468	-	-
Deferred revenue	-	-	-	9,251	-
Other payables	-	-	4,886	-	29,320
Family self-sufficiency escrow	-	-	52,656	-	-
Total liabilities	<u>4,257</u>	<u>362,967</u>	<u>144,315</u>	<u>128,207</u>	<u>31,842</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Advance of grant funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted for:					
Municipal court facilities	202,099	-	-	-	-
Purposes of grantors and donors	-	-	787,714	-	-
911 Emergency operations	-	-	-	-	-
Tourism and convention facilities	-	-	-	-	-
Tax increment district	-	-	-	-	-
Other public safety	-	-	-	-	92,245
PEG access channels	-	-	-	-	-
Committed to:					
Drainage improvements	-	-	-	-	-
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,269)</u>	<u>-</u>
Total fund balances	<u>202,099</u>	<u>-</u>	<u>787,714</u>	<u>(61,269)</u>	<u>92,245</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 206,356</u>	<u>\$ 362,967</u>	<u>\$ 932,029</u>	<u>\$ 66,938</u>	<u>\$ 124,087</u>

<u>E-911</u>	<u>Hotel Occupancy Tax</u>	<u>Maude Cobb Activity Fund</u>	<u>Drainage Sales Tax</u>	<u>School Crossing Guard</u>	<u>Grants</u>	<u>Donations</u>
\$ 735,755	\$ 1,413,912	\$ 483,965	\$ 897,828	\$ 44,858	\$ -	\$ 22,476
-	-	-	500,000	-	-	-
105,017	242,896	-	854,625	-	-	-
-	-	-	-	-	85,468	-
-	-	-	89	-	-	-
-	-	-	-	-	509,763	-
<u>\$ 840,772</u>	<u>\$ 1,656,808</u>	<u>\$ 483,965</u>	<u>\$ 2,252,542</u>	<u>\$ 44,858</u>	<u>\$ 595,231</u>	<u>\$ 22,476</u>
\$ 100	\$ 40,035	\$ 67,139	\$ 16,482	\$ -	\$ 80,039	\$ 580
15,752	-	12,104	30,052	-	11,421	-
-	-	-	-	-	166,485	-
-	-	-	-	-	-	-
-	-	15,149	-	-	-	-
-	-	-	-	-	-	-
<u>15,852</u>	<u>40,035</u>	<u>94,392</u>	<u>46,534</u>	<u>-</u>	<u>257,945</u>	<u>580</u>
-	-	-	-	-	205,568	-
-	-	-	-	-	205,568	-
-	-	-	-	-	-	-
-	-	-	-	-	131,718	21,896
824,920	-	-	-	-	-	-
-	1,616,773	389,573	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	44,858	-	-
-	-	-	2,206,008	-	-	-
-	-	-	-	-	-	-
<u>824,920</u>	<u>1,616,773</u>	<u>389,573</u>	<u>2,206,008</u>	<u>44,858</u>	<u>131,718</u>	<u>21,896</u>
<u>\$ 840,772</u>	<u>\$ 1,656,808</u>	<u>\$ 483,965</u>	<u>\$ 2,252,542</u>	<u>\$ 44,858</u>	<u>\$ 595,231</u>	<u>\$ 22,476</u>

**CITY OF LONGVIEW, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

(Continued)

**SEPTEMBER 30, 2015**

	Federal Motor Carrier Violations	Tax Increment District	Red Flex	Cable Franchise Fee Agreement	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 115,890	\$ 102,123	\$ 429,658	\$ 86,691	\$ 5,516,247
Investments	-	-	-	-	500,000
Accounts receivable, net	-	-	1,953	24,500	1,312,902
Due from other funds	-	-	-	-	85,468
Accrued interest	-	-	-	-	89
Intergovernmental receivables	-	-	-	-	935,138
<b>Total assets</b>	<u>\$ 115,890</u>	<u>\$ 102,123</u>	<u>\$ 431,611</u>	<u>\$ 111,191</u>	<u>\$ 8,349,844</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 24,059	\$ 387,160
Accrued liabilities	-	-	-	-	73,795
Due to other funds	-	-	-	-	578,768
Deferred revenue	-	-	-	-	9,251
Other payables	-	-	66,711	-	116,066
Family self-sufficiency escrow	-	-	-	-	52,656
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>66,711</u>	<u>24,059</u>	<u>1,217,696</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Advances of grant funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,568</u>
	-	-	-	-	205,568
Fund balances:					
Restricted for:					
Municipal court facilities	-	-	-	-	202,099
Purposes of grantors and donors	-	-	-	-	941,328
911 Emergency operations	-	-	-	-	824,920
Tourism and convention facilities	-	-	-	-	2,006,346
Tax increment district	-	102,123	-	-	102,123
Other public safety	115,890	-	364,900	-	617,893
PEG access channels	-	-	-	87,132	87,132
Committed to:					
Drainage improvements	-	-	-	-	2,206,008
Unassigned:					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,269)</u>
<b>Total fund balances</b>	<u>115,890</u>	<u>102,123</u>	<u>364,900</u>	<u>87,132</u>	<u>6,926,580</u>
<b>Total liabilities and fund balances</b>	<u>\$ 115,890</u>	<u>\$ 102,123</u>	<u>\$ 431,611</u>	<u>\$ 111,191</u>	<u>\$ 8,349,844</u>

**CITY OF LONGVIEW, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Municipal Court	Community Development Block Grant	Housing Assistance	Transit System	Police Department Special
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	642,862	5,696,242	1,848,783	-
Fines and forfeitures	109,024	-	-	-	9,012
Charges for services	-	-	-	334,574	-
Investment earnings	1,233	-	2,842	-	621
Miscellaneous	-	-	134,479	-	-
Total revenues	<u>110,257</u>	<u>642,862</u>	<u>5,833,563</u>	<u>2,183,357</u>	<u>9,633</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	147,529	-	-	-	14,898
Public works	-	-	-	-	-
Developmental services	-	445,617	-	-	-
Public welfare	-	-	5,846,602	-	-
Culture and recreation	-	-	-	-	-
Public transit	-	-	-	2,036,936	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	197,245	14,373	446,421	-
Total expenditures	<u>147,529</u>	<u>642,862</u>	<u>5,860,975</u>	<u>2,483,357</u>	<u>14,898</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(37,272)	-	(27,412)	(300,000)	(5,265)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	347,000	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,000</u>	<u>-</u>
<b>SPECIAL ITEM</b>					
Change in accounting estimate	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(37,272)	-	(27,412)	47,000	(5,265)
<b>FUND BALANCES, BEGINNING</b>	239,371	-	898,466	(108,269)	97,510
<b>PRIOR PERIOD ADJUSTMENT (NOTE 15)</b>	<u>-</u>	<u>-</u>	<u>(83,340)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 202,099</u>	<u>\$ -</u>	<u>\$ 787,714</u>	<u>\$ (61,269)</u>	<u>\$ 92,245</u>

E-911	Hotel Occupancy Tax	Maude Cobb Activity Fund	Drainage Sales Tax	School Crossing Guard	Grants	Donations
\$ -	\$ 1,469,148	\$ 932,998	\$ 5,186,986	\$ -	\$ -	\$ -
-	-	-	-	-	895,372	-
-	-	-	-	52,450	-	-
788,863	-	434,150	-	-	-	-
4,219	3,068	2,760	8,086	193	-	-
-	-	34,970	4,830	-	-	31,478
<u>793,082</u>	<u>1,472,216</u>	<u>1,404,878</u>	<u>5,199,902</u>	<u>52,643</u>	<u>895,372</u>	<u>31,478</u>
-	-	-	-	-	-	5,155
871,327	-	-	-	43,595	280,452	1,015
-	-	-	4,399,241	-	146,045	-
-	-	-	-	-	339,474	580
-	-	-	-	-	-	-
-	930,652	1,215,630	-	-	7,031	1,955
-	-	-	-	-	6,000	-
-	-	-	7,129	-	-	-
-	-	-	3,118	-	-	-
5,831	1,048,805	125,396	259,733	-	125,008	25,000
<u>877,158</u>	<u>1,979,457</u>	<u>1,341,026</u>	<u>4,669,221</u>	<u>43,595</u>	<u>904,010</u>	<u>33,705</u>
(84,076)	(507,241)	63,852	530,681	9,048	(8,638)	(2,227)
-	-	50,000	-	-	-	-
-	-	(70,000)	(607,253)	-	-	-
-	-	(20,000)	(607,253)	-	-	-
-	-	-	-	-	(28,832)	-
(84,076)	(507,241)	43,852	(76,572)	9,048	(37,470)	(2,227)
908,996	2,124,014	345,721	2,282,580	35,810	169,188	24,123
-	-	-	-	-	-	-
<u>\$ 824,920</u>	<u>\$ 1,616,773</u>	<u>\$ 389,573</u>	<u>\$ 2,206,008</u>	<u>\$ 44,858</u>	<u>\$ 131,718</u>	<u>\$ 21,896</u>

(Continued)

**CITY OF LONGVIEW, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Federal Motor Carrier Violations	Tax Increment Fund	Red Flex	Cable Franchise Fee Agreement	Totals
<b>REVENUES</b>					
Taxes	\$ -	\$ 65,576	\$ -	\$ 127,130	\$7,781,838
Intergovernmental	-	-	-	-	9,083,259
Fines and forfeitures	41,543	-	192,606	-	404,635
Charges for services	-	-	-	-	1,557,587
Investment earnings	522	351	2,119	304	26,318
Miscellaneous	-	-	-	-	205,757
Total revenues	42,065	65,927	194,725	127,434	19,059,394
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	5,155
Public safety	8,980	-	84,228	76,724	1,528,748
Public works	-	-	-	-	4,545,286
Developmental services	-	-	-	-	785,671
Public welfare	-	-	-	-	5,846,602
Culture and recreation	-	-	-	-	2,155,268
Public transit	-	-	-	-	2,042,936
Debt service:					
Principal	-	-	-	-	7,129
Interest and other charges	-	-	-	-	3,118
Capital outlay	-	-	51,698	-	2,299,510
Total expenditures	8,980	-	135,926	76,724	19,219,423
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	33,085	65,927	58,799	50,710	(160,029)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	36,422	433,422
Transfers out	-	-	-	-	(677,253)
Total other financing sources and uses	-	-	-	36,422	(243,831)
<b>SPECIAL ITEM</b>					
Change in accounting estimate	-	-	-	-	(28,832)
<b>NET CHANGE IN FUND BALANCES</b>	33,085	65,927	58,799	87,132	(432,692)
<b>FUND BALANCES, BEGINNING</b>	82,805	36,196	306,101	-	7,442,612
<b>PRIOR PERIOD ADJUSTMENT (NOTE 15)</b>	-	-	-	-	(83,340)
<b>FUND BALANCES, ENDING</b>	\$ 115,890	\$ 102,123	\$ 364,900	\$ 87,132	\$6,926,580

**SCHEDULES OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL**

**CITY OF LONGVIEW, TEXAS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Property taxes	\$ 7,011,451	\$ 7,011,451	\$ 7,181,966	\$ (51,135)	\$ 7,130,831	\$ 119,380
Interest revenue	20,000	20,000	20,699	-	20,699	699
Total revenue	7,031,451	7,031,451	7,202,665	(51,135)	7,151,530	120,079
<b>EXPENDITURES</b>						
Debt Service:						
Paying agent	6,000	6,000	4,079	-	4,079	1,921
Principal retirement	4,600,000	4,600,000	4,715,000	-	4,715,000	(115,000)
Interest and other charges	2,825,451	2,825,451	2,659,583	-	2,659,583	165,868
Total expenditures	7,431,451	7,431,451	7,378,662	-	7,378,662	52,789
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(400,000)	(400,000)	(175,997)	(51,135)	(227,132)	172,868
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(400,000)	(400,000)	(175,997)	(51,135)	(227,132)	172,868
<b>FUND BALANCE - BEGINNING</b>	2,504,150	2,504,150	2,504,150	-	2,504,150	-
<b>FUND BALANCE - END</b>	\$ 2,104,150	\$ 2,104,150	\$ 2,328,153	\$ (51,135)	\$ 2,277,018	\$ 172,868

**CITY OF LONGVIEW, TEXAS  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Intergovernmental	\$ 4,007,253	\$ 4,007,253	\$ 5,838,694	\$ -	\$ 5,838,694	\$ 1,831,441
Investment earnings	-	-	105,082	653	105,735	105,735
Total revenue	4,007,253	4,007,253	5,943,776	653	5,944,429	1,937,176
<b>EXPENDITURES</b>						
Current:						
General government	13,150	13,150	24,337	-	24,337	(11,187)
Debt Service:						
Capital Outlay	32,011,677	32,011,677	15,447,825	-	15,447,825	16,563,852
Total expenditures	32,024,827	32,024,827	15,472,162	-	15,472,162	16,552,665
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(28,017,574)</b>	<b>(28,017,574)</b>	<b>(9,528,386)</b>	<b>653</b>	<b>(9,527,733)</b>	<b>18,489,841</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	4,070,000	4,070,000	4,177,253	-	4,177,253	(107,253)
Transfers out	(400,000)	(400,000)	(380,316)	-	(380,316)	(19,684)
Total other financing sources (uses)	3,670,000	3,670,000	3,796,937	-	3,796,937	(126,937)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(24,347,574)</b>	<b>(24,347,574)</b>	<b>(5,731,449)</b>	<b>653</b>	<b>(5,730,796)</b>	<b>18,616,778</b>
<b>FUND BALANCE - BEGINNING</b>	<b>29,649,810</b>	<b>29,649,810</b>	<b>29,649,810</b>	<b>-</b>	<b>29,649,810</b>	<b>-</b>
<b>FUND BALANCE - END</b>	<b>\$ 5,302,236</b>	<b>\$ 5,302,236</b>	<b>\$ 23,918,361</b>	<b>\$ 653</b>	<b>\$ 23,919,014</b>	<b>\$ 18,616,778</b>

**CITY OF LONGVIEW, TEXAS**  
**MUNICIPAL COURT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Fines and forfeitures	\$ 142,600	\$ 142,600	\$ 109,024	\$ -	\$ 109,024	\$ (33,576)
Investment earnings	-	-	1,233	-	1,233	1,233
Total revenue	142,600	142,600	110,257	-	110,257	(32,343)
<b>EXPENDITURES</b>						
Current:						
Public safety	186,292	186,292	147,529	(2,646)	144,883	41,409
Total expenditures	186,292	186,292	147,529	(2,646)	144,883	41,409
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(43,692)	(43,692)	(37,272)	2,646	(34,626)	9,066
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(43,692)	(43,692)	(37,272)	2,646	(34,626)	9,066
<b>FUND BALANCE - BEGINNING</b>	239,371	239,371	239,371	-	239,371	-
<b>FUND BALANCE - END</b>	\$ 195,679	\$ 195,679	\$ 202,099	\$ 2,646	\$ 204,745	\$ 9,066

**CITY OF LONGVIEW, TEXAS  
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Intergovernmental	\$ 815,309	\$ 815,309	\$ 642,862	\$ -	\$ 642,862	\$ (172,447)
Total revenue	815,309	815,309	642,862	-	642,862	(172,447)
<b>EXPENDITURES</b>						
Current:						
Developmental services	549,629	549,629	445,617	-	445,617	104,012
Capital outlay	251,238	251,238	197,245	-	197,245	53,993
Total expenditures	800,867	800,867	642,862	-	642,862	158,005
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>						
	14,442	14,442	-	-	-	(14,442)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>						
	14,442	14,442	-	-	-	(14,442)
<b>FUND BALANCE - BEGINNING</b>						
	\$ (14,442)	\$ (14,442)	\$ -	\$ -	\$ -	\$ 14,442
<b>FUND BALANCE - END</b>						

**CITY OF LONGVIEW, TEXAS  
TRANSIT SYSTEM SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Intergovernmental	\$ 2,152,617	\$ 2,152,617	\$ 2,183,357	\$ -	\$ 2,183,357	\$ 30,740
Total revenue	2,152,617	2,152,617	2,183,357	-	2,183,357	30,740
<b>EXPENDITURES</b>						
Current:						
Public transit	1,807,755	1,807,755	2,036,936	-	2,036,936	(229,181)
Capital outlay	691,862	691,862	446,421	-	446,421	245,441
Total expenditures	2,499,617	2,499,617	2,483,357	-	2,483,357	16,260
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(347,000)	(347,000)	(300,000)	-	(300,000)	47,000
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	347,000	347,000	347,000	-	347,000	-
Total other financing sources (uses)	347,000	347,000	347,000	-	347,000	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	47,000	-	47,000	47,000
<b>FUND BALANCE - BEGINNING</b>	(108,269)	(108,269)	(108,269)	-	(108,269)	-
<b>FUND BALANCE - END</b>	<u>\$ (108,269)</u>	<u>\$ (108,269)</u>	<u>\$ (61,269)</u>	<u>\$ -</u>	<u>\$ (61,269)</u>	<u>\$ 47,000</u>

**CITY OF LONGVIEW, TEXAS  
POLICE DEPARTMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Fines and forfeitures	\$ 47,500	\$ 47,500	\$ 9,012	\$ -	\$ 9,012	\$ (38,488)
Investment earnings	700	700	621	-	621	(79)
Total revenue	48,200	48,200	9,633	-	9,633	(38,567)
<b>EXPENDITURES</b>						
Current:						
Public safety	86,455	86,455	14,898	-	14,898	71,557
Total expenditures	86,455	86,455	14,898	-	14,898	71,557
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(38,255)	(38,255)	(5,265)	-	(5,265)	32,990
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(38,255)	(38,255)	(5,265)	-	(5,265)	-
<b>FUND BALANCE - BEGINNING</b>	97,510	97,510	97,510	-	97,510	-
<b>FUND BALANCE - END</b>	\$ 59,255	\$ 59,255	\$ 92,245	\$ -	\$ 92,245	\$ 32,990

**CITY OF LONGVIEW, TEXAS**  
**E-911 SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Charges for services	\$ 782,000	\$ 782,000	\$ 788,863	\$ 2,281	\$ 791,144	\$ 9,144
Investment earnings	2,000	2,000	4,219	-	4,219	2,219
Total revenue	784,000	784,000	793,082	2,281	795,363	11,363
<b>EXPENDITURES</b>						
Current:						
Public safety	849,830	849,830	871,327	(706)	870,621	(20,791)
Capital outlay	54,940	59,940	5,831	-	5,831	54,109
Total expenditures	904,770	909,770	877,158	(706)	876,452	33,318
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>						
	(120,770)	(125,770)	(84,076)	2,987	(81,089)	44,681
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>						
	(120,770)	(125,770)	(84,076)	2,987	(81,089)	44,681
<b>FUND BALANCE - BEGINNING</b>						
	908,996	908,996	908,996	-	908,996	-
<b>FUND BALANCE - END</b>						
	\$ 788,226	\$ 783,226	\$ 824,920	\$ 2,987	\$ 827,907	\$ 44,681

**CITY OF LONGVIEW, TEXAS**  
**HOTEL OCCUPANCY TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Taxes	\$ 1,411,225	\$ 1,411,225	\$ 1,469,148	\$ (25,823)	\$ 1,443,325	\$ 32,100
Investment earnings	3,000	3,000	3,068	-	3,068	68
Total revenue	1,414,225	1,414,225	1,472,216	(25,823)	1,446,393	32,168
<b>EXPENDITURES</b>						
Current:						
Culture and recreation	1,627,225	2,664,653	930,652	-	930,652	1,734,001
Capital outlay	-	-	1,048,805	-	1,048,805	(1,048,805)
Total expenditures	1,627,225	2,664,653	1,979,457	-	1,979,457	685,196
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(213,000)	(1,250,428)	(507,241)	(25,823)	(533,064)	717,364
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(213,000)	(1,250,428)	(507,241)	(25,823)	(533,064)	717,364
<b>FUND BALANCE - BEGINNING</b>	2,124,014	2,124,014	2,124,014	-	2,124,014	-
<b>FUND BALANCE - END</b>	\$ 1,911,014	\$ 873,586	\$ 1,616,773	\$ (25,823)	\$ 1,590,950	\$ 717,364

**CITY OF LONGVIEW, TEXAS**  
**MAUDE COBB ACTIVITY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Taxes	\$ 932,998	\$ 932,998	\$ 932,998	\$ -	\$ 932,998	\$ -
Charges for services	410,000	410,000	434,150	-	434,150	24,150
Investment earnings	2,100	2,100	2,760	-	2,760	660
Miscellaneous revenue	43,900	43,900	34,970	-	34,970	(8,930)
Total revenue	1,388,998	1,388,998	1,404,878	-	1,404,878	15,880
<b>EXPENDITURES</b>						
Current:						
Culture and recreation	1,156,521	1,159,721	1,215,630	(2,636)	1,212,994	(53,273)
Capital outlay	212,562	160,636	125,396	-	125,396	35,240
Total expenditures	1,369,083	1,320,357	1,341,026	(2,636)	1,338,390	(18,033)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>						
	19,915	68,641	63,852	2,636	66,488	(2,153)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers out	50,000	50,000	50,000	-	50,000	-
Total other financing sources (uses)	(66,916)	(136,916)	(70,000)	-	(70,000)	(66,916)
	(16,916)	(86,916)	(20,000)	-	(20,000)	(66,916)
<b>NET CHANGE IN FUND BALANCE</b>						
	2,999	(18,275)	43,852	2,636	46,488	(69,069)
<b>FUND BALANCE - BEGINNING</b>						
	345,721	345,721	345,721	-	345,721	-
<b>FUND BALANCE - END</b>						
	\$ 348,720	\$ 327,446	\$ 389,573	\$ 2,636	\$ 392,209	\$ (69,069)

**CITY OF LONGVIEW, TEXAS  
DRAINAGE SALES TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Taxes	\$ 5,523,506	\$ 5,523,506	\$ 5,186,986	\$ 72,558	\$ 5,259,544	\$ (263,962)
Investment earnings	6,000	6,000	8,086	-	8,086	2,086
Miscellaneous revenue	-	-	4,830	-	4,830	4,830
Total revenue	5,529,506	5,529,506	5,199,902	72,558	5,272,460	(257,046)
<b>EXPENDITURES</b>						
Current:						
Public works	4,900,349	5,165,383	4,399,241	(2,980)	4,396,261	769,122
Debt service:						
Principal	-	-	7,129	-	7,129	(7,129)
Interest and other charges	-	-	3,118	-	3,118	(3,118)
Capital outlay	48,500	48,500	259,733	-	259,733	(211,233)
Total expenditures	4,948,849	5,213,883	4,669,221	(2,980)	4,666,241	547,642
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	580,657	315,623	530,681	75,538	606,219	290,596
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(607,253)	(607,253)	(607,253)	-	(607,253)	-
Total other financing sources (uses)	(607,253)	(607,253)	(607,253)	-	(607,253)	-
<b>NET CHANGE IN FUND BALANCE</b>	(26,596)	(291,630)	(76,572)	75,538	(1,034)	290,596
<b>FUND BALANCE - BEGINNING</b>	2,282,580	2,282,580	2,282,580	-	2,282,580	-
<b>FUND BALANCE - END</b>	2,255,984	1,990,950	2,206,008	75,538	2,281,546	290,596

**CITY OF LONGVIEW, TEXAS  
SCHOOL CROSSING GUARD SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Fines and forfeitures	\$ 58,500	\$ 58,500	\$ 52,450	\$ -	\$ 52,450	\$ (6,050)
Investment earnings	-	-	193	-	193	193
Total revenue	58,500	58,500	52,643	-	52,643	(5,857)
<b>EXPENDITURES</b>						
Current:						
Public Safety	58,484	58,484	43,595	1,832	45,427	13,057
Total expenditures	58,484	58,484	43,595	1,832	45,427	13,057
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	16	16	9,048	(1,832)	7,216	7,200
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	16	16	9,048	(1,832)	7,216	7,200
<b>FUND BALANCE - BEGINNING</b>	35,810	35,810	35,810	-	35,810	-
<b>FUND BALANCE - END</b>	35,826	35,826	44,858	(1,832)	43,026	7,200

**CITY OF LONGVIEW, TEXAS  
SPECIAL REVENUE GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Intergovernmental	\$ 2,272,228	\$ 2,272,228	\$ 895,372	\$ 207,968	\$ 1,103,340	\$ (1,168,888)
Total revenue	2,272,228	2,272,228	895,372	207,968	1,103,340	(1,168,888)
<b>EXPENDITURES</b>						
Current:						
Public safety	533,108	533,108	280,452	44	280,496	252,612
Public works	294,102	294,102	146,045	990	147,035	147,067
Developmental services	598,839	598,839	339,474	-	339,474	259,365
Culture and recreation	-	-	7,031	-	7,031	(7,031)
Public transit	-	-	6,000	-	6,000	(6,000)
Capital outlay	301,297	301,297	125,008	-	125,008	176,289
Total expenditures	1,727,346	1,727,346	904,010	1,034	905,044	822,302
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	544,882	544,882	(8,638)	206,934	198,296	(346,586)
<b>SPECIAL ITEM</b>						
Change in accounting estimate	-	-	(28,832)	-	(28,832)	28,832
<b>NET CHANGE IN FUND BALANCE</b>	544,882	544,882	(37,470)	206,934	169,464	(317,754)
<b>FUND BALANCE - BEGINNING</b>	169,188	169,188	169,188	-	169,188	-
<b>FUND BALANCE - END</b>	\$ 714,070	\$ 714,070	\$ 131,718	\$ 206,934	\$ 338,652	\$ (317,754)

**CITY OF LONGVIEW, TEXAS  
DONATIONS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts			Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final	Final				
<b>REVENUE</b>							
Miscellaneous revenue	\$ 103,500	\$ 103,500	\$ 31,478	\$ -	\$ 31,478	\$ (72,022)	
Total revenue	103,500	103,500	31,478	-	31,478	(72,022)	
<b>EXPENDITURES</b>							
Current:							
General government	105,754	105,754	5,155	-	5,155	100,599	
Public safety	-	-	1,015	-	1,015	(1,015)	
Developmental services	-	-	580	-	580	(580)	
Culture and recreation	-	-	1,955	-	1,955	(1,955)	
Capital outlay	-	-	25,000	-	25,000	(25,000)	
Total expenditures	105,754	105,754	33,705	-	33,705	72,049	
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(2,254)	(2,254)	(2,227)	-	(2,227)	27	
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	-	-	
<b>NET CHANGE IN FUND BALANCE</b>	(2,254)	(2,254)	(2,227)	-	(2,227)	27	
<b>FUND BALANCE - BEGINNING</b>	24,123	24,123	24,123	-	24,123	-	
<b>FUND BALANCE - END</b>	\$ 21,869	\$ 21,869	\$ 21,896	\$ -	\$ 21,896	\$ 27	

CITY OF LONGVIEW, TEXAS  
 RED FLEX SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Fines and forfeitures	\$ 240,000	\$ 240,000	\$ 192,606	\$ 25,182	\$ 217,788	\$ (22,212)
Investment earnings	-	-	2,119	-	2,119	2,119
Total revenue	240,000	240,000	194,725	25,182	219,907	(20,093)
<b>EXPENDITURES</b>						
Current:						
Public safety	258,822	258,822	84,228	-	84,228	174,594
Capital outlay	52,400	52,400	51,698	-	51,698	702
Total expenditures	311,222	311,222	135,926	-	135,926	175,296
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(71,222)	(71,222)	58,799	25,182	83,981	155,203
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(71,222)	(71,222)	58,799	25,182	83,981	155,203
<b>FUND BALANCE - BEGINNING</b>	306,101	306,101	306,101	-	306,101	-
<b>FUND BALANCE - END</b>	\$ 234,879	\$ 234,879	\$ 364,900	\$ 25,182	\$ 390,082	\$ 155,203

**CITY OF LONGVIEW, TEXAS  
TAX INCREMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Taxes	\$ -	\$ -	\$ 65,576	\$ -	\$ 65,576	\$ 65,576
Investment earnings	-	-	351	-	351	351
Total revenue	<u>-</u>	<u>-</u>	<u>65,927</u>	<u>-</u>	<u>65,927</u>	<u>65,927</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>65,927</u>	<u>-</u>	<u>65,927</u>	<u>65,927</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	65,927	-	65,927	65,927
<b>FUND BALANCE - BEGINNING</b>	36,196	36,196	36,196	-	36,196	-
<b>FUND BALANCE - END</b>	<u>\$ 36,196</u>	<u>\$ 36,196</u>	<u>\$ 102,123</u>	<u>\$ -</u>	<u>\$ 102,123</u>	<u>\$ 65,927</u>

**CITY OF LONGVIEW, TEXAS  
FEDERAL MOTOR CARRIER VIOLATIONS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Fines and forfeitures	\$ 42,000	\$ 42,000	\$ 41,543	\$ -	\$ 41,543	\$ (457)
Investment earnings	-	-	522	-	522	522
Total revenue	42,000	42,000	42,065	-	42,065	65
<b>EXPENDITURES</b>						
Current:						
Public safety	42,967	42,967	8,980	-	8,980	33,987
Total expenditures	42,967	42,967	8,980	-	8,980	33,987
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(967)	(967)	33,085	-	33,085	34,052
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(967)	(967)	33,085	-	33,085	34,052
<b>FUND BALANCE - BEGINNING</b>	82,805	82,805	82,805	-	82,805	-
<b>FUND BALANCE - END</b>	81,838	81,838	115,890	-	115,890	34,052

CITY OF LONGVIEW, TEXAS  
**CABLE FRANCHISE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Taxes	\$ 120,000	\$ 120,000	\$ 127,130	\$ -	\$ 127,130	\$ 7,130
Investment earnings	-	-	304	-	304	304
Total revenue	120,000	120,000	127,434	-	127,434	7,434
<b>EXPENDITURES</b>						
Current:						
General government	54,581	54,581	76,724	-	76,724	(22,143)
Capital outlay	20,000	20,000	-	-	-	20,000
Total expenditures	74,581	74,581	76,724	-	76,724	(2,143)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	45,419	45,419	50,710	-	50,710	5,291
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	36,422	-	36,422	36,422
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	36,422	-	36,422	36,422
<b>NET CHANGE IN FUND BALANCE</b>	45,419	45,419	87,132	-	87,132	41,713
<b>FUND BALANCE - BEGINNING</b>	-	-	-	-	-	-
<b>FUND BALANCE - END</b>	\$ 45,419	\$ 45,419	\$ 87,132	\$ -	\$ 87,132	\$ 41,713

## **INTERNAL SERVICE FUNDS**

**General Liability Fund** - To account for the City's charges to various funds for general liability coverage and payment of premiums for coverage.

**Group Health Fund** - To account for the City's self-insured group health and dental plans. This fund is utilized to track the premiums, claims, and administrative expenses of the plans.

**Workers Compensation Fund** - To account for the City's charges to other funds for workers compensation coverage and payment of premiums for insurance coverage.

**GIS Services Fund** - To account for the activities of the City's geographic information system department which is responsible for creating and maintaining an intricate mapping system of the City.

**Fleet Services Fund** - To account for the activities of the City's fleet management garage which is responsible for maintaining the City's vehicle fleet.

**Vehicle Replacement Fund** - To account for the City's charges to various funds for the purchase of vehicles. This fund is utilized to maintain an inventory of vehicles for use by City departments.

**Media Development Fund** - To account for the City's charges to various funds for administration and maintenance of the City's website, internet presence, social media outlets and other communication and advertising efforts. In addition, this fund operates the City's two 24 hour television channels.

**CITY OF LONGVIEW, TEXAS**

**COMBINING STATEMENT OF NET POSITION**

**INTERNAL SERVICE FUNDS**

**SEPTEMBER 30, 2015**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,120,550	\$ 1,936,603	\$ 595,975
Investments	-	1,002,103	-
Accounts receivable, net	-	543,529	-
Due from other funds	-	-	-
Inventories	-	-	-
Accrued interest	-	890	-
Total current assets	<u>1,120,550</u>	<u>3,483,125</u>	<u>595,975</u>
Non-current assets:			
Capital assets:			
Buildings	-	-	-
Machinery and equipment	35,216	-	-
Less accumulated depreciation	(16,210)	-	-
Total non-current assets	<u>19,006</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,139,556</u>	<u>3,483,125</u>	<u>595,975</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	34,424	-	-
Total deferred outflows or resources	<u>34,424</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	12,135	105,088	25,206
Accrued liabilities	10,181	794	-
Claims and judgments	150,000	1,041,310	74,706
Compensated absences	2,759	-	-
Capital lease obligation	-	-	-
Total current liabilities	<u>175,075</u>	<u>1,147,192</u>	<u>99,912</u>
Non-current liabilities:			
Compensated absences	15,633	-	-
Capital lease obligation	-	-	-
Net pension liability	68,243	-	-
Other post-employment benefits	10,112	-	-
Total non-current liabilities	<u>93,988</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>269,063</u>	<u>1,147,192</u>	<u>99,912</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	19,006	-	-
Unrestricted	<u>885,911</u>	<u>2,335,933</u>	<u>496,063</u>
Total net position	<u>\$ 904,917</u>	<u>\$ 2,335,933</u>	<u>\$ 496,063</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ 143,243	\$ 397,329	\$ 1,348,530	\$ 41,642	\$ 5,583,872
-	-	2,000,863	-	3,002,966
-	-	-	-	543,529
-	-	109,049	-	109,049
-	178,561	-	-	178,561
-	-	403	-	1,293
<u>143,243</u>	<u>575,890</u>	<u>3,458,845</u>	<u>41,642</u>	<u>9,419,270</u>
16,573	390,123	-	-	406,696
104,610	226,745	16,166,674	-	16,533,245
(81,589)	(539,169)	(11,223,366)	-	(11,860,334)
<u>39,594</u>	<u>77,699</u>	<u>4,943,308</u>	<u>-</u>	<u>5,079,607</u>
<u>182,837</u>	<u>653,589</u>	<u>8,402,153</u>	<u>41,642</u>	<u>14,498,877</u>
38,492	66,873	-	-	139,789
<u>38,492</u>	<u>66,873</u>	<u>-</u>	<u>-</u>	<u>139,789</u>
7,884	47,442	26,043	976	224,774
12,864	14,739	-	5,684	44,262
-	-	-	-	1,266,016
3,946	10,093	-	2,388	19,186
-	2,174	-	-	2,174
<u>24,694</u>	<u>74,448</u>	<u>26,043</u>	<u>9,048</u>	<u>1,556,412</u>
22,360	57,198	-	13,535	108,726
-	20,548	-	-	20,548
76,307	132,568	-	-	277,118
52,561	63,503	-	1,362	127,538
<u>151,228</u>	<u>273,817</u>	<u>-</u>	<u>14,897</u>	<u>533,930</u>
<u>175,922</u>	<u>348,265</u>	<u>26,043</u>	<u>23,945</u>	<u>2,090,342</u>
39,594	54,977	4,943,308	-	5,056,885
5,813	317,220	3,432,802	17,697	7,491,439
<u>\$ 45,407</u>	<u>\$ 372,197</u>	<u>\$ 8,376,110</u>	<u>\$ 17,697</u>	<u>\$ 12,548,324</u>

**CITY OF LONGVIEW, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>OPERATING REVENUES</b>			
Premiums	\$ 1,008,384	\$ 8,761,795	\$ 496,062
Vehicle revenue	-	-	-
GIS revenue	-	-	-
Media development revenue	-	-	-
Miscellaneous	-	24,483	-
Total operating revenues	<u>1,008,384</u>	<u>8,786,278</u>	<u>496,062</u>
<b>OPERATING EXPENSES</b>			
Personnel services	238,135	21,722	-
Supplies	19,287	30,389	-
Maintenance	1,844	2,742	-
Contractual services	111,489	707,027	64,348
Employee benefits	92,685	651	-
Claims and premiums, net of reimbursements	422,932	9,031,798	409,144
Depreciation	2,060	-	-
Total operating expenses	<u>888,432</u>	<u>9,794,329</u>	<u>473,492</u>
<b>OPERATING INCOME (LOSS)</b>	119,952	(1,008,051)	22,570
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	4,991	11,010	2,554
Gain (loss) on sale of fixed assets	-	-	-
Miscellaneous	-	-	-
Total non-operating revenue (expenses)	<u>4,991</u>	<u>11,010</u>	<u>2,554</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	124,943	(997,041)	25,124
Transfers out	-	-	-
<b>SPECIAL ITEM</b>			
Change in accounting estimate	<u>139,000</u>	<u>-</u>	<u>7,176</u>
<b>CHANGE IN NET POSITION</b>	263,943	(997,041)	32,300
<b>TOTAL NET POSITION, BEGINNING</b>	676,700	3,332,974	463,763
<b>CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NOTE 15)</b>	<u>(35,726)</u>	<u>-</u>	<u>-</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 904,917</u>	<u>\$ 2,335,933</u>	<u>\$ 496,063</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,266,241
-	2,049,870	2,335,770	-	4,385,640
696,063	-	-	-	696,063
-	-	-	194,178	194,178
-	-	-	-	24,483
<u>696,063</u>	<u>2,049,870</u>	<u>2,335,770</u>	<u>194,178</u>	<u>15,566,605</u>
330,324	467,349	-	127,478	1,185,008
5,398	1,268,741	-	511	1,324,326
1,006	20,778	39,683	623	66,676
237,583	66,699	15,278	32,546	1,234,970
121,472	189,842	-	38,124	442,774
-	-	-	-	9,863,874
8,497	12,929	1,332,781	-	1,356,267
<u>704,280</u>	<u>2,026,338</u>	<u>1,387,742</u>	<u>199,282</u>	<u>15,473,895</u>
(8,217)	23,532	948,028	(5,104)	92,710
874	2,040	17,547	98	39,114
-	-	201,415	(33,189)	168,226
-	24,272	48,293	-	72,565
<u>874</u>	<u>26,312</u>	<u>267,255</u>	<u>(33,091)</u>	<u>279,905</u>
(7,343)	49,844	1,215,283	(38,195)	372,615
-	-	-	(36,422)	(36,422)
-	-	-	-	146,176
(7,343)	49,844	1,215,283	(74,617)	482,369
92,698	391,752	7,160,827	92,314	12,211,028
<u>(39,948)</u>	<u>(69,399)</u>	<u>-</u>	<u>-</u>	<u>(145,073)</u>
<u>\$ 45,407</u>	<u>\$ 372,197</u>	<u>\$ 8,376,110</u>	<u>\$ 17,697</u>	<u>\$ 12,548,324</u>

**CITY OF LONGVIEW, TEXAS**

**COMBINING STATEMENT OF CASH FLOWS**

**INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from City departments	\$ -	\$ -	\$ -
Cash received from premiums/contributions	1,008,383	8,544,936	496,062
Cash received - miscellaneous	-	-	-
Cash payments for claims and premiums	(272,932)	(8,615,844)	(409,145)
Cash payments for goods and services	(125,562)	(727,483)	(39,572)
Cash payments to employees/retirees	<u>(330,315)</u>	<u>(22,302)</u>	<u>-</u>
Net cash provided (used) by operating activities	279,574	(820,693)	47,345
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds for sale of assets	-	-	-
Acquisition and construction of capital assets	(15,867)	-	-
Principal payments on long term debt	-	-	-
Net cash used by capital and related financing activities	(15,867)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	-	672,742	-
Interest on investments	4,991	11,062	2,554
Net cash provided by investing activities	<u>4,991</u>	<u>683,804</u>	<u>2,554</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	268,698	(136,889)	49,899
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>851,852</u>	<u>2,073,492</u>	<u>546,076</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>\$ 1,120,550</u></u>	<u><u>\$ 1,936,603</u></u>	<u><u>\$ 595,975</u></u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ 696,063	\$ 2,057,529	\$ 2,335,770	\$ 194,179	\$ 5,283,541
-	-	-	-	10,049,381
-	-	48,293	-	48,293
-	-	-	-	(9,297,921)
(257,783)	(1,363,428)	(137,967)	(34,699)	(2,686,494)
(438,273)	(658,810)	-	(155,641)	(1,605,341)
<u>7</u>	<u>35,291</u>	<u>2,246,096</u>	<u>3,839</u>	<u>1,791,459</u>
-	-	-	(36,422)	(36,422)
-	-	-	(36,422)	(36,422)
-	-	203,701	-	203,701
-	(24,322)	(1,835,318)	-	(1,875,507)
-	(2,096)	-	-	(2,096)
-	(26,418)	(1,631,617)	-	(1,673,902)
-	-	(995,141)	-	(322,399)
<u>874</u>	<u>2,040</u>	<u>17,537</u>	<u>98</u>	<u>39,156</u>
874	2,040	(977,604)	98	(283,243)
881	10,913	(363,125)	(32,485)	(202,108)
<u>142,362</u>	<u>386,416</u>	<u>1,711,655</u>	<u>74,127</u>	<u>5,785,980</u>
<u>\$ 143,243</u>	<u>\$ 397,329</u>	<u>\$ 1,348,530</u>	<u>\$ 41,642</u>	<u>\$ 5,583,872</u>

(Continued)

**CITY OF LONGVIEW, TEXAS**

**COMBINING STATEMENT OF CASH FLOWS**

**INTERNAL SERVICE FUNDS**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General Liability</u>	<u>Group Health</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 119,952	\$ (1,008,051)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	2,060	-
Miscellaneous non-operating revenue	-	-
Change in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	-	(241,341)
Inventories	-	-
Deferred outflows of resources	(15,288)	-
Increase (decrease) in liabilities:		
Accounts payable	7,057	37,986
Due to other funds	-	-
Accrued liabilities	2,823	72
Claims payable	150,000	390,641
Compensated absences payable	(638)	-
Net pension liability	13,381	-
Other post employment benefits	227	-
Total adjustments	<u>159,622</u>	<u>187,358</u>
Net cash provided (used) by operating activities	<u>\$ 279,574</u>	<u>\$ (820,693)</u>

<u>Workers'</u> <u>Compensation</u>	<u>GIS</u> <u>Services</u>	<u>Fleet</u> <u>Services</u>	<u>Vehicle</u> <u>Replacement</u>	<u>Cable</u> <u>Franchise</u>	<u>Total</u>
\$ 22,570	\$ (8,217)	\$ 23,532	\$ 948,028	\$ (5,104)	\$ 92,710
-	8,497	12,929	1,332,781	-	1,356,267
-	-	24,272	48,293	-	72,565
-	-	-	-	-	(241,341)
-	-	(16,613)	-	-	(16,613)
-	(17,095)	(29,700)	-	-	(62,083)
24,775	(13,796)	(6,296)	26,043	(1,020)	74,749
-	-	-	(109,049)	-	(109,049)
-	4,073	(1,230)	-	1,843	7,581
-	-	-	-	-	540,641
-	4,833	(1,852)	-	7,819	10,162
-	14,962	25,996	-	-	54,339
-	6,750	4,253	-	301	11,531
<u>24,775</u>	<u>8,224</u>	<u>11,759</u>	<u>1,298,068</u>	<u>8,943</u>	<u>1,698,749</u>
<u>\$ 47,345</u>	<u>\$ 7</u>	<u>\$ 35,291</u>	<u>\$ 2,246,096</u>	<u>\$ 3,839</u>	<u>\$ 1,791,459</u>

## **STATISTICAL SECTION (UNAUDITED)**

This portion of the City of Longview, Texas' comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note disclosures, and required supplementary information and for assessing the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	115
<b>Revenue Capacity</b> These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	123
<b>Debt Capacity</b> These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	127
<b>Economic and Demographic Indicators</b> These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	132
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services and activities performed by the City.	135

**CITY OF LONGVIEW, TEXAS**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**

TABLE 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 16,429,990	\$ 39,130,985	\$ 51,234,856	\$ 51,131,067	\$ 50,526,891	\$ 51,682,767	\$ 53,447,645	\$ 57,302,882	\$ 54,393,324	\$ 56,970,760
Restricted	8,648,244	26,520,556	2,285,330	2,415,255	3,025,079	6,762,094	9,286,870	7,635,957	11,391,150	15,942,630
Unrestricted	39,708,533	4,249,027	18,699,690	20,121,625	22,702,632	22,534,886	19,416,012	21,454,125	18,925,277	(43,397,201)
Total governmental activities net position	\$ 64,786,767	\$ 69,900,568	\$ 72,219,876	\$ 73,667,947	\$ 76,254,602	\$ 80,979,747	\$ 82,150,527	\$ 86,392,964	\$ 84,709,751	\$ 29,516,189
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 41,806,901	\$ 48,251,955	\$ 44,909,638	\$ 44,187,739	\$ 41,554,130	\$ 40,333,213	\$ 39,397,519	\$ 39,074,801	\$ 44,463,455	\$ 43,777,934
Restricted	9,166,915	18,387,798	9,374,956	9,512,913	9,945,196	9,709,561	9,585,508	9,584,155	9,614,389	9,106,223
Unrestricted	19,782,247	5,341,065	16,062,001	14,360,944	13,260,494	16,980,547	20,042,784	25,341,219	21,604,043	24,050,096
Total business-type activities net position	\$ 70,756,063	\$ 71,980,818	\$ 70,346,595	\$ 68,061,596	\$ 64,759,820	\$ 67,023,321	\$ 69,025,811	\$ 74,000,175	\$ 75,681,887	\$ 76,934,253
<b>Primary government:</b>										
Invested in capital assets, net of related debt	58,236,891	87,382,940	96,144,494	95,318,806	92,081,021	92,015,980	92,845,164	96,377,683	98,856,779	100,748,694
Restricted	17,815,159	44,908,354	11,660,286	11,928,168	12,970,275	16,471,655	18,872,378	17,220,112	21,005,539	25,048,853
Unrestricted	59,490,780	9,590,092	34,761,691	34,482,569	35,963,126	39,515,433	39,458,796	46,795,344	40,529,320	(19,347,105)
Total primary government net position	\$ 135,542,830	\$ 141,881,386	\$ 142,566,471	\$ 141,729,543	\$ 141,014,422	\$ 148,003,068	\$ 151,176,338	\$ 160,393,139	\$ 160,391,638	\$ 106,450,442

Sources: City of Longview Finance Department

**CITY OF LONGVIEW, TEXAS**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**

	2006	2007	2008	2009
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 6,072,058	\$ 5,866,548	\$ 4,708,108	\$ 5,256,629
Public safety	30,954,625	31,458,698	36,122,785	38,920,999
Public works	6,690,824	10,378,876	10,741,787	10,652,928
Developmental services	2,744,376	2,830,925	3,911,298	3,251,860
Culture and recreation	6,384,926	6,716,245	8,853,686	10,969,680
Public transit	1,479,733	1,604,858	1,788,654	1,495,264
Public welfare	6,253,531	5,098,096	6,083,443	6,764,496
Arts and culture	763,948	724,881	110,828	
Interest and fiscal charges	2,060,118	2,146,908	2,265,612	2,585,889
Total governmental activities expenses	<u>63,404,139</u>	<u>66,826,035</u>	<u>74,586,201</u>	<u>79,897,745</u>
Business-type activities:				
Water utilities	27,044,288	26,634,188	28,459,810	28,930,376
Sanitation	3,690,267	3,577,080	4,117,830	3,956,751
Nonmajor funds - Longview Recreation Association	461,520	483,389	521,971	468,459
Total business-type activities expenses	<u>31,196,075</u>	<u>30,694,657</u>	<u>33,099,611</u>	<u>33,355,586</u>
Total primary government program expenses	<u>\$ 94,600,214</u>	<u>\$ 97,520,692</u>	<u>\$ 107,685,812</u>	<u>\$ 113,253,331</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,821,712	\$ 2,070,727	\$ 2,465,835	\$ 435,850
Public safety	3,088,404	3,215,011	3,677,262	6,304,084
Public works	-	-	-	-
Developmental services	1,745,944	1,349,396	1,301,989	759,251
Culture and recreation	164,458	697,135	700,742	123,422
Public transit	-	-	-	-
Public welfare	41,375	36,399	28,459	171,546
Operating grants and contributions	8,452,958	8,699,604	8,427,419	9,288,470
Capital grants and contributions	313,385	1,226,470	774,938	1,031,458
Total governmental activities program revenues	<u>15,628,236</u>	<u>17,294,742</u>	<u>17,376,644</u>	<u>18,114,081</u>
Business-type activities:				
Charges for services:				
Water utilities	26,110,235	25,532,292	27,179,895	26,331,157
Sanitation	3,879,969	4,048,155	4,240,543	4,495,352
Operating grants and contributions	-	-	207,172	82,716
Nonmajor funds - Longview Recreation Association	523,880	510,695	561,158	516,957
Total business-type activities program revenues	<u>30,514,084</u>	<u>30,091,142</u>	<u>32,188,768</u>	<u>31,426,182</u>
Total primary government program revenues	<u>\$ 46,142,320</u>	<u>\$ 47,385,884</u>	<u>\$ 49,565,412</u>	<u>\$ 49,540,263</u>

(continued)

**TABLE 2**

	2010	2011	2012	2013	2014	2015
\$	5,543,250	\$ 5,192,734	\$ 3,224,548	\$ 3,825,493	\$ 3,370,092	\$ 3,369,812
	38,313,379	38,627,890	39,454,022	39,463,863	42,433,989	40,526,858
	10,159,012	10,191,221	11,097,787	11,430,457	10,733,392	13,090,525
	3,214,619	3,481,048	3,194,264	2,645,444	2,779,375	2,894,082
	10,659,666	8,708,583	11,774,530	12,010,715	12,585,476	11,072,992
	2,324,776	1,520,519	2,110,537	2,341,016	2,482,593	2,426,635
	6,792,308	9,673,465	7,020,452	7,178,751	6,633,691	7,178,377
	<u>2,600,824</u>	<u>2,289,521</u>	<u>2,695,573</u>	<u>2,457,093</u>	<u>3,323,942</u>	<u>2,950,051</u>
	<u>79,607,834</u>	<u>79,684,981</u>	<u>80,571,713</u>	<u>81,352,832</u>	<u>84,342,550</u>	<u>83,509,331</u>
	28,607,186	27,971,548	30,054,555	30,245,272	30,405,509	31,636,175
	3,826,428	4,264,198	4,781,169	4,881,272	5,222,130	5,190,423
	674,814	738,962	758,580	697,719	767,919	508,908
	<u>33,108,428</u>	<u>32,974,708</u>	<u>35,594,304</u>	<u>35,824,263</u>	<u>36,395,558</u>	<u>37,335,506</u>
\$	<u>112,716,262</u>	<u>112,659,689</u>	<u>116,166,017</u>	<u>117,177,095</u>	<u>120,738,108</u>	<u>120,844,837</u>
\$	428,146	\$ 71,172	\$ 93,667	\$ 82,127	\$ 87,507	\$ 77,636
	6,939,023	6,518,457	7,574,304	7,587,266	7,962,114	7,556,235
	931,644	781,783	1,007,281	1,151,373	1,076,074	994,771
	99,511	575,771	658,334	690,640	783,514	786,874
	136,655	168,359	381,502	432,345	348,037	334,574
	164,556	160,861	162,078	161,673	163,467	131,888
	9,221,403	9,476,691	9,305,395	8,588,290	9,452,460	11,664,955
	2,089,708	3,102,336	510,059	1,518,166	1,397,447	1,078,988
	<u>20,010,646</u>	<u>20,855,430</u>	<u>19,692,620</u>	<u>20,211,880</u>	<u>21,270,620</u>	<u>22,625,921</u>
	26,420,522	32,288,707	31,805,126	34,758,190	32,637,964	33,630,824
	4,705,396	4,803,324	4,922,633	4,990,505	5,019,873	5,027,157
	<u>602,889</u>	<u>714,995</u>	<u>700,378</u>	<u>708,131</u>	<u>646,023</u>	<u>516,140</u>
	<u>31,728,807</u>	<u>37,807,026</u>	<u>37,428,137</u>	<u>40,456,826</u>	<u>38,303,860</u>	<u>39,174,121</u>
\$	<u>51,739,453</u>	<u>58,662,456</u>	<u>57,120,757</u>	<u>60,668,706</u>	<u>59,574,480</u>	<u>61,800,042</u>

# CITY OF LONGVIEW, TEXAS

## CHANGES IN NET POSITION (Continued) LAST TEN FISCAL YEARS

	2006	2007	2008	2009
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$( 47,775,903)	\$( 49,531,293)	\$( 57,209,557)	\$( 61,783,664)
Business-type activities	( 681,991)	( 603,515)	( 910,843)	( 1,929,404)
Total primary government net expense	\$( 48,457,894)	\$( 50,134,808)	\$( 58,120,400)	\$( 63,713,068)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	\$ 19,951,302	\$ 21,198,592	\$ 22,703,305	\$ 24,876,171
Franchise	4,643,213	5,352,814	5,102,319	5,555,973
Sales	20,855,105	22,210,092	23,423,732	23,894,746
Other	1,557,841	2,505,697	2,748,784	1,708,834
Interest	2,157,508	2,382,476	1,609,669	794,468
Miscellaneous	-	-	1,924,964	1,923,797
Gain (loss) on disposition of assets	8,615	60,404	176,720	144,708
Transfers	1,845,195	1,956,123	1,989,968	2,515,045
Other	1,566,970	1,550,249	-	-
Industrial agreements				
Special items:				
Total governmental activities	52,585,749	57,216,447	59,679,461	61,413,742
Business-type activities:				
Interest	1,217,691	1,465,065	1,270,297	888,340
Gain (loss) on disposition of assets	-	-	( 3,709)	-
Transfers	( 1,800,936)	( 1,956,123)	( 1,989,968)	( 2,515,045)
Other	-	( 63,400)	-	-
Special items				
Total business-type activities	( 583,245)	( 554,458)	( 723,380)	( 1,626,705)
Total primary government	\$ 52,002,504	\$ 56,661,989	\$ 58,956,081	\$ 59,787,037
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ 4,809,845	\$ 7,685,154	\$ 2,469,904	\$( 369,922)
Business-type activities	( 1,265,236)	( 1,157,973)	( 1,634,223)	( 3,556,109)
Total primary government	\$ 3,544,609	\$ 6,527,181	\$ 835,681	\$( 3,926,031)

Sources: City of Longview Finance Department

TABLE 2

2010	2011	2012	2013	2014	2015
\$( 59,597,188)	\$( 58,829,551)	\$( 60,879,093)	\$( 61,140,952)	\$( 63,071,930)	\$( 60,883,410)
( 1,379,621)	4,832,318	1,833,833	4,632,563	1,908,302	1,838,615
\$( 60,976,809)	\$( 53,997,233)	\$( 59,045,260)	\$( 56,508,389)	\$( 61,163,628)	\$( 59,044,795)
\$ 26,076,326	\$ 24,878,943	\$ 26,463,213	\$ 27,074,366	\$ 27,235,966	\$ 28,070,142
5,673,335	5,891,397	5,316,765	5,562,605	5,859,967	5,733,174
23,155,083	25,605,652	24,922,597	26,398,630	27,081,436	25,934,933
1,629,808	1,675,448	2,201,424	2,307,403	2,331,543	2,529,276
257,225	257,970	235,883	271,565	392,452	397,049
2,164,371	2,562,942	820,760	1,810,133	917,424	1,070,355
79,463	293,517	( 99,144)	30,525	14,705	27,200
2,439,902	2,346,927				
		1,733,971	1,743,330	1,503,063	1,813,557
				( 3,714,105)	( 1,322,772)
61,475,513	63,512,796	61,595,469	65,198,557	61,622,451	65,766,100
172,081	130,876	113,934	114,948	157,225	186,161
97,102	5,955	-	2,650	5,031	58,659
( 2,439,902)	( 2,346,927)				
85,806		54,723	224,203	1,228	10,232
-	-	-	-	-	1,771
( 2,084,913)	( 2,210,096)	168,657	341,801	163,484	256,823
\$ 59,390,600	\$ 61,302,700	\$ 61,764,126	\$ 65,540,358	\$ 61,785,935	\$ 66,022,923
\$ 1,878,325	\$ 4,683,245	\$ 716,376	\$ 4,057,605	\$( 1,449,479)	\$ 4,882,690
( 3,464,534)	2,622,222	2,002,490	4,974,364	2,071,786	2,095,438
\$( 1,586,209)	\$ 7,305,467	\$ 2,718,866	\$ 9,031,969	\$ 622,307	\$ 6,978,128

CITY OF LONGVIEW, TEXAS

TABLE 3

FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 334,465	\$ 942,735	\$ 1,303,835	\$ 606,186	\$ 131,091	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	17,074,060	14,967,077	14,366,291	14,675,839	16,992,517	155,600	141,623	101,242	181,214	206,026
Nonspendable						71,183	75,884	55,046	61,289	61,408
Restricted										
Committed										
Assigned						3,805,751	4,692,239	7,288,899	7,053,130	3,489,064
Unassigned						17,415,534	14,659,946	15,938,054	13,544,591	13,857,357
Total general fund	\$ 17,408,525	\$ 15,909,812	\$ 15,670,126	\$ 15,282,025	\$ 17,123,608	\$ 21,448,068	\$ 19,569,692	\$ 23,383,241	\$ 20,840,224	\$ 17,613,855
All other governmental funds										
Reserved	\$ 17,973,428	\$ 26,789,843	\$ 17,430,753	\$ 11,565,277	\$ 7,029,215	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital Projects				8,078,271	5,658,710	-	-	-	-	-
Special revenue funds	4,067,275	5,144,028	5,559,614	4,011,235	4,653,079	-	-	-	-	-
Nonspendable						-	-	-	-	-
Restricted						30,159,407	28,326,422	18,368,349	35,849,541	29,272,927
Committed						4,153,961	3,702,598	3,364,010	3,855,300	3,961,436
Assigned						50,000	-	-	-	-
Unassigned						316,480	201,248	153,269	108,269	61,269
Total all other governmental funds	\$ 22,040,703	\$ 31,933,871	\$ 22,990,367	\$ 23,654,783	\$ 17,341,004	\$ 34,046,888	\$ 31,827,772	\$ 21,579,090	\$ 39,596,572	\$ 33,173,094
Total Governmental Funds	\$ 39,449,228	\$ 47,843,683	\$ 38,660,493	\$ 38,936,808	\$ 34,464,612	\$ 55,494,956	\$ 51,397,464	\$ 44,962,331	\$ 60,436,796	\$ 50,786,949

Note: Fund balance categories from 2011 forward are categorized according to the Governmental Accounting Statements No. 54

Sources: City of Longview Finance Department

CITY OF LONGVIEW, TEXAS

TABLE 4

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
Taxes	\$ 47,570,415	\$ 51,151,530	\$ 54,242,619	\$ 55,791,115	\$ 56,169,174	\$ 58,463,767	\$ 58,936,599	\$ 61,371,121	\$ 62,485,487	\$ 62,429,517
Licenses and permits	1,355,532	1,426,042	1,379,603	1,041,044	1,165,887	1,014,188	1,272,516	1,404,451	1,321,450	1,257,368
Fines and forfeitures	1,962,978	2,174,181	2,225,890	2,185,603	2,449,613	2,771,417	3,309,089	3,530,271	3,500,988	2,999,647
Charges for services	3,400,543	3,566,134	3,993,768	4,403,744	4,809,119	4,767,098	5,093,076	5,323,460	5,317,503	5,646,314
Intergovernmental	8,450,419	10,387,272	10,396,979	10,319,928	11,311,111	12,579,027	9,815,454	10,106,457	10,849,907	12,483,259
Contractual income	2,157,508	2,382,476	1,609,669	778,702	231,266	208,071	211,732	243,056	351,198	357,935
Contractual fees	900,000	900,000	1,100,000	1,188,000	1,166,320	1,724,972	1,733,971	1,743,330	1,503,063	1,513,186
Developer participation agreements										1,813,557
Miscellaneous	640,928	384,797	915,092	765,797	988,656	1,106,831	812,143	745,711	780,773	1,055,569
Total revenues	66,438,323	72,372,432	75,863,620	76,443,933	78,291,146	82,635,371	81,184,580	84,467,857	86,110,369	89,556,352
<b>EXPENDITURES</b>										
General government	5,552,308	5,783,900	4,538,139	5,045,923	5,343,613	5,075,012	2,973,445	3,418,541	3,007,509	3,056,582
Public safety	27,883,621	30,336,154	34,296,990	35,684,092	36,184,465	36,396,690	36,515,537	36,710,992	39,442,504	39,991,983
Public works	5,090,174	5,874,124	6,045,967	6,384,244	6,009,023	6,105,838	6,900,308	7,782,228	7,462,934	9,161,707
Culture and recreation	5,769,439	6,293,196	8,312,921	8,893,765	8,110,382	8,671,942	8,949,232	9,091,496	9,601,739	7,891,913
Developmental services	2,468,446	2,867,298	3,901,766	3,171,102	3,171,665	3,476,516	3,201,941	2,618,860	2,719,098	2,884,193
Public welfare	6,014,640	5,165,454	6,073,466	6,672,434	6,719,784	6,949,009	6,868,627	6,985,537	6,409,229	7,068,815
Public transit	1,349,149	1,420,489	1,580,378	1,391,198	2,122,742	1,222,924	1,834,871	2,035,601	2,152,887	2,092,936
Arts and culture	634,008	619,248								
Capital outlay	7,748,041	15,720,346	15,253,541	20,272,572	9,628,842	9,677,027	9,685,498	15,027,252	15,613,833	19,693,189
Debt service:										
Principal	4,953,629	5,293,592	5,499,659	5,546,307	5,583,952	5,304,445	5,897,682	5,023,213	4,934,075	5,011,017
Interest and fiscal charges	2,012,461	1,790,967	2,153,682	2,634,963	2,397,814	2,455,848	2,498,075	2,441,226	3,193,385	2,806,329
Bond issue expenses										
Total expenditures	69,475,916	81,164,768	87,656,509	95,696,600	85,272,282	85,335,251	85,325,216	91,134,946	94,537,193	99,658,664

(continued)

CITY OF LONGVIEW, TEXAS

TABLE 4

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
(Continued)  
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ 3,037,593	\$ 8,792,336	\$ 11,792,889	\$ 19,252,667	\$ 6,981,136	\$ 2,699,880	\$ 4,140,636	\$ 6,667,089	\$ 8,426,824	\$ 10,102,312
<b>OTHER FINANCING SOURCES (USES)</b>										
Issuance of bonds	-	14,790,000	-	11,250,000	-	21,303,620	-	4,140,636	23,166,362	-
Capital lease	-	-	-	-	-	-	-	-	(5,685,000)	486,229
Payments to escrow account	-	-	-	-	-	-	-	-	5,978,639	-
Refunding bonds issued	-	-	-	-	-	-	-	-	590,622	-
Premium on refunded bonds	-	-	-	-	-	-	-	-	-	-
Proceeds from lease	-	373,699	404,374	5,724,939	-	-	-	-	(224,900)	-
Discount on refunding bonds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	8,615	60,404	143,260	3,793	67,055	67,660	32,042	62,193	39,980	41,986
Proceeds from insurance	25,144	6,565	-	-	-	-	18,876	-	35,586	-
Transfers in	9,204,941	11,519,782	7,601,787	7,464,161	6,701,596	8,759,908	7,826,891	4,051,065	7,365,310	4,990,991
Transfers out	(7,359,746)	(9,563,659)	(5,539,722)	(5,061,181)	(4,259,711)	(6,428,356)	(7,826,891)	(4,051,065)	(7,365,310)	(4,954,569)
Total other financing sources (uses)	1,878,954	17,186,791	2,609,699	19,521,902	2,508,940	23,702,832	50,918	62,193	23,901,289	564,637
Special Item										
NET CHANGE IN FUND BALANCES	\$ 1,158,639	\$ 8,394,455	\$ 9,183,190	\$ 269,235	\$ 4,472,196	\$ 21,002,952	\$ 4,089,718	\$ 6,604,896	\$ 15,474,465	\$ 9,566,507
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	11.3%	10.8%	10.6%	10.8%	10.6%	10.3%	11.1%	9.8%	10.3%	9.8%

Sources: City of Longview Finance Department

## CITY OF LONGVIEW, TEXAS

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
	Real Property	Personal Property			
2006	2,968,216,443	1,233,532,549	4,201,748,992	0.48340	4,201,748,992
2007	3,161,628,873	1,366,616,901	4,528,245,774	0.48340	4,528,245,774
2008	3,417,163,747	1,515,933,570	4,933,097,317	0.48400	4,933,097,317
2009	3,685,792,742	1,495,960,970	5,181,753,712	0.48400	5,181,753,712
2010	3,736,170,685	1,558,420,210	5,294,590,895	0.48400	5,294,590,895
2011	3,835,216,003	1,449,800,503	5,285,016,506	0.48400	5,285,016,506
2012	3,930,112,873	1,448,683,398	5,378,796,271	0.50090	5,378,796,271
2013	4,016,546,856	1,499,949,228	5,516,496,084	0.50090	5,516,496,084
2014	4,089,780,995	1,409,296,781	5,499,077,776	0.50990	5,499,077,776
2015	4,214,158,752	1,398,711,341	5,612,870,093	0.50990	5,612,870,093

Source: Gregg County Appraisal District & Harrison County Appraisal District

**CITY OF LONGVIEW, TEXAS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates				Overlapping Rates				
	Operating Rate	Debt Service Rate	Total Direct Rate	Gregg County	Longview ISD	Spring Hill ISD	Pine Tree ISD	Hallsville ISD	
2006	0.36160	0.12180	0.48340	0.28000	1.46800	1.64500	1.69830	1.58700	
2007	0.36580	0.11760	0.48340	0.28000	1.13805	1.51500	1.61390	1.44000	
2008	0.36580	0.11820	0.48400	0.27000	1.13805	1.18500	1.34690	1.35900	
2009	0.37070	0.11330	0.48400	0.26750	1.29795	1.54000	1.34850	1.30000	
2010	0.37070	0.11330	0.48400	0.26750	1.43800	1.58000	1.37850	1.35300	
2011	0.36620	0.11780	0.48400	0.26500	1.51300	1.54000	1.37850	1.42300	
2012	0.36620	0.13470	0.50090	0.26250	1.51300	1.54000	1.51100	1.42300	
2013	0.37220	0.12870	0.50090	0.26250	1.51300	1.67000	1.51100	1.39300	
2014	0.38000	0.12090	0.50090	0.26250	1.51300	1.67000	1.55500	1.38300	
2015	0.38000	0.12990	0.50990	0.26250	1.51300	1.67000	1.55500	1.37000	

Source: Tax departments of respective entities

TABLE 7

**CITY OF LONGVIEW, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2015	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
Joy Global Longview Operations LLC	\$ 98,340,410	1.75%
Longview Medical/Longview Regional	81,230,060	1.45%
Wal-mart/Sam's	67,143,560	1.20%
Trinity Tank Car/Trinity Industries Inc	63,896,910	1.14%
GSHS Inc/Good Shepherd Hospital/GAHC3 Longview	51,588,530	0.92%
Rexam Beverage Can Company	48,995,590	0.87%
AEP Southwestern Electric Power Co/Southwestern	44,643,470	0.80%
Flint Hills Resources LP	35,427,700	0.63%
Trican	33,885,730	0.60%
Norris Cylinder Co	20,795,390	0.37%
Total	<u>\$ 545,947,350</u>	<u>9.73%</u>

Taxpayer	2006	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
LeTourneau Inc	\$ 110,000,370	2.62%
Dana Corporation	73,140,350	1.74%
Longview Medical Center/Longview Regional Hospital	63,108,130	1.50%
General Motors Corporation	54,368,720	1.29%
Wal-Mart /Sam's	49,744,410	1.18%
Trinity Industries	46,452,780	1.11%
AEP Southwestern Electric	44,801,280	1.07%
Dana Corporation	44,151,430	1.05%
Southwestern Bell Telephone	33,480,820	0.80%
GSHS, Inc/Good Shepherd Hospital	31,174,880	0.74%
Total	<u>\$ 550,423,170</u>	<u>13.10%</u>

## Sources:

- \* Gregg County Appraisal District
- \*\* Harrison County Appraisal District
- \*\*\* City of Longview Finance Department

TABLE 8

## CITY OF LONGVIEW, TEXAS

## PROPERTY TAX LEVIES AND COLLECTIONS

## LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected With the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2006	19,628,247	19,311,792	98.39%	272,365	19,584,157	99.78%
2007	21,019,890	20,484,010	97.45%	483,587	20,967,597	99.75%
2008	22,626,702	22,262,087	98.39%	309,590	22,571,677	99.76%
2009	24,520,685	24,094,184	98.26%	371,411	24,465,595	99.78%
2010	25,358,256	25,015,899	98.65%	334,477	25,350,376	99.97%
2011	24,999,971	24,649,525	98.60%	277,731	24,927,255	99.71%
2012	26,174,340	25,889,469	98.91%	297,215	26,186,684	100.05%
2013	26,871,977	26,478,068	98.53%	396,557	26,874,625	100.01%
2014	26,781,795	26,465,379	98.82%	183,283	26,648,662	99.50%
2015	27,788,002	27,449,497	98.78%	-	27,449,497	98.78%

Sources: Gregg County Tax Assessor/Collector  
Harrison County Tax Assessor/Collector

**CITY OF LONGVIEW, TEXAS**

TABLE 9

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Water Revenue Bonds	Capital Leases			
2006	45,340,000	1,114,225	88,855,572	343,128	135,652,925	3.75%	1,777
2007	54,950,000	1,219,332	85,680,000	233,088	142,082,420	4.85%	1,847
2008	49,940,000	1,289,048	93,090,000	118,768	144,437,816	4.35%	1,822
2009	56,335,000	6,322,680	87,745,000	1,018,575	151,421,255	9.20%	1,971
2010	51,530,000	5,543,675	82,245,000	2,527,377	141,846,051	7.21%	1,811
2011	68,125,000	4,994,900	82,200,000	2,223,862	157,543,762	7.76%	1,939
2012	62,830,000	4,390,340	76,730,000	1,942,695	145,893,035	7.57%	1,792
2013	58,255,000	3,940,178	70,870,000	1,651,015	134,716,193	7.00%	1,633
2014	77,155,000	3,563,837	64,780,000	3,176,335	148,675,172	7.57%	1,779
2015	72,440,000	3,717,212	56,860,000	2,666,500	135,683,712	6.68%	1,605

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

## CITY OF LONGVIEW, TEXAS

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

## LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
	Gross General Bonded Debt	Less Debt Service Fund	Net General Bonded Debt		
2006	45,340,000	2,242,808	43,097,192	0.9517%	574
2007	55,105,000	2,381,291	52,723,709	1.0688%	685
2008	49,940,000	2,285,332	47,654,669	0.9197%	601
2009	56,335,000	2,290,255	54,044,745	1.0208%	704
2010	51,530,000	2,369,331	49,160,669	0.9302%	628
2011	68,125,000	2,529,887	65,595,113	1.2195%	807
2012	62,830,000	2,857,328	59,972,672	1.0872%	737
2013	58,255,000	2,987,721	55,267,279	1.0050%	670
2014	77,155,000	2,504,151	74,650,849	1.3300%	893

## CITY OF LONGVIEW, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2015

Government Unit	Debt Outstanding	Estimated Percentage Applicable	(1)	Estimated Share of Direct and Overlapping Debt
Total Direct Bonded Debt				
City of Longview	\$ 72,440,000	100.00%		\$ 72,440,000
Total Overlapping Debt				
Gregg County	-	56.87%		-
Harrison County	3,100,000	03.57%		110,670
Longview Independent School District	242,168,834	72.64%		175,911,441
Pine Tree Independent School District	67,040,000	95.24%		63,848,896
Spring Hill Independent School District	39,575,000	100.00%		39,575,000
Hallsville Independent School District	82,130,000	12.38%		10,167,694
Total Overlapping Debt				<u>289,613,701</u>
City direct debt				<u>72,440,000</u>
Total direct and overlapping debt				<u>\$ 362,053,701</u>

Sources: Southwest Securities

Notes: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the overlapping government's boundaries and dividing it by the overlapping government's total taxable assessed value.

**CITY OF LONGVIEW, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**SEPTEMBER 30, 2015**  
**(UNAUDITED)**

Article XI, Section 5 of the State of Texas Constitution states in part: "...no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

As a home rule city, the City of Longview is not limited by law in the amount of debt it may issue. The City's Charter provides that general property taxes are limited to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The tax rate for fiscal year 2015 was established at \$.5099 per \$100 of assessed valuation based on 100% of appraised value.

## CITY OF LONGVIEW, TEXAS

## PLEDGED REVENUE COVERAGE

## LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds					Coverage
	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2006	27,287,589	13,568,848	13,718,741	4,630,000	4,114,971	1.57
2007	26,934,946	14,258,856	12,676,090	4,815,000	3,910,544	1.45
2008	28,629,169	15,553,522	13,075,647	5,130,000	4,165,043	1.41
2009	27,300,073	16,078,269	11,221,804	5,345,000	4,038,268	1.20
2010	26,601,574	15,882,851	10,718,724	5,680,000	3,688,494	1.14
2011	32,417,302	16,425,569	15,991,733	6,005,000	3,291,675	1.72
2012	31,967,160	18,577,748	13,389,412	6,120,000	3,633,906	1.37
2013	34,864,257	17,288,393	17,575,864	5,860,000	3,361,288	1.91
2014	32,782,345	19,223,840	13,558,505	6,090,000	3,003,869	1.49
2015	33,808,414	19,280,197	14,528,217	6,225,000	2,137,217	1.74

**CITY OF LONGVIEW, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<u>Calendar Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	76,335	19,757	3,619,118,685	47,411	4.6%
2007	76,918	20,322	2,928,191,342	38,069	4.4%
2008	79,294	18,542	3,323,608,010	41,915	4.4%
2009	76,816	19,018	1,645,091,456	21,416	8.8%
2010	78,318	19,453	1,966,408,344	25,108	7.9%
2011	81,238	19,717	2,029,650,192	24,984	7.4%
2012	81,407	19,656	1,928,043,388	23,684	5.7%
2013	82,483	19,769	1,925,813,084	23,348	5.0%
2014	83,584	20,063	1,964,558,336	23,504	3.5%
2015	84,544	20,225	2,032,184,128	24,037	4.8%

Sources: School enrollment provided by Longview ISD, Pine Tree ISD, Spring Hill ISD and Hallsville ISD. Unemployment rate and per Capita Personal income was provided by the Longview Partnership.

## CITY OF LONGVIEW, TEXAS

PRINCIPAL EMPLOYERS  
Current and Five years ago

Employer	2015	
	Employees	Percentage of Total City Employment
Good Shepherd Medical Center	2,607	2.50%
Trinity Rail, LLC	1,875	1.79%
Eastman Chemical	1,530	1.46%
Longview ISD	1,352	1.29%
Wal-mart Supercenters	1,162	1.11%
Longview Regional Medical Center	869	0.83%
City of Longview	852	0.82%
Joy Global	794	0.76%
Pine Tree ISD	698	0.67%
Diagnostic Clinic of Longview	664	0.64%
<b>Total</b>	<b>12,403</b>	<b>11.87%</b>

Employer	2010	
	Employees	Percentage of Total City Employment
Good Shepherd Medical Center	2,717	0.82%
Eastman Chemical	1,400	0.42%
Longview ISD	1,300	0.39%
LeTourneau Technologies, Inc	1,200	0.36%
Wal-mart Supercenters	1,155	0.35%
City of Longview	811	0.25%
Diagnostic Clinic of Longview	736	0.22%
Longview Regional Hospital	700	0.21%
Pine Tree ISD	685	0.21%
Trinity Rail, LLC	600	0.18%
<b>Total</b>	<b>11,304</b>	<b>3.41%</b>

Note 1: Percentage of City Employment based on Longview MSA employment of 117,879  
Sources: provided by Longview Partnership

**CITY OF LONGVIEW, TEXAS  
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

TABLE 16

Function/Program	2006	2007	2008	2009	2009	2011	2012	2013	2014	2015
General government										
Administrative services	73	73	73	73	73	73	73	80	84	88
Human resources	11	11	11	10	10	10	11	11	11	11
Finance	3	3	5	6	6	7	7	7	7	8
Purchasing	5	5	2	2	2	2	2	2	2	2
Planning and zoning	3	3	3	3	3	3	3	3	3	3
MPO	3	3	3	3	3	3	3	3	2	2
Building inspection	10	10	9	9	9	9	9	9	9	7
Environmental health	24	24	24	24	24	24	18	18	18	11
Developmental service	2	2	2	2	2	3	3	3	3	16
Other	29	27	27	27	27	27	34	30	32	33
Police										
Officers	155	173	173	173	173	177	175	175	172	172
Civilians	20	21	21	21	21	18	18	18	18	18
Fire										
Firefighters and officers	156	161	161	161	161	160	159	159	162	163
Civilians	7	7	7	7	7	7	9	9	9	9
Sanitation	29	29	29	29	29	29	31	31	31	24
Other public works										3
Engineering	6	6	6	6	6	6	6	6	6	4
Administration	2	2	2	4	4	3	4	4	4	5
Utility services	22	12	13	13	13	13	14	14	14	14
Streets	22	24	25	24	24	23	20	18	18	17
Drainage	15	15	15	15	15	15	18	21	23	23
Fleet services	12	12	13	13	13	13	13	13	13	13
Traffic maintenance	7	8	6	6	6	6	7	7	7	7
Facility Services										15
Parks and recreation	54	54	54	52	52	52	53	56	56	41
Library	19	19	19	17	17	18	18	18	18	18
Water services										
Water purification	31	31	29	29	29	29	29	29	29	29
Water supply	3	3	3	3	3	3	3	3	3	3
Water distribution	26	31	31	31	31	31	31	30	30	29
Wastewater collection	18	22	22	22	22	22	22	23	23	23
Wastewater treatment	23	23	22	22	22	21	21	21	22	22
Plant Automation			4	4	4	4	4	4	4	4
Transit	1	1	-	-	-	-	-	-	-	-
Total	791	815	814	811	811	811	815	821	830	834

**CITY OF LONGVIEW, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	2006	2007	2008	2009
General government				
Building permits issued	1,430	1,500	2,220	3,696
Police				
Physical arrests	5,870	6,914	4,957	4,675
Parking violations	8,056	159	284	312
Traffic violations	18,657	20,970	24,719	20,032
Fire				
Emergency responses	13,875	14,418	15,565	15,471
Fires extinguished	560	380	418	516
Inspections	4,690	5,337	4,338	3,709
Refuse collection				
Refuse collected (tons per day)	118	118	118	161
Recyclables collected (tons per day)	14	25	14	4
Other public works				
Street resurfacing (miles)	7	6	3	2
Potholes repaired	567	1,169	1,232	1,009
Parks and recreation				
Park programs (# participants)	29,692	39,368	41,506	183,109
Facility/field/pavilion rentals	4,916	7,450	6,286	3,259
Recreation centers (# members)	1,737	1,828	791	856
Recreation programs (#classes)	56	69	45	163
Library				
Volumes in collection	156,200	158,899	162,823	141,170
Water				
Service connections	27,196	27,859	28,148	28,278
Water main breaks	-	-	-	-
Average daily consumption (thousands of gallons)	18	16	15	15
Wastewater				
Service connections	24,690	25,294	25,575	25,681
Average daily sewage treatment (thousands of gallons)	10	12	12	11
Transit***				
Total route miles	351,598	379,988	358,649	345,426
Passengers	156,429	170,315	184,853	198,113

Source:

Various City departments

Notes:

\*\*\* City of Longview Transit system

**TABLE 17**

2010	2011	2012	2013	2014	2015
4,518	3,981	3,826	4,063	4,998	5,891
4,653	4,689	5,481	4,994	4,607	4,259
211	217	81	32	11	3,624
15,133	11,988	21,169	16,837	17,880	13,754
15,767	16,538	15,654	16,320	16,653	17,197
443	592	389	446	352	372
3,984	3,179	1,483	912	2,214	3,978
182	119	118	114	112	126
27	27	30	36	27	18
16	15	15	29	18	17
985	927	869	1,183	1,434	1,866
149,570	153,904	97,702	101,324	639,983	316,178
2,505	8,751	5,268	7,000	7,109	1,589
739	752	1,602	1,009	976	1,230
324	379	264	280	1,903	404
151,467	138,512	123,754	158,818	143,111	113,836
28,555	28,802	28,828	29,018	29,008	29,532
		-			-
16	18	16	17	15	15
25,921	26,018	26,084	26,236	28,494	26,511
12	10	11	11	12	14
337,770	184,925	294,958	387,757	374,188	304,068
187,026	334,935	214,803	244,150	257,341	252,232

TABLE 18

**CITY OF LONGVIEW, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	-	-	-	-	-	-	-	-	-	-
Community offices	3	6	6	6	6	6	6	7	7	7
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Hydrants	3,060	3,289	3,361	3,373	3,515	3,618	3,655	3,741	3,801	3,858
Refuse collection										
Collection trucks	-	12	12	15	21	21	21	21	21	15
Other public works										
Asphalt streets (miles)	386	374	376	494	378	379	384	384.4	482	392
Concrete, oil dirt, brick streets (miles)	56	54	54	45	61	62	57	57.6	60	53.3
Asphalt, oil dirt alleys (miles)	9	9	9	1	9	9	9	9	1	9
Traffic signals	-	-	132	133	136	137	131	134	134	130
Parks and recreation										
Acreege undeveloped	610	535	612	612	651	651	651	651.2	651.2	651.2
Acreege undeveloped	105	114	129	129	129	138	138	138.06	138.06	138.06
Playgrounds	23	23	23	23	23	24	24	24	24	24
Libraries										
Number of libraries (public)	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	648	650	663	700	657	674	757	642.93	739	746
Plant capacity										
millions of gallons daily)	52	52	52	52	52	52	52	52	52	52
Wastewater										
Sanitary sewers (miles)	645	645	624	624	628	643	725	636.82	658	629
Number of lift stations	20	18	18	21	21	21	22	22	29	22
Number of disposal plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity										
(thousands of gallons)	21	21	21	21	21	21	21	21	21	21
Transit										
Minibuses	11	11	11	11	11	10	10	8	8	8

Source: Various City departments

**City of Longview**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**

Table 19

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
2006	19,951,302	20,855,105	4,643,213	1,557,841	47,007,461
2007	21,198,592	22,210,092	6,318,036	1,540,476	51,267,195
2008	22,703,305	23,423,732	6,064,237	1,786,966	53,978,240
2009	24,631,563	23,894,746	5,555,973	1,708,834	55,791,116
2010	26,076,326	23,155,083	5,673,335	1,629,808	56,534,552
2011	24,878,943	25,605,652	5,891,397	1,675,448	58,051,440
2012	26,463,213	24,922,597	5,316,765	2,201,424	58,903,999
2013	27,074,366	26,398,630	5,562,605	2,307,403	61,343,004
2014	27,235,966	27,081,436	5,859,967	2,331,543	62,508,912
2015	28,070,142	25,934,933	5,733,174	2,529,276	62,267,525

Sources: City of Longview Finance Department

**GOVERNMENTAL  
COMPLIANCE SECTION**

# HENRY & PETERS, PC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' 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

To the Honorable Mayor and  
Members of the City Council  
City of Longview, Texas

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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, (the "City") as of and for the year ended September 30, 2015, which collectively comprise the City of Longview Texas' basic financial statements and have issued our report thereon dated March 9, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the City'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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'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.

Henry & Peters, P.C.

Longview, Texas  
March 9, 2016

**HENRY&PETERS,PC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND  
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and  
Members of the City Council  
City of Longview, Texas

**Report on Compliance for Each Major Federal and State Program**

We have audited the compliance of the City of Longview, Texas (the "City") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and *State of Texas Single Audit Circular* that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2015. The City's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, and *Audits of States, Local Governments and Nonprofit Organizations and Texas Single Audit Circular (TSAC)*. Those standards and OMB Circular A-133 and TSAC require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal and State Program**

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2015.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and TSAC, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State of Texas Audit Circular. Accordingly, this report is not suitable for any other purpose.

Henry J. Peters, P.C.

Longview, Texas  
March 9, 2016

**CITY OF LONGVIEW, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Expenditures
<b>FEDERAL AWARDS</b>			
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Direct Program:			
<u>CDBG - Entitlement Grants Cluster:</u>			
Community Development Block Grants/ Entitlement Grants	14.218	B-13-MC-48-0032	\$ 642,862
<u>Housing Voucher Cluster:</u>			
Section 8 Housing Choice Voucher Program	14.871	TX459VO	5,403,026 +
HOME Investment Partnerships Program	14.239	M-14-MC-480227	339,474 +
Shelter Plus Care	14.238	TX0157L6T071306	253,445
Total U. S. Department of Housing and Urban Development			<u>6,638,807</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
Direct Program:			
<u>JAG Program Cluster</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0517 2013-DJ-BX-0878 2014-DJ-BX-1014 2776001	86,200
Organized Crime Drug Enforcement Task Forces State and Local Overtime Agreement	16.111	SW-TXE-0300	224
Bulletproof Vest Partnership Program	16.607	N/A	<u>7,638</u>
Total Direct Programs			94,062
Pass-Through Texas Office of the Governor, Criminal Justice Department Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	SF-14-J20-27306-01 2016-SF-ST-0015	<u>5,374</u>
Total passed through Texas Office of the Governor, Criminal Justice Department			5,374
Pass-Through City of Dallas, Texas: Missing Children's Assistance	16.543	N/A	<u>39,305</u>
Total passed through City of Dallas, Texas			<u>39,305</u>
Total U. S. Department of Justice			<u>138,741</u>

**CITY OF LONGVIEW, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Pass-Through Grantor/Program Title	Federal Number	Agency or Number	Expenditures
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>			
Direct Program:			
<u>Federal Transit Cluster:</u>			
Federal Transit Formula Grants	20.507	TX-0987 TX-8056 TX-0094 TX-90-8035-00 TX-90-4035-00 TX-90-4056-00 TX-90-2035-00 TX-90-2056-00 TX-90-0035-00 TX-90-0056-00	1,325,573
<u>Transit Services Programs Cluster:</u>			
New Freedom Program	20.521	NF 1201(10)35 NF 1501 (05)35	47,827
Total Direct Programs			1,373,400
Pass-Through Texas Department of Transportation:			
<u>Highway Planning and Construction Cluster:</u>			
Highway Planning and Construction	20.205	0910-07-062	15,002
<u>Highway Safety Cluster:</u>			
State and Community Highway Safety - STEP	20.600	2014-LONGVIPD-S-1YG-0028	63,209
<u>Transit Services Programs Cluster</u>			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	ED 1502 (19) 15	65,808
Inter City Bus Funds	20.509	ICB 1301 (10) 35	117,667
Metropolitan Planning Organization	20.225	50-14XF0022	145,044
Total passed through Texas Department of Transportation			406,730
Total U. S. Department of Transportation			1,780,130
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Direct Program:			
Homeland Security Grant Program	97.067	EMW-2014-SS-00029	10,076
Total U.S. Department of Homeland Security			10,076
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Pass-Through Texas Department of State Health Services			
Block Grant for Treatment of Substance Abuse	93.959	2015-046820	73,906
Total U.S Department of Health and Human Services			73,906
<b><u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u></b>			
Pass-Through Humanities Texas:			
Promotion of the Humanities Federal State Partnership	45.129	N/A	200
Total National Endowment for the Humanities			200
Total Expenditures of Federal Awards			\$ 8,641,860

**CITY OF LONGVIEW, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**STATE AWARDS**

**TEXAS DEPARTMENT OF TRANSPORTATION**

Direct Program:			
Public Transportation- State Funds	State	TXDOT-URB 1501 (19)	249,997
Public Transportation- State Funds (FY16)	State	TXDOT-URB 1601 (19)	26,512
New Freedom- Transportation Development Credits	State	TDC'S NF1501(05)35	7,298
State of Good Repairs- Transportation Development Credits	State	TDC 1401 (19)	8,101
Total Texas Department of Transportation			<u>291,908</u>

**TEXAS DEPARTMENT OF STATE HEALTH SERVICES**

Direct Program:			
Block Grant for Treatment of Substance Abuse	State	2015-046820	<u>18,661</u>
Total Texas Department of State Health Services			<u>18,661</u>

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

Direct Program:			
Law Enforcement Officer Standards and Education (LEOSE)	State	902	<u>6,207</u>
Total Texas Comptroller of Public Accounts			<u>6,207</u>

**OFFICE OF THE ATTORNEY GENERAL**

Direct Program:			
Sexual Assault Nurse Exam (SANE)	State	302	<u>17,529</u>
Total Office of the Attorney General			<u>17,529</u>

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

Pass-Through East Texas Council of Governments			
Regional Solid Waste Program	State	15-06-G03	5,331
Regional Solid Waste Program	State	15-06-G05	<u>1,000</u>
Total Texas Commission on Environmental Quality			<u>6,331</u>

**TEXAS COMMISSION ON FIRE PROTECTION**

Pass-Through Texas A&M Forest Service			
Texas Instate Fire Mutual Aide System Grant Assistance Program	State	1133	<u>260,684</u> +
Total Texas Commission on Fire Protection			<u>260,684</u>
Total Expenditures of State Awards			<u>\$ 601,320</u>

**Total State and Federal Awards** \$ 9,243,180

+ Denotes Major Program

**CITY OF LONGVIEW, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state assistance programs of the City of Longview. The reporting entity is defined in Note 1 to the City’s financial statements. Federal and state financial assistance received directly from federal agencies as well as federal and state financial assistance passed through other government agencies is included on the schedule.

Federal and state awards are organized by the City of Longview on the basis of funds, each of which is considered a separate accounting entity. The City has created several types of funds and a number of discrete funds within each fund type.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. All federal and state grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund Type.

Governmental funds use the modified accrual basis of accounting. Under this method, revenue is recognized in the accounting period in which it becomes both available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned.

**NOTE 2 – AMOUNTS PROVIDED TO SUB-RECIPIENTS**

Of the federal expenditures presented in the schedule, the City of Longview provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amounts Provided to Sub-recipients</u>
14.218	Community Development Block Grants	\$531,988

**NOTE 3 – INSURANCE COVERAGE**

Certain federal awards require the City to maintain adequate insurance coverage. The City’s risk management policies (i.e. insurance coverage) is discussed in detail in Note 14 to the City’s financial statements. The City’s insurance coverage is adequate as related to the requirements of certain federal awards.

**NOTE 4 – STATE AWARD GUIDELINES**

State awards are subject to the Office of the Governor’s State of Texas Single Audit Circular. Such guidelines are consistent with those required under the Single Audit Act of 1996, OMB Circular A-133 and *Government Auditing Standards*, issued by the Comptroller General of the United States.

**CITY OF LONGVIEW, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified  
Internal control over financial reporting:  
Material weakness(es) identified?        Yes   X   No  
Significant deficiency(ies) identified that are not  
considered to be material weaknesses?        Yes   X   None reported  
Noncompliance material to financial statements noted?        Yes   X   No

**Federal and State Awards**

Internal Control over major programs:  
Material weakness(es) identified?        Yes   X   No  
Significant deficiency(ies) identified that are not  
considered to be material weaknesses?        Yes   X   None reported

Type of auditors' report issued on compliance  
for major programs: Unmodified  
Any audit findings disclosed that are required to be reported  
in accordance with Circular A-133, Section .510(a)?        Yes   X   No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Major Programs:</u>
14.871	Section 8 Housing Choice Voucher Program
14.239	HOME Investment Partnerships Program
STATE	Texas Intrastate Fire Mutual Aide System Grant Assistance Program

Dollar threshold used to distinguish between  
Type A and Type B programs:        \$   300,000    
Auditee qualified as low-risk auditee?   X   Yes        No

**Section II - Financial Statement Findings**

No matters requiring reporting under Government Auditing Standards were noted.

**Section III - Federal and State Award Findings and Questioned Costs**

No matters requiring reporting under OMB Circular A-133 were noted.