



**CITY OF  
LONGVIEW, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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



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## **INTRODUCTORY SECTION**

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P.O. Box 1952  
Longview, Texas 75606-1952  
(903) 237-1000

March 27, 2014

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, 2013, 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 Fund.

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 2013; 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. The fiscal 2013 taxable value is well diversified and is comprised of 55% residential properties, 19% commercial and industrial properties and 25% commercial and industrial inventories. The residential values (which include residential, vacant lots, real acreage, farm, mobile homes and ranch improvements) saw an overall 42% increase for the year with the most significant increase in the farm and ranch improvements of 59.33%. This large increase is partly due to the reclassification of some properties from other categories. Single family increased by 1.61% while residential – multifamily, vacant lots and real acreage decreased by a combined total of 22%.

According to the Federal Reserve Bank of Dallas' December 2013 *Regional Economic Update*, "The Texas economy has continued to grow at a moderate pace in recent weeks. Employment has picked up significantly following weak growth. Energy job growth has subsided from high third quarter rates, and construction jobs have rebounded after weakening. Manufacturing increased strongly in October, in part due to strength in Texas exports. Overall job growth in 2014 is likely to be nearly the same as in 2013. Manufacturing activity is likely to pick up, while growth in energy and residential housing construction jobs may decelerate and federal government jobs will likely decline."

Locally there is continued growth along the Highway 259 corridor which will open up the opportunity for development. The Longview Regional Medical Center's multimillion dollar expansion continues to progress. The new 119 bed patient tower will open around the end of 2013. This medical center also plans to renovate the existing hospital space and has already broken ground on a new medical office building. Good Shepherd Health System has also begun a major expansion. In March 2013 this facility broke ground on a 74,000 square foot outpatient and emergency center.

Moody's Economy November 2013 *Précis METRO* report states that "Longview's economy is expanding at an accelerating pace, driven by the impact of rising natural gas prices on mining and construction. The strong performance of these industries more than offsets struggles in manufacturing. As a result, employment growth accelerated during the second half of the year and surpassed that of Texas. At 5.45%, the jobless rate stands well below the state and U. S. figures. House prices have increased significantly, reflecting growth in demand, but permits are failing to keep pace." The report also states, "The recovery in natural gas drilling will push the Longview economy up. This strength will spill over to chemical manufacturing and other related industries while the rest of manufacturing will shed jobs. In the long run, the economy will remain tied to the price of natural gas and the evolution of drilling technology. Thus, although the long-run outlook remains strong the area's dependence on a single commodity will heighten volatility and make this area vulnerable to natural gas consumption and production trends."

The Moody's Analytics report noted the following as strengths for Longview:

- Access to natural gas provides a significant source of jobs for the economy
- Low cost of doing business

The report also noted the following weaknesses:

- High exposure to energy production and extraction increases employment volatility and dependence on the business cycle
- Low skilled labor

Another economic indicator is the City of Longview's sales tax revenues, reported for the fiscal year 2012-2013 as 2.32% increase compared to receipts in the prior year. The City of Longview expects the trend of increased revenues to continue and budgeted accordingly. Single-family housing permits for December 2013 increased by 62.5% compared to the number of permits issued in December 2012, along with the annualized average declared construction costs of the new homes increasing by 63.52% for the same period.

## **MAJOR INITIATIVES**

### **For the Year**

In establishing the budget it is important to scan the community's environment and understand the economy in which the City functions. Longview has continued to remain strong in its economy as evidenced by economic indicators as well as analysts' opinions. Construction is also a key indicator of economic activity. Over the past year and half, Longview has experienced approximately \$270 million in construction project value. Housing construction remains steady over the last several years. We have continued to see retail growth along the Highway 259 corridor. We are also beginning to see some growth along the I-20 corridor. In addition, Longview experienced a positive trend in sales tax receipts this past year. For the fiscal year 2012-2013, the City budgeted to be down 1% in sales tax collection as compared to the previous year. In reality, it finished with a 2.32% increase as compared to the prior year. Property tax is one of the General Fund's largest revenue sources at 31% of total revenue. The certified numbers for fiscal year 2011-2012 increased by 1.77% and the City continued this growth pattern with a 2.56% increase for fiscal year 2012-2013.

Similar to the last two years' budgets, the fiscal year 2012-2013 budget includes an increase to water and wastewater rates. The increases are part of an incremental approach to adjusting the water rates to cover expenses. In November 2008, R. W. Beck, Inc. presented a Cost of Service and Rate Design Study to City Council. The study was conducted to assist with determining an appropriate cost of service to help recover equitable revenue, and to maintain financial integrity of the utility. In terms of financial integrity of the utility, it is vital that the City of Longview's water and wastewater fund maintain both healthy fund

balance and debt coverage. With the approved increases for water and wastewater rates, it is estimated that the City will meet financial goals established by bond covenants and council policy.

The Longview Firemen's Relief and Retirement Fund is managed locally by the Longview Firefighter's Relief and Retirement Fund Trustees. Unfortunately, the funding liability ratio is not currently at a satisfactory level according to standard pension practices. To help address the issue, the City of Longview contributed an additional \$110,000 which raised the City contribution to 16% of earnings. This percentage will be maintained by the City in future budgets.

This year the City added an internal auditor position within the City Manager's Office. Each year, the City of Longview contracts with an external audit firm. For the past several years, the external auditors have recommended that the City hire an internal auditor as well. The position will be responsible for examining internal financial control policies of all departments.

Quality streets are a high priority for the Longview community, as evidenced by the support for the May 2011 Street Bond package. As part of this fiscal year an additional \$600,000 has been added to the street maintenance budget in the Public Works Department. This increase is over and above the dollars available through the bond package.

As with any organization, it is important to provide competitive pay packages in order to retain existing employees as well as to attract highly qualified new employees. This budget included a 3% across the board pay raise implemented in April 2013. The pay raise was merit-based. In other words, employees must be in good standing and have a satisfactory evaluation.

### **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 2013-2014 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 shows 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.

The fiscal year 2013-2014 budget includes an adjustment to the City's market-based compensation plan. The City seeks to align our employees' pay with the market-rate for similar positions in the public and private sector. Our goal is to provide a competitive pay package that is fair to all employees and attractive for recruitment and retention. This plan provides pay adjustments for approximately 565 employees. Although positions throughout the city's organizational structure benefited, police positions were one of the primary beneficiaries of the compensation plan adjustment because 67% of these positions were behind the market rate.

Fiscal year 2013-2014 budget also addresses the needs of the Longview Fire Department by approving one-time purchases of a new ladder truck as well as the first phase of replacing the department's self-contained breathing apparatus. In addition, this budget includes adding a fourth front-line ambulance and crew. In 1995, Longview added the third front-line ambulance, but since that time annual emergency response call volume has doubled and annual Emergency Medical Services transports have more than tripled. Many people may not realize that all Longview firefighters are also certified paramedics and that 85% of all emergency response calls are made through the City's Emergency Medical Services.

As the Public Works Department continues to make progress on the \$52.6 million Street Bond package passed in May 2011, the City has taken a proactive stance on the maintenance of its streets. The Fiscal Year 2013-2014 budget has increased to more than \$1.5 million for annual maintenance issues, which includes the addition of more street personnel to handle the work load. Three major street projects are scheduled to happen in this fiscal year and are expected to lead to significant retail development which will provide a valuable return on the city's investment. The City Council approved a developer participation agreement to extend Fourth Street from Hawkins Parkway to Hwy 259. This project will expand 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, rather than an off-set intersection as originally planned by the developer. This project was funded as a one-time expense from the City's general fund balance. Additionally, Council approved the expenditure for the George Richey Road Extension that will expand its current terminus at Gilmer Road on the far northwest side of Longview to Highway 259 on the far northeast side of Longview.

In the spring of 2013, an I-20 Corridor Task Force was formed and charged to broaden the tax base by enhancing the I-20 Corridor through beautification, economic development, and redevelopment efforts. One of the central recommendations of the task force was to address a vacant hotel property on Estes Parkway at I-20. The deteriorating former Holiday Inn property became known by the task force as the “Hotel Beirut.” The task force recommended that the property be removed and redeveloped. In June 2013, Longview Economic Development Corporation announced that they would purchase the property, remove the structure, and seek to redevelop the property. The City has agreed to participate in the removal of the building and remediation of the property.

Another potential facility project on the horizon is an animal shelter. Currently, the city contracts with the Humane Society of Northeast Texas to shelter animals at their facility. In 2012, an Animal Shelter Task Force was formed. In January 2013, the task force recommended that “a new facility be constructed and owned by the City of Longview and/or Gregg County to serve as an open admission shelter for Gregg County with the capacity to handle the intake needs of our community.” On August 22, 2013, the City Council awarded a contract to an Architect Firm for the building programming and schematic design of an animal shelter. The project is currently in the design phase. Construction and funding for the facility have not yet been considered by City Council.

The fiscal year 2013-2014 budget includes a significant change to our trash and recycling services. At the request of City Council, city staff has been working to expand recycling participation. For several years, the city sanitation crews have visited every household three times per week to offer twice a week curbside garbage collection and once a week curbside recycling collection. For fiscal year 2013-2014 a “Simplified Collection” trash and recycling system was approved that provides once a week collection of trash and recycling on the same day. This simplification should provide greater efficiencies for collection crews, reducing the required number of trucks and crews.

## **LONG-TERM FINANCIAL PLANNING**

The City Council created a Comprehensive Plan Committee to update and consolidate the multiple long-term plans that currently exist. A consulting firm will hold citywide meetings and conduct surveys to provide input to the Comprehensive Plan that will look forward twenty years and create the vision for the City of Longview. This plan is to be a guiding document that will aid decision-making for the growth and development of Longview for many years to come. The plan will incorporate topics such as parks and open space, land use, transportation, utilities, development standards, population projections, economic development, and public safety. It is also important in providing direction for issues such as city policy, development regulation modifications, zoning, and capital improvement plans.

## **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 Pension Trust 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, 2013.

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 audit 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 Report, but are available on request.

### **Debt Administration**

In November 2010, the Mayor created a Streets Task Force to evaluate road improvement needs in the Longview community. The task force evaluated a variety of potential road projects including intersection reconstruction, road repair, and road widening. In May 2011, voters passed a street bond proposition for a \$52.6 Million Tax Bond for Street and Road Improvements. The plan includes street-related projects at locations across Longview. As part of the planning for the Street Bond, the tax impact was estimated to be \$1.69 cents per \$100 valuation in 2011, and an additional \$0.64 cents per \$100 valuation in 2013. Planning for the projects began immediately and construction of some of the projects is already complete. Phase 1 of the oil dirt street reconstruction is complete, High Street and Martin Luther King Boulevard have been repaved, and some of the sidewalks have been added near Foster Middle School. A full list of the projects and the preliminary schedule can be found in the capital section of the City of Longview's budget document located on the City's web site at [www.longviewtexas.gov](http://www.longviewtexas.gov).

A detailed discussion of the City of Longview's outstanding debt is located in the Management's 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, 2012. This was the eighteenth 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,

A handwritten signature in cursive script that reads "Angela Coen".

Angela Coen, CPA  
Director of Finance

**CITY OF LONGVIEW, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2013**

**PRINCIPAL OFFICIALS**

**MAYOR**

Jay Dean

**CITY COUNCIL**

John Sims, District 1  
Gary Smith, District 2  
Kasha Williams, District 3  
Wayne Frost, District 4  
Richard Manley, 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

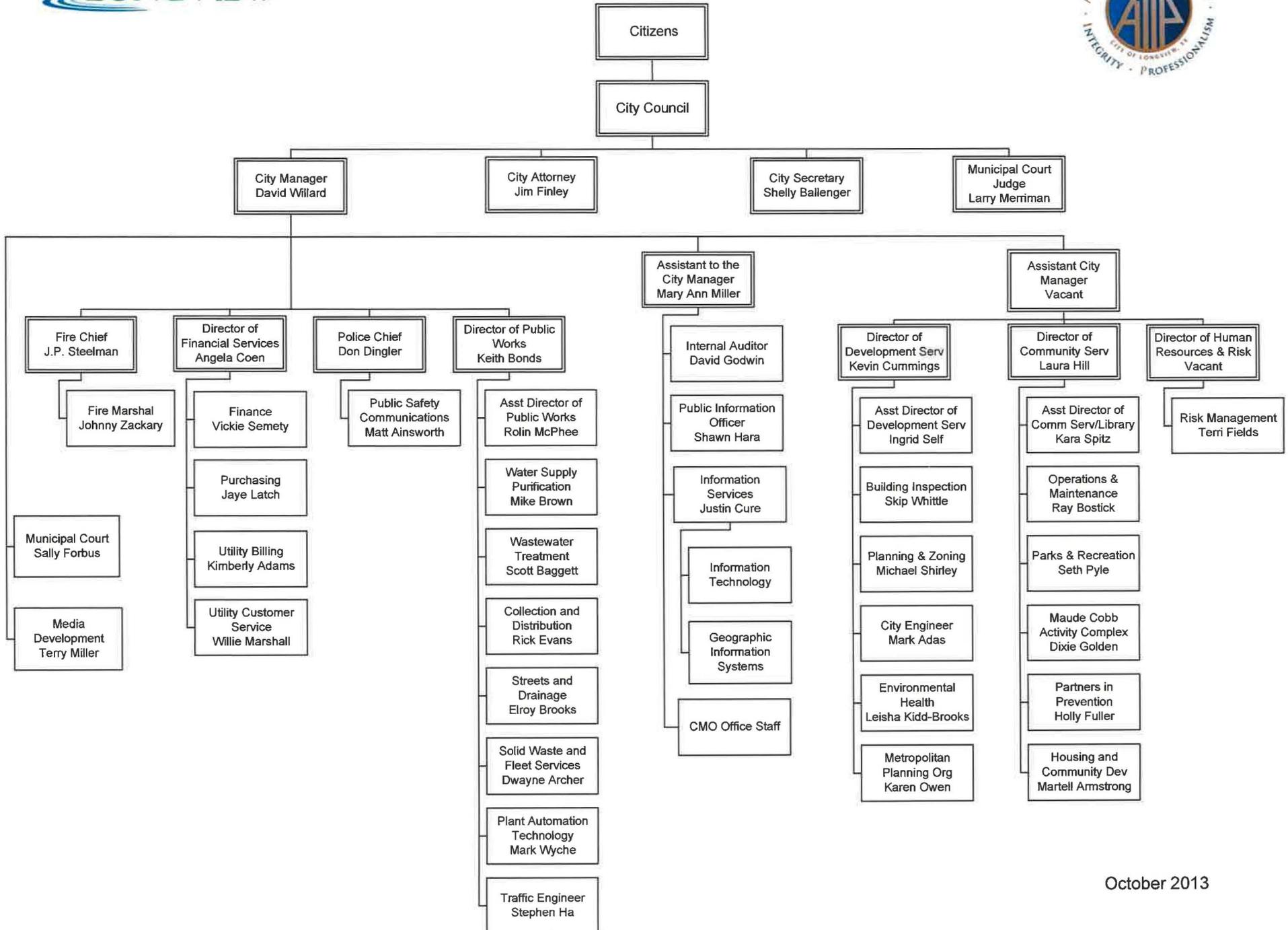
**City of Longview  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

# City of Longview Organizational Chart



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**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, 2013, 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, 2013, 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.

## **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 71-73 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 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 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 27, 2014 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 27, 2014

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**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, 2013. 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, 2013, by \$160,395,138 (net position). Of this amount, \$46,795,344 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$9,218,800 for the year ended September 30, 2013. The increase in net position can be attributed to several factors.
  - An increase in sales tax revenue of \$1,476,033 over the prior year collections was realized.
  - An increase in other revenue sources was realized in governmental and business type activities, such as hotel tax, property tax and sanitation fees.
  - The General Fund has a lower than anticipated expenditure than budgeted for FY 2012-2013
  - The Water Utility Fund has lower than anticipated expenditures than budgeted for FY 2012-2013 combined with a planned rate increase to utility customers.
  - Property tax collections exceeded expectations by \$332,508, along with municipal court collections of \$181,809 and building permits and fees of \$283,328. The building permits and fees increased due to an expansion of a major medical facility that began in FY 2011-2012 and was completed this fiscal year.
  - Prior period adjustments were made to the Governmental Activities. For details on these adjustments refer to page 70.
- As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$44,962,331, a total decrease of \$6,435,133 in comparison with the prior fiscal year. This decrease was mainly due to the following:
  - The depletion of prior year bond proceeds for scheduled projects, such as street and park improvements.
  - The General Fund realized a net increase of \$3,665,650 due to greater than anticipated sales tax revenues, along with building permits and fees. Also contributing to the positive change in fund balance was savings in public safety due to vacancies throughout the year.
  - The non-major funds realized an increase to fund balance through the collection of delinquent hotel taxes. This was accomplished through a new audit program established for the Hotel Tax Fund in FY 2012-2013.

### **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, Longview Transit Management, Inc., and the Longview Redevelopment Authority, 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 18 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 15 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, solid waste 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 solid waste 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 38-70 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 71-73 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 74-105 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position were \$160,395,138 as of September 30, 2013. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position are \$74,000,175 and the governmental net position are \$86,394,963. 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 (60%) 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 58,125,038	\$ 64,053,188	\$ 42,131,142	\$ 39,262,224	\$ 100,256,180	\$ 103,315,412
Capital assets	108,408,311	101,160,311	107,544,840	112,063,175	215,953,151	213,223,486
Total assets	<u>166,533,349</u>	<u>165,213,499</u>	<u>149,675,982</u>	<u>151,325,399</u>	<u>316,209,331</u>	<u>316,538,898</u>
Long-Term liabilities	67,112,437	71,029,425	67,390,281	73,449,001	134,502,718	144,478,426
Other liabilities	13,025,949	12,033,547	8,285,526	8,850,587	21,311,475	20,884,134
Total liabilities	<u>80,138,386</u>	<u>83,062,972</u>	<u>75,675,807</u>	<u>82,299,588</u>	<u>155,814,193</u>	<u>165,362,560</u>
Net Assets						
Invested in capital assets, net of related debt	57,304,881	53,447,645	39,074,801	39,397,519	96,379,682	92,845,164
Restricted	7,635,957	9,286,870	9,584,155	9,585,508	17,220,112	18,872,378
Unrestricted	<u>21,454,125</u>	<u>19,416,012</u>	<u>25,341,219</u>	<u>20,042,784</u>	<u>46,795,344</u>	<u>39,458,796</u>
Total net position	<u>\$ 86,394,963</u>	<u>\$ 82,150,527</u>	<u>\$ 74,000,175</u>	<u>\$ 69,025,811</u>	<u>\$ 160,395,138</u>	<u>\$ 151,176,338</u>

## Governmental Activities

The City's general revenues increased by approximately 6% or \$3,776,232 when compared to the prior year. The primary reason for this increase was the increase in property tax and sales tax revenue collections. These revenues increased in aggregate 7% or \$2,087,186 million over the prior year's actual collections, along with franchise taxes by 4%. In addition, charges for services and fines all increased in FY12-13.

**TABLE 2**

### CITY OF LONGVIEW'S GENERAL REVENUES

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Taxes	\$ 61,343,004	\$ 58,903,999	\$ -	\$ -	\$ 61,343,004	\$ 58,903,999
Other	3,855,553	2,691,470	341,801	168,657	4,197,354	2,860,127
Total	<u>\$ 65,198,557</u>	<u>\$ 61,595,469</u>	<u>\$ 341,801</u>	<u>\$ 168,657</u>	<u>\$ 65,540,358</u>	<u>\$ 61,764,126</u>

Governmental and business-type activities increased the City's net position by \$9,218,800. The key elements in this increase are as follows:

#### Governmental-type Activities

- Sales tax revenues were higher than budgeted revenues by 5% due to an increase in economic recovery. Anticipated property tax revenues collected were above budgeted totals, as well as the City's franchise revenues, fines, and charges for services.
- Due to the economic uncertainty, the City anticipated shortfalls in sales and franchise tax revenues in FY12-13. Therefore, the city took action by focusing on maintaining core services and remaining financially responsible. Like much of the country, the economic recession improved in FY12-13 and revenues began to increase over the course of the fiscal year, creating increased assets for the city.
- In this fiscal year the city concentrated mainly on core services, which consisted of cost savings from many departments, such as Human Resources, Police, Fire, Environmental Health, City Engineering and Parks-Recreations. Due to these budget savings, the city experienced lower expenditures, creating less of an offset to assets.

#### Business-type Activities

- The net gain to the business-type activities is due to unanticipated increases in revenues due to average rainfall (as opposed to the drought conditions of previous years) combined with a planned increase to water and wastewater rates. The rate increase was due to increased cost of treating water for safe and healthy consumption, the increased cost of delivering the water to homes and businesses, the increased cost of removing, treating and returning the wastewater to the environment according to government regulations, and because of the increased costs of capital improvement water projects that are necessary for the current and future needs of our community.
- The most significant expenses for Solid Waste Disposal were \$1,283,064 for salaries and benefits and \$737,874 for landfill charges. Fund expenditures slightly increased over prior year.

TABLE 3

## CITY OF LONGVIEW'S STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 10,105,424	\$ 9,877,166	\$ 40,456,826	\$37,428,137	\$ 50,562,250	\$ 47,305,303
Operating grants and contributions	8,588,290	9,305,395	-	-	8,588,290	9,305,395
Capital grants and contributions	1,518,166	510,059	-	-	1,518,166	510,059
<b>General revenues:</b>						
Taxes	61,343,004	58,903,999	-	-	61,343,004	58,903,999
Other	3,855,553	2,691,470	341,801	168,657	4,197,354	2,860,127
<b>Total revenues</b>	<b>85,410,437</b>	<b>81,288,089</b>	<b>40,798,627</b>	<b>37,596,794</b>	<b>126,209,064</b>	<b>118,884,883</b>
<b>Expenses:</b>						
General government	3,825,493	3,224,548	-	-	3,825,493	3,224,548
Public safety	39,448,792	39,454,022	-	-	39,448,792	39,454,022
Public works	11,430,457	11,097,787	-	-	11,430,457	11,097,787
Development services	2,645,444	3,194,264	-	-	2,645,444	3,194,264
Culture and recreation	12,010,715	11,774,530	-	-	12,010,715	11,774,530
Public transit	2,341,016	2,110,537	-	-	2,341,016	2,110,537
Public welfare	7,176,754	7,033,727	-	-	7,176,754	7,033,727
Arts and culture	-	-	-	-	-	-
Interest and fiscal	2,457,093	2,695,573	-	-	2,457,093	2,695,573
Water utilities	-	-	30,245,272	30,054,555	30,245,272	30,054,555
Sanitation	-	-	4,881,272	4,781,169	4,881,272	4,781,169
Nonmajor - Longview Recreation	-	-	697,719	758,580	697,719	758,580
<b>Total expenses</b>	<b>81,335,764</b>	<b>80,584,988</b>	<b>35,824,263</b>	<b>35,594,304</b>	<b>117,160,027</b>	<b>116,179,292</b>
<b>Increases in net assets before transfers</b>						
	4,074,673	703,101	4,974,364	2,002,490	9,049,037	2,705,591
<b>Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>4,074,673</b>	<b>703,101</b>	<b>4,974,364</b>	<b>2,002,490</b>	<b>9,049,037</b>	<b>2,705,591</b>
Net position, beginning	82,150,527	80,979,747	69,025,811	67,023,321	151,176,338	148,003,068
Prior period adjustment	169,763	467,679	-	-	169,763	467,679
<b>Total net position</b>	<b>\$ 86,394,963</b>	<b>\$ 82,150,527</b>	<b>\$ 74,000,175</b>	<b>\$69,025,811</b>	<b>\$160,395,138</b>	<b>\$151,176,338</b>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of September 30, 2013, the City had \$215,953,151 (net of accumulated depreciation) invested in a broad range of capital assets, a net increase (including additions and disposals) of \$2,729,665 from prior year. This increase is largely due to a higher volume of ongoing projects that have not been completed. The capital assets are comprised of police and fire equipment, buildings, park facilities, roads, bridges, water and sewer lines, drainage improvements, and water treatment plants.

**TABLE 4**

**CITY OF LONGVIEW'S CAPITAL ASSETS**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$5,888,786	\$3,835,232	\$755,576	\$755,576	\$6,644,362	\$4,590,808
Buildings	82,947,619	81,708,002	21,592,860	21,356,343	104,540,479	103,064,345
Equipment	44,922,770	44,067,779	32,869,006	32,313,238	77,791,776	76,381,017
Infrastructure	119,893,214	117,978,290	190,385,100	187,185,376	310,278,314	305,163,666
Water and sewer system						
Construction in progress	14,397,493	4,588,675	3,124,769	3,649,864	17,522,262	8,238,539
Total	<u>\$268,049,882</u>	<u>\$252,177,978</u>	<u>\$248,727,311</u>	<u>\$245,260,397</u>	<u>\$516,777,193</u>	<u>\$497,438,375</u>

**Current Year Major Additions:**

	2013
2012 Drainage Improvements	\$ 315,641
2012 Water System Improvements	354,000
Foster Middle School Sidewalk Improvements	416,815
Sabine and Cherokee Water Treatment Plant Switchgear Replacement	604,894
Intersection Improvements	652,447
Upgrade Oil Dirt Streets	848,588
Longview Train Station & Multimodal Center	1,133,129
Hollybrook Drive Improvements	1,582,490
FM 2275 George Richey Extension	2,404,019
Downtown Street Improvements - Green Street	3,500,043
	<u>\$11,812,066</u>

The City's 2012-13 Five-Year Capital Improvements Program has approximately \$100,615,000 in projects, of which \$6,330,000 has been adopted for completion in the current year. The projects are as follows: Drainage - \$1,500,000, Water - \$3,300,000 and Wastewater - \$1,530,000.

Completing these programs will result in improvements to mitigate house flooding and/or storm sewer problems on Forest and Willow Springs Streets and the successful reconstruction and/or replacement of bridges and culverts for the

following locations: South High Street at Sabine Street, Alice Street and Eva Street, Pliler Precise Road and Ray Creek. In addition, these programs will install approximately 6,200' of sewer lines to replace existing 6" sewer lines that are beyond their maintenance life at High, Laney, Richwood, Oden, Pam, Industrial, Bostic and LeDuke streets. It will also provide for the installation of mechanical thickeners to increase the Wastewater Treatment Plant's digestion capacity. These programs will be providing the improvements for treatment plant efficiency and boiler control by constructing a grease delivery station and converting a primary digester to a secondary digester. Finally, the program will help to install approximately 11,000' of water mains to replace existing lines that are undersized and beyond their maintenance life at Commerce, Avenue C, Page, Lindsey, Jordan, El Paso, Ray, Terrace, Graham, Hughes, Whaley and Marshall Streets.

Additional information regarding the City's capital assets can be found in Note 5 on pages 52-54 of this report.

### Debt Administration

At the end of the current fiscal year, the City had \$129,125,000 in general obligation and certificates of obligation, and revenue bonds outstanding. This represents a decrease of \$10,435,000 compared to the prior year. The following table shows the debt outstanding at September 30, 2013 and 2012:

**TABLE 5**

**CITY OF LONGVIEW'S OUTSTANDING DEBT**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General and certificates of obligatin bonds	\$58,255,000	\$62,830,000	\$ -	\$ -	\$58,255,000	\$62,830,000
Revenue bonds	-	-	70,870,000	76,730,000	70,870,000	76,730,000
<b>Total</b>	<b>\$58,255,000</b>	<b>\$62,830,000</b>	<b>\$70,870,000</b>	<b>\$76,730,000</b>	<b>\$129,125,000</b>	<b>\$139,560,000</b>

As of September 30, 2013, the City had \$58,255,000 of General Obligation Bonds and no Certificate of Obligation bonds for a total of \$58,255,000 of outstanding tax supported debt. The current debt service requirement on existing tax-supported debt is \$6,662,148.

There were no new issues for General Obligation Bonds for the current fiscal year.

As of September 30, 2013, the City had \$44,339,032 water and \$26,530,968 sewer for a total of \$70,870,000 of Water and Sewer Revenue Bonds outstanding. The current debt service requirement for FY13-14 is \$8,937,284. 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 FY13-14 is not required.

There were no new issues for Water and Sewer Revenue bonds for the current fiscal year.

In recent years, the City has also begun to use 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, 2013, the City had a total of \$5,591,195 of outstanding 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	
	2013	2012	2013	2012	2013	2012
Capital Lease obligations	\$3,940,179	\$4,390,340	\$1,651,016	\$1,942,694	\$5,591,195	\$6,333,034
Total	\$3,940,179	\$4,390,340	\$1,651,016	\$1,942,694	\$5,591,195	\$6,333,034

There were no new issues of capital lease obligations. 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 7 and 8 on page 61-66 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 governmental funds reported a combined fund balance of \$44,962,331, a decrease of \$6,435,133 in comparison to the prior year. Approximately 35% of this amount (\$15,784,785) 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 42-43.

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 \$15,938,054 while total fund balance was \$23,383,241. 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 28% of total General Fund expenditures, while the total fund balance represents 41% of that same amount.

The fund balance of the City of Longview's General Fund increased \$3,665,650 during the current fiscal year. Key factors in this increase are as follows:

- An increase in sales tax revenue of \$1,180,825 due to economic conditions
- Along with an increase in property taxes of \$757,989 and
- An increase in permits and fees due to a large expansion of a major medical facility, and
- A decrease in debt service cost due to the maturity of issuances, and
- Other cost savings from general fund functions of administrative costs, maintenance costs and vacancy savings

The Debt Service Fund has a total fund balance of \$2,987,721, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$130,393 which indicates that proper funding for the current debt service was provided through a combination of property tax receipts, and transfers from other funds. The increase is due to better than anticipated collections of property tax receipts.

The Capital Projects Fund has a total fund balance of \$12,525,693, 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 \$10,738,456. This decrease is due to ongoing funding of bond supported projects.

### **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 \$19,952,545, and those for the Solid Waste Disposal Fund amounted to \$2,141,792. The Water Utilities Fund experienced an increase in net position of \$4,822,928 during the current year. A reason for this is the unanticipated increase in revenues combined with water and sewer rate increases. The Solid Waste Disposal Fund had an increase in net position of \$114,660. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

During the current fiscal year, there were two budget amendments. The amendments were in the amounts of \$115,200 and \$460,000. The amendment for \$115,200 funded a new program where the City of Longview will provide information technology services to the City of Kilgore. The City will break even on this program because it plans to charge out the expenses to the City of Kilgore. The amendment for \$460,000 was for the purchase of the State of Texas National Guard Armory which the City was previously leasing for the fire department training center.

Total revenue was above budget by \$2,180,446. The details of the more significant variances of budget to actual collections are detailed below:

- \$1,174,379 increase in anticipated sales taxes
- \$208,827 increase in anticipated property taxes
- \$264,830 increase in building permits due to a major expansion at Longview Regional Hospital, along with increases to the other types of fees that are charged such as building inspections, engineering permits and fire inspections
- \$250,000 increase in contractual fees due to incorrectly budgeting the industrial agreement payment from Eastman Chemical Inc.
- \$300,000 increase in misc. revenue due to LEDCO's contribution to the Armory Building purchase for use of Fire Fighter training

Total expenditures for the General Fund were \$2,218,444 under the final expenditure budget. The details of the more significant variances of budget to actual expenditures are detailed below:

- \$1,238,863 decrease in police due to vacancies in personnel throughout the year
- \$500,843 decrease in fire due to vacancies in personnel throughout the year
- \$280,870 decrease in street maintenance due to savings in supplies
- \$88,150 decrease in city attorney due to savings in litigation costs
- \$139,370 decrease in parks and recreation due to vacancies in personnel throughout the year and savings in supplies

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

- Estimates a 0.32% decrease in overall appraised property values, resulting in an estimated \$127,013 decrease in property tax collections
- Estimates a 3.18% increase in sales tax collection, which is an estimated increase of \$951,021
- Includes a property tax rate of \$0.5009, which is the same as fiscal year 2012-2013
- Includes increases in employee salaries that need adjustment to meet market based on a compensation study
- No proposed increases for water and sewer rates
- Does not include an increase in residential sanitation rates

#### **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 STATEMENTS**

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**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business Activities	Total	Longview Economic Development Corporation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,638,448	\$ 9,158,669	\$ 21,797,117	\$ 10,731,163
Investments	18,901,056	8,270,202	27,171,258	-
Receivables (net of allowances for uncollectibles)				
Taxes	5,891,084	-	5,891,084	910,660
Accounts	2,081,997	4,817,884	6,899,881	-
Other	370,971	-	370,971	-
Internal balances	(3,013,780)	3,013,780	-	-
Intergovernmental receivable	1,691,074	-	1,691,074	-
Accrued interest	5,433	5,890	11,323	-
Deferred charges	235,734	390,074	625,808	108,999
Inventories	259,115	986,135	1,245,250	-
Prepaid and other assets	84,799	10,303	95,102	10,137
Notes receivable	-	-	-	116,800
Investment in property	-	-	-	867,795
Restricted assets:				
Cash and cash equivalents	18,216,707	9,196,431	27,413,138	833,500
Investments	762,400	6,281,774	7,044,174	-
Capital assets:				
Land	5,888,786	755,576	6,644,362	5,355,862
Buildings and improvements	82,947,619	21,592,860	104,540,479	185,149
Machinery and equipment	44,922,770	32,869,006	77,791,776	158,610
Infrastructure	119,893,214	190,385,100	310,278,314	15,986,218
Construction in progress	14,397,493	3,124,769	17,522,262	1,441,829
Less: accumulated depreciation	(159,641,571)	(141,182,471)	(300,824,042)	(7,090,140)
Total capital assets	<u>108,408,311</u>	<u>107,544,840</u>	<u>215,953,151</u>	<u>16,037,528</u>
Total assets	<u>166,533,349</u>	<u>149,675,982</u>	<u>316,209,331</u>	<u>29,616,582</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	3,728,715	976,892	4,705,607	70,630
Payables from restricted assets:				
Accounts payable and accrued expenses	1,985,057	275,741	2,260,798	-
Meter deposits	-	361,818	361,818	-
Family self-sufficiency escrow	31,696	-	31,696	-
Other liabilities	167,952	-	167,952	-
Other payables	575,950	-	575,950	-
Noncurrent liabilities:				
Due within one year	6,536,579	6,671,075	13,207,654	1,216,773
Due in more than one year	67,112,437	67,390,281	134,502,718	9,291,917
Total liabilities	<u>80,138,386</u>	<u>75,675,807</u>	<u>155,814,193</u>	<u>10,579,320</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	57,304,881	39,074,801	96,379,682	8,555,632
Restricted for:				
Grant requirements	499,998	-	499,998	-
Capital projects	477,302	-	477,302	-
Debt service	2,987,721	9,584,155	12,571,876	833,500
911 Emergency operations	973,400	-	973,400	-
Tourism and convention facilities	2,070,333	-	2,070,333	-
Other purposes	627,203	-	627,203	-
Unrestricted	21,454,125	25,341,219	46,795,344	9,648,130
Total net position	<u>\$ 86,394,963</u>	<u>\$ 74,000,175</u>	<u>\$ 160,395,138</u>	<u>\$ 19,037,262</u>

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

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 3,825,493	\$ 82,127	\$ -	\$ -
Public safety	39,448,792	7,587,266	149,460	150,147
Public works	11,430,457	-	739,578	68,791
Developmental services	2,645,444	1,151,373	818,947	1,599
Culture and recreation	12,010,715	690,640	2,126	-
Public transit	2,341,016	432,345	1,492,622	1,297,629
Public welfare	7,176,754	161,673	5,385,557	-
Interest and fiscal charges	2,457,093	-	-	-
Total governmental activities	<u>81,335,764</u>	<u>10,105,424</u>	<u>8,588,290</u>	<u>1,518,166</u>
Business-type activities:				
Water utilities	30,245,272	34,758,190	-	-
Sanitation	4,881,272	4,990,505	-	-
Nonmajor funds - Longview Recreation Association				
	697,719	708,131	-	-
Total business-type activities	<u>35,824,263</u>	<u>40,456,826</u>	<u>-</u>	<u>-</u>
Total primary government	<u>117,160,027</u>	<u>50,562,250</u>	<u>8,588,290</u>	<u>1,518,166</u>
<b>Component unit</b>				
Longview Economic Development Corporation	6,973,612	1,009,710	-	-
Total component unit				

**General revenues:**

Taxes:

Property taxes  
Sales taxes  
Franchise taxes  
Other taxes

Industrial agreements

Investment earnings

Miscellaneous

Gain on sale of asset

Special item: Right of way contribution

Total general revenues and special items

Change in net position

Net position - beginning

Prior period adjustment (Note 15)

Net position - ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Longview Economic Development Corporation
\$ (3,743,366)	\$ -	\$ (3,743,366)	\$ -
(31,561,919)	-	(31,561,919)	-
(10,622,088)	-	(10,622,088)	-
(673,525)	-	(673,525)	-
(11,317,949)	-	(11,317,949)	-
881,580	-	881,580	-
(1,629,524)	-	(1,629,524)	-
(2,457,093)	-	(2,457,093)	-
<u>(61,123,884)</u>	<u>-</u>	<u>(61,123,884)</u>	<u>-</u>
-	4,512,918	4,512,918	-
-	109,233	109,233	-
-	10,412	10,412	-
<u>-</u>	<u>4,632,563</u>	<u>4,632,563</u>	<u>-</u>
<u>(61,123,884)</u>	<u>4,632,563</u>	<u>(56,491,321)</u>	<u>-</u>
-	-	-	(5,963,902)
27,074,366	-	27,074,366	-
26,398,630	-	26,398,630	5,279,726
5,562,605	-	5,562,605	-
2,307,403	-	2,307,403	-
1,743,330	-	1,743,330	-
271,565	114,948	386,513	101,883
1,810,133	224,203	2,034,336	57,370
30,525	2,650	33,175	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(516,803)</u>
<u>65,198,557</u>	<u>341,801</u>	<u>65,540,358</u>	<u>4,922,176</u>
4,074,673	4,974,364	9,049,037	(1,041,726)
82,150,527	69,025,811	151,176,338	20,078,988
<u>169,763</u>	<u>-</u>	<u>169,763</u>	<u>-</u>
<u>\$ 86,394,963</u>	<u>\$ 74,000,175</u>	<u>\$ 160,395,138</u>	<u>\$ 19,037,262</u>

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**FUND FINANCIAL STATEMENTS**

**CITY OF LONGVIEW, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,679,093	\$ 2,907,278	\$ 13,492,474
Investments	17,546,553	-	-
Accounts receivable, net	6,625,773	252,725	-
Intergovernmental receivable	-	-	-
Inventory	101,242	-	-
Due from other funds	913,529	39,661	-
Prepaid expenses	-	-	-
Accrued interest	4,431	-	-
Total assets	<u>\$ 27,870,621</u>	<u>\$ 3,199,664</u>	<u>\$ 13,492,474</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,119,441	\$ -	\$ 966,781
Accrued liabilities	1,318,285	-	-
Due to other funds	39,661	-	-
Deferred revenue	1,434,043	211,943	-
Other payables	575,950	-	-
Family self-sufficiency escrow	-	-	-
Total liabilities	<u>4,487,380</u>	<u>211,943</u>	<u>966,781</u>
Fund balances:			
Nonspendable	101,242	-	-
Restricted	55,046	2,987,721	11,264,740
Committed	-	-	1,260,953
Assigned	7,288,899	-	-
Unassigned	15,938,054	-	-
Total fund balances	<u>23,383,241</u>	<u>2,987,721</u>	<u>12,525,693</u>
Total liabilities and fund balances	<u>\$ 27,870,621</u>	<u>\$ 3,199,664</u>	<u>\$ 13,492,474</u>

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 cost 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 assets of governmental activities

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

Total Nonmajor Funds	Total Governmental Funds
\$ 4,081,074	\$ 23,159,919
1,171,097	18,717,650
1,394,909	8,273,407
1,691,074	1,691,074
-	101,242
-	953,190
78,080	78,080
554	4,985
<u>\$ 8,416,788</u>	<u>\$ 52,979,547</u>

\$ 1,180,939	\$ 3,267,161
56,996	1,375,281
913,529	953,190
162,985	1,808,971
4,967	580,917
31,696	31,696
<u>2,351,112</u>	<u>8,017,216</u>

-	101,242
4,115,888	18,423,395
2,103,057	3,364,010
-	7,288,899
<u>(153,269)</u>	<u>15,784,785</u>
6,065,676	44,962,331
<u>\$ 8,416,788</u>	

103,687,707

1,645,986

9,271,264

(73,172,325)

\$ 86,394,963

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>REVENUES</b>			
Taxes	\$ 46,827,649	\$ 6,956,343	\$ -
Fines and forfeitures	2,981,809	-	-
Licenses and permits	1,404,451	-	-
Intergovernmental	-	-	600,000
Charges for services	3,649,760	-	-
Investment earnings	167,210	20,919	37,043
Industrial agreements	1,743,330	-	-
Miscellaneous	651,962	-	-
Total revenues	<u>57,426,171</u>	<u>6,977,262</u>	<u>637,043</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,345,158	-	70,651
Public safety	35,340,988	-	-
Public works	5,135,669	-	-
Developmental services	1,626,849	-	-
Public welfare	1,394,961	-	-
Culture and recreation	7,199,560	-	-
Public transit	13,585	-	-
Debt service:			
Principal	441,584	4,575,000	-
Interest and other charges	159,435	2,271,869	6,304
Capital outlay	1,461,657	-	11,191,775
Total expenditures	<u>56,119,446</u>	<u>6,846,869</u>	<u>11,268,730</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,306,725	130,393	(10,631,687)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	61,860	-	-
Transfers in	2,884,065	-	577,000
Transfers out	(587,000)	-	(683,769)
Total other financing sources and uses	<u>2,358,925</u>	<u>-</u>	<u>(106,769)</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,665,650	130,393	(10,738,456)
<b>FUND BALANCES, BEGINNING</b>	19,569,692	2,857,328	23,264,149
<b>PRIOR PERIOD ADJUSTMENT (NOTE 15)</b>	<u>147,899</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 23,383,241</u>	<u>\$ 2,987,721</u>	<u>\$ 12,525,693</u>

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

<u>Total Nonmajor Funds</u>	<u>Total Governmental</u>
\$ 7,587,129	\$ 61,371,121
548,462	3,530,271
-	1,404,451
9,506,457	10,106,457
1,673,700	5,323,460
17,884	243,056
-	1,743,330
93,749	745,711
<u>19,427,381</u>	<u>84,467,857</u>
2,732	3,418,541
1,370,004	36,710,992
2,646,559	7,782,228
992,011	2,618,860
5,590,576	6,985,537
1,891,936	9,091,496
2,022,016	2,035,601
6,629	5,023,213
3,618	2,441,226
<u>2,373,820</u>	<u>15,027,252</u>
<u>16,899,901</u>	<u>91,134,946</u>
2,527,480	(6,667,089)
333	62,193
590,000	4,051,065
<u>(2,780,296)</u>	<u>(4,051,065)</u>
<u>(2,189,963)</u>	62,193
337,517	(6,604,896)
5,706,295	51,397,464
<u>21,864</u>	<u>169,763</u>
<u>\$ 6,065,676</u>	<u>\$ 44,962,331</u>

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**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, 2013**

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

Net change in fund balances - total governmental funds:	\$ (6,604,896)
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.	6,738,677
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.	3,236
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(180,876)
The issuance of long-term debt (e.g., bonds, leases) provided 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 issuance costs, 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.	4,935,285
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.	(907,802)
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.	91,049
Change in net position of governmental activities	\$ 4,074,673

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, 2013**

	Budgeted Amounts	
	Original	Final
<b>REVENUE</b>		
Taxes	\$ 45,735,025	\$ 45,735,025
Fines, forfeits, and penalties	2,800,000	2,800,000
Licenses, permits, and fees	963,383	1,078,583
Charges for services	3,499,905	3,499,905
Investment earning	227,500	227,500
Contractual fees	1,493,330	1,493,330
Miscellaneous revenue	450,000	450,000
Total revenue	<u>55,169,143</u>	<u>55,284,343</u>
<b>EXPENDITURES</b>		
Current:		
General government	3,228,882	3,415,970
Public safety	37,181,349	37,181,349
Public works	5,364,618	5,364,618
Development services	1,708,518	1,753,518
Public welfare	1,542,038	1,547,038
Culture and recreation	7,443,506	7,466,690
Public transit	25,000	25,000
Debt service:		
Principal	451,613	451,613
Interest and other charges	149,404	149,404
Capital outlay	663,946	1,043,498
Total expenditures	<u>57,758,874</u>	<u>58,398,698</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(2,589,731)</u>	<u>(3,114,355)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from sale of assets	5,000	5,000
Transfers in	2,880,296	2,901,481
Transfers out	(375,000)	(587,000)
Total other financing sources (uses)	<u>2,510,296</u>	<u>2,319,481</u>
<b>NET CHANGE IN FUND BALANCE</b>	(79,435)	(794,874)
<b>PRIOR PERIOD ADJUSTMENT (NOTE 15)</b>	-	-
<b>FUND BALANCE - BEGINNING</b>	19,569,692	19,569,692
<b>FUND BALANCE - END</b>	<u>\$ 19,490,257</u>	<u>\$ 18,774,818</u>

Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
\$ 46,827,649	\$ (416,187)	\$ 46,411,462	676,437
2,981,809	-	2,981,809	181,809
1,404,451	-	1,404,451	325,868
3,649,760	-	3,649,760	149,855
167,210	12,276	179,486	(48,014)
1,743,330	-	1,743,330	250,000
651,962	-	651,962	201,962
<u>57,426,171</u>	<u>(403,911)</u>	<u>57,022,260</u>	<u>1,737,917</u>
3,345,158	(46,983)	3,298,175	117,795
35,340,988	(108,186)	35,232,802	1,948,547
5,135,669	(3,748)	5,131,921	232,697
1,626,849	(3,467)	1,623,382	130,136
1,394,961	(4,723)	1,390,238	156,800
7,199,560	(13,921)	7,185,639	281,051
13,585	-	13,585	11,415
441,584	-	441,584	10,029
159,435	-	159,435	(10,031)
1,461,657	-	1,461,657	(418,159)
<u>56,119,446</u>	<u>(181,028)</u>	<u>55,938,418</u>	<u>2,460,280</u>
<u>1,306,725</u>	<u>(222,883)</u>	<u>1,083,842</u>	<u>4,198,197</u>
61,860	(20,648)	82,508	77,508
2,884,065	-	2,884,065	(17,416)
(587,000)	-	(587,000)	-
<u>2,358,925</u>	<u>(20,648)</u>	<u>2,379,573</u>	<u>60,092</u>
3,665,650	(243,531)	3,463,415	4,258,289
147,899	-	147,899	147,899
19,569,692	-	19,569,692	-
<u>\$ 23,383,241</u>	<u>\$ (243,531)</u>	<u>\$ 23,181,006</u>	<u>\$ 4,406,188</u>

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	Enterprise Funds	
	Water Utilities	Solid Waste Disposal
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,989,509	\$ 914,985
Investments	7,238,297	1,031,905
Accounts receivable, net	4,252,182	565,702
Deferred charges	390,074	-
Inventories	986,135	-
Accrued interest	5,476	414
Prepaid expenses	10,303	-
Restricted assets:		
Cash and cash equivalents	9,196,431	-
Investments	6,281,774	-
Total current assets	36,350,181	2,513,006
Non-current assets:		
Capital assets:		
Land	750,000	5,576
Buildings	21,362,562	213,798
Water and sewer system	190,385,100	-
Machinery and equipment	30,319,212	2,509,054
Construction in progress	3,124,769	-
Less accumulated depreciation	(139,279,882)	(1,879,040)
Total non-current assets	106,661,761	849,388
 Total assets	 143,011,942	 3,362,394

(continued)

<u>Enterprise Funds</u>		
<u>Nonmajor - Longview Recreation Association</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 254,175	\$ 9,158,669	\$ 7,695,236
-	8,270,202	945,806
-	4,817,884	70,645
-	390,074	-
-	986,135	157,873
-	5,890	448
-	10,303	6,719
-	9,196,431	-
-	6,281,774	-
<u>254,175</u>	<u>39,117,362</u>	<u>8,876,727</u>
-	755,576	-
16,500	21,592,860	390,123
-	190,385,100	-
40,740	32,869,006	14,852,004
-	3,124,769	-
(23,549)	(141,182,471)	(10,521,523)
<u>33,691</u>	<u>107,544,840</u>	<u>4,720,604</u>
<u>287,866</u>	<u>146,662,202</u>	<u>13,597,331</u>

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**(Continued)**

**SEPTEMBER 30, 2013**

	Enterprise Funds	
	Water Utilities	Solid Waste Disposal
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 381,666	\$ 139,972
Accrued liabilities	147,484	50,415
Compensated absences	109,192	15,475
Capital lease obligation	43,264	259,323
Claims and judgments	-	-
Current liabilities payable from restricted assets:		
Accounts payable - construction	275,741	-
Accrued interest payable	236,516	-
Revenue bonds	6,243,786	-
Customer deposits	361,818	-
Total current liabilities	7,799,467	465,185
Non-current liabilities:		
Compensated absences	618,755	87,692
Other post-employment benefits	657,081	77,660
Capital lease obligation	531,102	817,327
Revenue bonds payable	64,600,465	-
Total non-current liabilities	66,407,403	982,679
Total liabilities	74,206,870	1,447,864
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	39,268,372	(227,262)
Restricted for debt service	9,584,155	-
Unrestricted	19,952,545	2,141,792
Total net position	\$ 68,805,072	\$ 1,914,530

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>
\$ 19,864	\$ 541,502	\$ 207,627
975	198,874	27,576
35	124,702	15,785
-	302,587	2,022
-	-	841,789
-	275,741	-
-	236,516	-
-	6,243,786	-
-	361,818	-
<u>20,874</u>	<u>8,285,526</u>	<u>1,094,799</u>
199	706,646	89,454
-	734,741	103,216
-	1,348,429	24,818
-	64,600,465	-
<u>199</u>	<u>67,390,281</u>	<u>217,488</u>
<u>21,073</u>	<u>75,675,807</u>	<u>1,312,287</u>
33,691	39,074,801	4,693,764
-	9,584,155	-
<u>233,102</u>	<u>22,327,439</u>	<u>7,591,280</u>
<u>\$ 266,793</u>	<u>70,986,395</u>	<u>\$ 12,285,044</u>
	<u>2,988,236</u>	
	<u>\$ 73,974,631</u>	

**CITY OF LONGVIEW, TEXAS**

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

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Enterprise Funds	
	Water Utilities	Solid Waste Disposal
<b>OPERATING REVENUES</b>		
Water revenue	\$ 20,809,510	\$ -
Sewer revenue	12,688,728	-
Solid waste collections	-	4,990,505
Installation fees	770,178	-
Penalties	489,774	-
Recreation revenue	-	-
Premiums	-	-
Vehicle revenue	-	-
GIS revenue	-	-
Cable fees	-	-
Miscellaneous	-	-
Total operating revenues	34,758,190	4,990,505
<b>OPERATING EXPENSES</b>		
Administrative	602,968	-
Utility services	1,239,104	-
Water supply	2,814,207	-
Water distribution	2,899,150	-
Water purification	3,828,978	-
Sanitary sewer maintenance	1,683,172	-
Sanitary sewer treatment	2,538,770	-
Plant automation	519,374	-
Non-departmental expense	2,846,486	-
Sanitation services	-	4,441,644
Claims and premiums, net of reimbursements	-	-
Fleet service	-	-
Depreciation	7,892,954	400,363
Recreation expenses	-	-
Total operating expenses	26,865,163	4,842,007
<b>OPERATING INCOME (LOSS)</b>	<b>7,893,027</b>	<b>148,498</b>

(continued)

Nonmajor Enterprise Funds Nonmajor - Longview Recreation Association	Total	Internal Service Funds
\$ -	\$ 20,809,510	\$ -
-	12,688,728	-
-	4,990,505	-
-	770,178	-
-	489,774	-
708,131	708,131	-
-	-	8,939,975
-	-	3,730,918
-	-	635,128
-	-	134,514
-	-	61,518
708,131	40,456,826	13,502,053
-	602,968	1,836,600
-	1,239,104	-
-	2,814,207	-
-	2,899,150	-
-	3,828,978	-
-	1,683,172	-
-	2,538,770	-
-	519,374	-
-	2,846,486	-
-	4,441,644	-
-	-	8,355,142
-	-	2,081,902
1,719	8,295,036	1,326,087
696,000	696,000	-
697,719	32,404,889	13,599,731
10,412	8,051,937	(97,678)

**CITY OF LONGVIEW, TEXAS**

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

**PROPRIETARY FUNDS**

(Continued)

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Enterprise Funds	
	Water Utilities	Solid Waste Disposal
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenues	\$ 106,066	\$ 8,062
Miscellaneous revenues	224,203	-
Gain (loss) on sale of capital asset	(9,433)	2,650
Interest expense	(3,382,521)	(44,550)
Miscellaneous expenses	(8,414)	
Total non-operating revenues (expenses)	(3,070,099)	(33,838)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	4,822,928	114,660
<b>SPECIAL ITEM</b>		
Change in accounting estimate	-	-
<b>CHANGE IN NET POSITION</b>	4,822,928	114,660
<b>TOTAL NET POSITION, BEGINNING</b>	63,982,144	1,799,870
<b>TOTAL NET POSITION, ENDING</b>	\$ 68,805,072	\$ 1,914,530

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.

<u>Nonmajor Enterprise Funds</u>		<u>Total</u>	<u>Internal Service Funds</u>
Nonmajor - Longview Recreation Association			
\$ 820	\$ 114,948	\$ 28,506	
-	224,203	28,072	
-	(6,783)	80,104	
-	(3,427,071)	(992)	
-	(8,414)	-	
<u>820</u>	<u>(3,103,117)</u>	<u>135,690</u>	
11,232	4,948,820	38,012	
-	-	78,578	
11,232	4,948,820	116,590	
<u>255,561</u>	<u>66,037,575</u>	<u>12,168,454</u>	
<u>\$ 266,793</u>	70,986,395	<u>\$ 12,285,044</u>	
	4,948,820		
	<u>25,544</u>		
	<u>\$ 4,974,364</u>		

**CITY OF LONGVIEW, TEXAS**

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	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	\$ 34,242,930	\$ 5,003,694	\$ 708,131
Cash received from City departments	-	-	-
Cash received from premiums/contributions	-	-	-
Cash received - miscellaneous	11,455	-	-
Cash payments for claims	-	-	-
Cash payments for goods and services	(12,709,537)	(3,276,330)	(637,055)
Cash payments to employees/retirees	(6,471,363)	(1,270,678)	(52,527)
Net cash provided by operating activities	15,073,485	456,686	18,549
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Unamortized bond issuance costs	(8,414)	-	-
Acquisition and construction of capital assets	(3,585,359)	(141,913)	(35,410)
Proceeds on sale of capital asset	11,800	2,650	-
Principal paid on long-term debt	(5,901,722)	(249,958)	-
Interest and fiscal charges on debt	(3,066,177)	(49,639)	-
Net cash used by capital and related financing activities	(12,549,872)	(438,860)	(35,410)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	-	-	-
Purchase of investments	124,521	(5,582)	-
Interest on investments	107,049	8,060	820
Net cash provided by investing activities	231,570	2,478	820
<b>NET INCREASE (DECREASE) IN CASH</b>	2,755,183	20,304	(16,041)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	14,430,757	894,681	270,216
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 17,185,940	\$ 914,985	\$ 254,175

(continued)

	Governmental Activities	
Total	Internal Service Funds	
\$ 39,954,755	\$	-
-		4,495,400
-		8,988,843
11,455		-
-		(8,458,981)
(16,622,922)		(2,410,044)
(7,794,568)		(1,432,477)
<u>15,548,720</u>		<u>1,182,741</u>
(8,414)		-
(3,762,682)		(2,143,446)
14,450		204,828
(6,151,680)		(1,949)
<u>(3,115,816)</u>		<u>(992)</u>
(13,024,142)		(1,941,559)
-		2,002,655
118,939		(2,749)
115,929		64,075
<u>234,868</u>		<u>2,063,981</u>
2,759,446		1,305,163
<u>15,595,654</u>		<u>6,390,073</u>
<u>\$ 18,355,100</u>	<u>\$</u>	<u>7,695,236</u>

**CITY OF LONGVIEW, TEXAS**

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	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)	\$ 7,893,027	\$ 148,498	\$ 10,412
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	7,892,954	400,363	1,719
Miscellaneous nonoperating expense	11,455	-	-
Change in assets and liabilities:			
Decrease (increase) in assets:			
Receivables	(497,345)	13,187	-
Inventories	150,605	-	-
Due from other funds	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	(484,508)	(117,750)	5,352
Accrued liabilities	20,410	5,115	832
Customer deposits	(17,915)	-	-
Claims payable	-	-	-
Compensated absences	47,852	9,014	234
Other post employment benefits	56,950	(1,741)	-
Total adjustments	7,180,458	308,188	8,137
Net cash provided by operating activities	\$ 15,073,485	\$ 456,686	\$ 18,549
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Donated property received	\$ 212,748	\$ -	\$ -

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

Total	Governmental Activities  Internal Service Funds
\$ 8,051,937	\$ (97,678)
8,295,036	1,326,087
11,455	-
(484,158)	(15,975)
150,605	(5,161)
-	3,323
(596,906)	64,927
26,357	2,090
(17,915)	-
-	(111,886)
57,100	4,557
55,209	12,457
7,496,783	1,280,419
\$ 15,548,720	\$ 1,182,741
\$ 212,748	\$ -

**CITY OF LONGVIEW**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2013**

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	
Cash equivalents	\$ 1,322,062
Total cash and cash equivalents	<u>1,322,062</u>
Receivables	
Contribution receivable	138,794
Interest and dividends	6,853
Total receivables	<u>145,647</u>
Other assets	600
Investments, at fair value	
Equity securities	14,144,049
Mutual funds	24,855,906
Diversified investment products	2,853,673
Total investments	<u>41,853,628</u>
Equipment, at cost, net of accumulated depreciation	<u>3,851</u>
Total assets	<u>43,325,788</u>
<b>LIABILITIES</b>	
Accrued benefits	332,656
Credit card payable	11,144
Deferred revenue	150
Total liabilities	<u>343,950</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u>\$ 42,981,838</u>

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

**CITY OF LONGVIEW**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 1,657,634
Members	1,627,905
Total contributions	<u>3,285,539</u>
Investment income	
Interest and dividend income	1,408,710
Net appreciation in fair value of investments	3,859,756
Less investment expense	<u>(235,138)</u>
Total investment income	5,033,328
Other income	<u>7,390</u>
Total additions	<u>8,326,257</u>
<b>DEDUCTIONS</b>	
Benefits paid to members	4,727,233
Refunds of contributions	233,018
Administrative expenses	<u>88,492</u>
Total deductions	<u>5,048,743</u>
Net decrease	3,277,514
Net position available-for-benefits	
Beginning of year	<u>39,704,324</u>
End of year	<u><u>\$ 42,981,838</u></u>

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

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**NOTES TO THE  
FINANCIAL STATEMENTS**

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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, 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 unit**

The financial statements of the following component unit have been discretely presented in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

**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.

**Blended component units**

The financial statements of the following component units have been "blended" with those of the City because (i) their governing bodies are substantially the same as the governing body of the City or (ii) the component unit provides services entirely to the City.

**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 for the benefit of these employees 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, 2012.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

**Longview Transit Management Inc.**

Longview Transit Management, Inc. (Longview Transit) is a legally separate entity that functions entirely for the benefit of the City of Longview. Longview Transit operates the public transit system in and about the City of Longview and is fiscally dependent upon the City of Longview. The governing body of Longview Transit Management Inc. is substantially the same as the City's governing body.

**Longview Redevelopment Authority Inc.**

The Longview Redevelopment Authority Inc. (the Authority) is a legally separate entity that functions entirely for the benefit of the City of Longview. The Authority is a public nonprofit corporation organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the area included in the Longview Reinvestment 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 Authority is fiscally dependent upon the City of Longview and the governing body is appointed by 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.

**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.

CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

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

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

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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 **Solid Waste 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 BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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, cable programming, 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, and Net Position or Equity**

**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, 2013 are as follows:

	Governmental Activities	Business Activities
Customer deposits	\$ -	\$ 361,818
Capital projects	12,117,128	5,532,232
Debt service/bond reserves	2,907,278	9,584,155
Agency account	55,046	-
Speical revenue Purposes	3,899,655	-
<b>Total Restricted Assets</b>	<b>\$ 18,979,107</b>	<b>\$ 15,478,205</b>

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 BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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

**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).

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**Fund Balances (Cont'd)**

**Committed fund balance** – represents amounts that 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 restrictive classification first.

A summary of the nature and purpose of fund balances at September 30, 2013 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>					
Inventory	\$ 101,242	\$ -	\$ -	\$ -	\$ 101,242
<b>Restricted for:</b>					
Capital projects	-	-	11,264,740	-	11,264,740
Debt service	-	2,987,721	-	-	2,987,721
Municipal court facilities	-	-	-	203,568	203,568
Purposes of grantors and donors	-	-	-	499,998	499,998
911 Emergency operations	-	-	-	973,400	973,400
Tourism/convention facilities	-	-	-	2,070,333	2,070,333
Tax increment district	-	-	-	6,564	6,564
Other public safety	-	-	-	362,025	362,025
Other purposes	55,046	-	-	-	55,046
<b>Total restricted</b>	<u>55,046</u>	<u>2,987,721</u>	<u>11,264,740</u>	<u>4,115,888</u>	<u>18,423,395</u>
<b>Committed to:</b>					
Drainage improvements	-	-	1,260,953	2,103,057	3,364,010
<b>Assigned to:</b>					
Encumbrances	926,121	-	-	-	926,121
Street projects	2,884,500	-	-	-	2,884,500
Other post-employment benefits	1,500,000	-	-	-	1,500,000
Firemen's pension obligation	1,978,278	-	-	-	1,978,278
<b>Total assigned</b>	<u>7,288,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,288,899</u>
<b>Unassigned</b>	15,938,054	-	-	(153,269)	15,784,785
<b>Total fund balances</b>	<u>\$ 23,383,241</u>	<u>\$ 2,987,721</u>	<u>\$12,525,693</u>	<u>\$ 6,065,676</u>	<u>\$44,962,331</u>

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

**Fund Balances (Cont'd)**

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 in Proprietary Funds.

**Net position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, 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."

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 November 2010, the GASB issued Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34". This statement is to improve financial reporting for a governmental financial reporting entity. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2012. The City has implemented GASB No. 61 in this annual report.

In June 2011, the GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". This statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. The City has implemented GASB No. 63 in this annual report.

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

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

In March 2012, the GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement will improve financial reporting by reclassifying certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or as outflows or inflows of resources. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The City has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2012, the GASB issued Statement No. 67, "Financial Reporting for Pension Plans". 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, 2013. The City has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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 not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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 not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

**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 \$(73,172,325) difference are as follows:

Bonds payable and related charges	\$ (57,502,476)
Capital leases payable	(4,361,552)
Accrued interest payable	(836,127)
Compensated absences	(4,720,123)
Net pension obligation - Pension Trust Fund	(1,978,278)
Other post employment benefits	<u>(3,773,769)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	     <u>\$ (73,172,325)</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

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

**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. If 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 \$6,736,677 difference are as follows:

Capital outlay expense	\$	15,027,252
Donated assets and transferred assets		1,044,822
Depreciation expense		<u>(9,333,397)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u>6,738,677</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.”

The details of this \$4,935,285 difference are as follows:

Principal repayments:		
General obligation debt	\$	4,575,000
Capital lease financing		448,213
Amortization of bond related costs		<u>(87,928)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$	<u>4,935,285</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 \$(907,802) difference are as follows:

Compensated absences	\$	(76,571)
Other post employment benefits		(267,400)
Accrued interest		72,061
Increase in net pension obligation		<u>(635,892)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities	\$	<u>(907,802)</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**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 \$153,269 as of September 30, 2013. 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 BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**IV. DETAILED NOTES ON ALL FUNDS**

**NOTE 1: DEPOSITS AND INVESTMENTS**

Cash and investments as of September 30, 2013 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 21,797,117
Restricted cash and cash equivalents	27,413,138
Investments	27,171,258
Restricted investments	7,044,174
	83,425,687
Component Units *	
Cash and cash equivalents	10,731,163
Restricted cash and cash equivalents	2,155,562
Restricted investments	41,853,628
	44,740,353
 Total Cash and Investments	 \$ 138,166,040
Cash on hand	\$ 10,591
Savings and checking accounts	36,816,584
Investments	101,338,865
	138,166,040
 Total cash and investments	 \$ 138,166,040

\* 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, 2013.

***External Investment Pools***

The City invests in a 2a-7-like pool known as the Texas Local Government Investment Pool (TexPool). Investments in these pools are valued based upon the value of pool shares. TexPool seeks to maintain a \$1 value per share as required by the Texas Public Funds Investment Act. TexPool was created under the Interlocal Corporation Act, Texas Government Code Ann. Ch. 791 and the Texas Government Code Ann. Ch. 2256. The Texas Treasure Safekeeping Trust Company is Trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is the sole officer, director and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. Ch. 2256 of Public Accounts for review.

The City invests in the Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) which was created as an investment pool for its participants in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Texas CLASS is directed by an advisory board composed of both participants in Texas CLASS and other persons who have no business relationship with Texas CLASS. Texas CLASS operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Texas CLASS uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in Texas CLASS is the same as the value of Texas CLASS shares.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

***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, 2013, 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		
TexPool	\$ 4,856,675	0.15
Certificate of Deposits	30,202,198	0.54
Texas CLASS	<u>11,623,164</u>	0.09
Total primary government	<u>46,682,037</u>	
Component units		
Money market accounts	12,803,200	
Common Stocks	7,691,002	
Foreign stocks	6,453,047	
Mutual funds	24,855,906	
Diversified investment products	<u>2,853,673</u>	
Total component units	<u>54,656,828</u>	
Total Reporting Entity	<u>\$ 101,338,865</u>	
Portfolio weighted average maturity (years)		0.38

***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, 2013, the City and its component units' deposits were covered by Federal Depository Insurance or by collateral held by a third party custodian.

***Credit Risk***

It is the City's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City's investments as of September 30, 2013, were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
Cutwater Texas Class	AAAm	Standard & Poor's
TexPool	AAAm	Standard & Poor's
Corporate Bonds	A	Standard & Poor's
Government securities	AAA	Standard & Poor's

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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

***Credit Risk*** (Cont'd)

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, in face amount not to exceed \$250,000;
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. 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, 2013, were 98.53% 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, 2013 upon which the original 2013 levy was based, was \$5,516,496,084.

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, 2013, the City had tax rate of \$0.5009 per \$100 valuation with a tax margin of \$1.9991 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.

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.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 3: RECEIVABLES**

Receivables at September 30, 2013 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	Nonmajor Governmental Funds	Water Utilities	Solid Waste Disposal	Internal Service	Total
Receivables:							
Taxes	\$ 897,121	\$ 266,026	\$ -	\$ -	\$ -	\$ -	\$ 1,163,147
Sales Taxes	3,642,638	-	910,660	-	28,377	-	4,581,675
Hotel Taxes		-	232,796	-	-	-	232,796
Franchise Fees	1,382,289	-	-	-	-	-	1,382,289
Trade Accounts		-	-	3,016,887	406,117	-	3,423,004
Unbilled Trade Accts		-	-	1,870,473	273,051	-	2,143,524
Municipal Court	1,215,732	-	-	-	-	-	1,215,732
Ambulance	1,304,460	-	-	-	-	-	1,304,460
Other	48,873	-	251,453	-	2,451	70,645	373,422
Gross Receivables	8,491,113	266,026	1,394,909	4,887,360	709,996	70,645	15,820,049
Less: Allowance for Uncollectibles	1,865,340	13,301	-	635,178	144,294	-	2,658,113
Net Total Receivables	\$ 6,625,773	\$ 252,725	\$ 1,394,909	\$ 4,252,182	\$ 565,702	\$ 70,645	\$ 13,161,936

**NOTE 4: DEFERRED REVENUE**

Governmental funds report deferred revenue in conjunction with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
<b>General Fund</b>		
Delinquent property taxes	\$ 734,336	\$ -
Municipal Court	243,146	-
Ambulance	456,561	-
Total General Fund	1,434,043	-
<b>Debt Service Fund</b>		
Delinquent property taxes		
Total Debt Service	211,943	-
	211,943	-
<b>Nonmajor Government Funds</b>		
Intergovernmental	-	162,985
Total Nonmajor Government Fund	-	162,985
Total Governmental Funds	\$ 1,645,986	\$ 162,985

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 5: CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2013, 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	\$ 3,835,232	\$ 2,053,554	\$ -	\$ 5,888,786
Construction in progress	4,588,675	13,002,235	3,193,417	14,397,493
Total capital assets, not being depreciated:	<u>8,423,907</u>	<u>15,055,789</u>	<u>3,193,417</u>	<u>20,286,279</u>
Capital assets, being depreciated:				
Buildings and improvements	81,708,002	1,239,617	-	82,947,619
Infrastructure	117,978,290	1,914,924	-	119,893,214
Equipment	44,067,779	3,318,877	2,463,886	44,922,770
Total capital assets being depreciated	<u>243,754,071</u>	<u>6,473,418</u>	<u>2,463,886</u>	<u>247,763,603</u>
Less accumulated depreciation for:				
Buildings and improvements	32,484,255	4,149,951	-	36,634,206
Infrastructure	89,497,493	3,533,376	-	93,030,869
Equipment	29,035,919	2,976,338	2,035,761	29,976,496
Total accumulated depreciation	<u>151,017,667</u>	<u>10,659,665</u>	<u>2,035,761</u>	<u>159,641,571</u>
Total capital assets, being depreciated, net	<u>92,736,404</u>	<u>(4,186,247)</u>	<u>428,125</u>	<u>88,122,032</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 101,160,311</u>	<u>\$ 10,869,542</u>	<u>\$ 3,621,542</u>	<u>\$ 108,408,311</u>

- (1) Additions to infrastructure include infrastructure that was donated to the City of Longview through a Developer Participation Agreement in the amount of \$1,029,518. The donation is included within miscellaneous revenue on the Statement of Activities.
- (2) Additions to accumulated depreciation include \$182 of accumulated depreciation transferred in from other funds.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 5: 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	\$ -	\$ -	\$ 755,576
Construction in progress	3,649,865	2,851,138	3,376,234	3,124,769
Total capital assets, not being depreciated:	<u>4,405,441</u>	<u>2,851,138</u>	<u>3,376,234</u>	<u>3,880,345</u>
Capital assets, being depreciated:				
Buildings	21,356,343	236,517	-	21,592,860
Water and sewer systems	187,185,376	3,390,013	190,289	190,385,100
Machinery and equipment	32,313,240	696,499	140,733	32,869,006
Total capital assets being depreciated:	<u>240,854,959</u>	<u>4,323,029</u>	<u>331,022</u>	<u>244,846,966</u>
Less accumulated depreciation for:				
Buildings	18,088,061	160,560	-	18,248,621
Water and Sewer Systems	92,177,163	6,918,807	-	99,095,970
Machinery and equipment	22,932,001	1,215,669	309,790	23,837,880
Total accumulated depreciation	<u>133,197,225</u>	<u>8,295,036</u>	<u>309,790</u>	<u>141,182,471</u>
Total capital assets, being depreciated, net	<u>107,657,734</u>	<u>(3,972,007)</u>	<u>21,232</u>	<u>103,664,495</u>
<b>Business-type capital assets, net</b>	<u>\$ 112,063,175</u>	<u>\$ (1,120,869)</u>	<u>\$ 3,397,466</u>	<u>\$ 107,544,840</u>

- (1) Additions to infrastructure include infrastructure that was donated to the City of Longview through a Developer Participation Agreement in the amount of \$212,748. The donation is included within Miscellaneous Revenue on the Statement of Revenues, Expenses, and Changes in Net Position.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 5: CAPITAL ASSETS (Cont'd)**

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

**Governmental activities:**

General Government	\$ 385,165
Public Safety	1,872,820
Public Works	3,649,333
Development	38,104
Public Welfare	190,279
Culture and Recreation	2,892,281
Public Transit	305,415
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,326,087</u>
Total depreciation expense - governmental activities	<u>\$ 10,659,484</u>

**Business-type activities:**

Water Utilities	\$ 7,892,954
Solid Waste Disposal	400,363
Nonmajor Funds - Longview Recreation Fund	<u>1,719</u>
Total depreciation expense - business-type activities	<u>\$ 8,295,036</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	\$ 5,505,794	\$ -	\$ 149,932	\$ 5,355,862
Construction in progress	1,441,829	-	-	1,441,829
Total capital assets, not being depreciated:	<u>6,947,623</u>	<u>-</u>	<u>149,932</u>	<u>6,797,691</u>
Capital assets, being depreciated:				
Buildings and Improvements	182,852	2,297	-	185,149
Infrastructure	16,331,037	59,729	404,548	15,986,218
Equipment	150,823	7,787	-	158,610
Total capital assets, being depreciated:	<u>16,664,712</u>	<u>69,813</u>	<u>404,548</u>	<u>16,329,977</u>
Less accumulated depreciation:				
Buildings and Improvements	162,560	1,746	-	164,306
Infrastructure	6,055,254	789,491	37,677	6,807,068
Equipment	109,037	9,729	-	118,766
Total accumulated depreciation	<u>6,326,851</u>	<u>800,966</u>	<u>37,677</u>	<u>7,090,140</u>
Total capital assets, being depreciated, net	<u>10,337,861</u>	<u>(731,153)</u>	<u>366,871</u>	<u>9,239,837</u>
Capital Assets, Net	<u>\$ 17,285,484</u>	<u>\$ (731,153)</u>	<u>\$ 516,803</u>	<u>\$ 16,037,528</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 6: PENSION AND EMPLOYEE BENEFIT PLANS**

**Texas Municipal Retirement System**

***Plan Description***

The City provides benefits for all of its eligible employees (with the exception of firefighters) through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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 2012</u>	<u>Plan Year 2013</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	0% of CPI

***Contributions***

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period the that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

***Annual Pension Cost***

For the calendar year ended December 31, 2012 (reported in fiscal year 9/30/2013), the City's annual pension cost of \$3,120,966 for TMRS was equal to the City's required and actual contributions.

<u>Fiscal year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2011	\$ 3,885,052	100%	\$ -
9/30/2012	3,053,024	100%	-
9/30/2013	3,120,966	100%	-

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 6: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)**

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization Method	Level Percent of payroll	Level Percent of payroll	Level Percent of payroll
Remaining Amortization Period	23.6 years; closed period	22.6 years; closed period	20.9 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-Year Smoothed Market	10-Year Smoothed Market	10-Year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.00%	7.00%	7.00%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	0.0%	0.0%

***Funded Status***

The funded status as of December 31, 2012, is presented as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
12/31/2012	\$123,243,597	\$ 131,800,392	93.5%	\$ 8,556,795	\$ 27,631,108	31.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 6: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)**

***Funded Status (Cont'd)***

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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.

**Longview Firemen's Relief and Retirement Plan**

The Board of Trustees of the Longview Firemen's Relief and Retirement fund (LFRRF) is the administrator of a single-employer defined benefit plan providing retirement, death, disability, and withdrawal benefits to plan members and their beneficiaries. The plan covers the employees of the fire department of the City of Longview, Texas. Currently, 283 members are covered under the Plan which is comprised of 115 retirees and beneficiaries receiving benefits, 4 disabled members receiving benefits, and 164 current employees. The plan's assets may be used only for the payment of benefits to members of the plan in accordance with the terms of the plan. Article 6243(e) of the Vernon's Texas Civil Statutes assigns the authority to establish and amend benefit provisions to the LFR&RF Board of Trustees.

The Longview Firemen's Relief and Retirement Plan is considered part of the City's financial reporting entity and is included in the City's financial reports as a Pension Trust Fund. LFRRF's fiscal year end is December 31. As a result, the plan information of the LFRRF presented herein is for the year ended December 31, 2012. The plan issues its own audited financial statements, which can be obtained by writing or calling the City of Longview Finance Department.

***Summary of Significant Accounting Policies***

**Basis of Accounting** – The LFRRF financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All other expenses are recognized when incurred.

**Method Used to Value Assets** – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded in a national exchange are valued at the last reported sales price at current exchange rates. Debt securities not traded on national or international exchanges are reported at estimated fair value based on equivalent values of comparable securities with similar yield and risk. Investments in open-ended mutual funds are based on the funds' current share price. Gains and losses on sales and exchanges of investments are included in the net appreciation (depreciation) in fair value of investments.

The administrative costs are financed by the Plan through the use of investment earnings.

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 6: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)**

***Summary of Significant Accounting Policies (Cont'd)***

Contributions

Contribution rates are established and may be amended by the LFRRF's Board of Trustees in accordance with the terms of Section 7 of Article 6243(e), of Vernon's Texas Civil Statutes. Contributions are required from both the City and active fire department employees. Contributions are calculated as a percentage of each annual covered payroll as defined by the plan.

The required contribution percentages for the 2012 plan year were as follows:

City contribution percentage	15%
Active plan members contribution percentage	15%

The City's annual pension cost and net pension obligation to LFRRF for the current plan year were as follows:

Annual required contribution (ARC)	\$ 2,325,908
Interest on net pension obligation	49,974
Adjustment to the ARC	<u>(82,356)</u>
Annual pension cost (APC)	2,293,526
Employer contribution	<u>(1,657,634)</u>
Increase in net pension obligation	635,892
Net pension obligation, beginning of year	<u>1,342,386</u>
Net pension obligation, end of year	<u><u>\$ 1,978,278</u></u>

**Three-Year Trend Information for LFRRF**

Fiscal year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	2,071,446	76.7%	624,679
12/31/2011	2,293,526	68.7%	1,342,368
12/31/2012	2,293,526	72.3%	1,978,278

Additional information as of the latest actuarial valuation, December 31, 2011, is as follows:

Economic assumptions	Investment return	8.0%
	Projected salary increases	3.0%
	Amortization increase	3.0%
	Inflation rate	None
Actuarial cost method	Entry age	
Amortization method	Level percentage of payroll, open	
Remaining amortization period	Infinite	
Asset valuation method	Fair market value of the fund	

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 6: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)**

***Funded Status***

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
12/31/2011	\$ 39,578,091	\$ 76,085,585	52.0%	\$ 36,507,494	\$ 10,123,308	360.6%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**IRC 457 Deferred Compensation Plans**

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.

**Other 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 \$1,457,861 for the year ended September 30, 2013.

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

	<u>OPEB</u>
Annual required contribution	\$ 1,882,590
Interest on net OPEB obligation	192,450
Adjustments to annual required contribution	<u>(282,113)</u>
Annual OPEB cost	1,792,927
Employer contribution	(1,457,861)
Increase in net OPEB obligation	335,066
Net OPEB obligation, beginning of year	<u>4,276,660</u>
Net OPEB obligation, end of year	<u>\$ 4,611,726</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 6: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)**

**Other 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
2011	2,152,295	1,144,914	53%	3,443,982
2012	1,810,383	977,705	54%	4,276,660
2013	1,792,927	1,457,861	81%	4,611,726

***Funded Status***

The funded status as of September 30, 2013, the most recent actuarial valuation date, is as follows:

Year Ended September 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(5) UAAL as a Percentage of Covered Payroll (4) / (5)
2012	\$ -	\$ 24,343,781	0.0%	\$ 24,343,781	\$ 33,843,871	71.9%

***Actuarial Methods and Assumptions***

The Projected Unit Credit actuarial cost method is used to calculate the GASB 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	25 year, open
Salary Growth	3% per annum
Healthcare cost trend rate	Initial rate of 8.5% declining to an ultimate rate of 4.5% after 8 years

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 6: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)**

**Other 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 7: LEASE OBLIGATIONS**

**Governmental Activities**

The City has entered into lease agreements, as lessee, for financing the acquisition of fire 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, \$5,075,601 net of accumulated depreciation, is included within Note 5.

Future minimum lease payments are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 376,341	\$ 146,312	\$ 522,653
2015	301,045	131,719	432,764
2016	312,172	120,593	432,765
2017	323,710	109,055	432,765
2018	335,674	97,091	432,765
2019-2023	1,873,897	289,926	2,163,823
2024	417,340	15,425	432,765
Total	\$ 3,940,179	\$ 910,121	\$ 4,850,300

**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, \$1,220,745 net of accumulated depreciation, is included within Note 5.

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 7: LEASE OBLIGATIONS (Cont'd)**

**Business Type Activities (Cont'd)**

Future minimum lease payments are as follows:

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2014	\$ 302,587	\$ 61,503	\$ 364,090
2015	313,902	50,188	364,090
2016	463,304	43,610	506,914
2017	62,668	21,113	83,781
2018	64,984	18,796	83,780
2019-2023	362,774	56,128	418,902
2024-2028	80,797	2,987	83,784
Total	<u>\$ 1,651,016</u>	<u>\$ 254,325</u>	<u>\$ 1,905,341</u>

**NOTE 8: LONG-TERM DEBT**

**Governmental activities:**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2013 are as follows:

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013	Amounts Due Within One Year
<b><u>Governmental activities</u></b>					
General obligation bonds	\$ 62,830,000	\$ -	\$ (4,575,000)	\$ 58,255,000	\$ 4,560,000
Less bond premiums and deferred amount on refunds	(103,222)	-	34,645	(68,577)	34,645
Total bonds payable	62,726,778	-	(4,540,355)	58,186,423	4,594,645
Capital lease obligation	4,390,340	-	(450,161)	3,940,179	376,341
Accrued Compensated Absences	4,744,234	2,748,055	(2,666,927)	4,825,362	723,804
Claims payable	1,032,253	8,164,678	(8,355,142)	841,789	841,789
Net pension obligation - Pension Trust Fund	1,342,386	635,892	-	1,978,278	-
Other post-employment benefits obligation	3,597,128	337,885	(58,028)	3,876,985	-
Total governmental activities	<u>\$ 77,833,119</u>	<u>\$ 11,886,510</u>	<u>\$ (16,070,613)</u>	<u>\$ 73,649,016</u>	<u>\$ 6,536,579</u>

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 8: LONG-TERM DEBT** Cont'd)

**Governmental activities** (Cont'd)

The compensated absences payable attributable to governmental activities will be liquidated by the City's governmental and internal service funds. The claims payable liability will be liquidated by the City's governmental, business-type, special revenue and internal service funds. The net pension obligation will be liquidated by the Pension Trust Fund. Other post-employment benefits obligation is 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 principal and interest requirements at September 30, 2013 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
2014	\$ 4,560,000	\$ 2,102,148	\$ 6,662,148
2015	4,500,000	1,930,588	6,430,588
2016	4,610,000	1,751,648	6,361,648
2017	4,595,000	1,570,025	6,165,025
2018	4,680,000	1,386,983	6,066,983
2019-2023	20,360,000	4,342,768	24,702,768
2024-2028	10,995,000	1,400,175	12,395,175
2029-2033	3,955,000	161,190	4,116,190
Total	\$ 58,255,000	\$ 14,645,525	\$ 72,900,525

Long-term debt at September 30, 2013, includes the following individual issues (not including unamortized discounts, and unamortized deferred losses of \$(68,577):

<b>General Long-Term Debt:</b>	Interest Rates	Original Issue	Outstanding September 30, 2013
<b>General Obligation Bonds:</b>			
Issue of 2004/Maturing 2015	2.00-3.75	\$ 11,810,000	\$ 2,345,000
Issue of 2005/Maturing 2018	3.30-4.625	13,500,000	7,925,000
Issue of 2005A/ Maturing 2016	3.00-5.00	13,680,000	2,435,000
Issue of 2007/maturing 2022	4.00-5.00	14,790,000	12,920,000
Issue of 2009/maturing 2025	3.50-4.15	11,250,000	11,250,000
Issue of 2009/maturing 2030	2.7	22,400,000	21,380,000
Total general obligation		\$ 87,430,000	\$ 58,255,000

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 8: LONG-TERM DEBT (Cont'd)**

**Business Type Activities:**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2013 are as follows:

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013	Amounts Due Within One Year
<b><u>Business-type activities</u></b>					
Waterworks and Sewer System - Revenue bonds	\$ 76,730,000	\$ -	\$ (5,860,000)	\$ 70,870,000	\$ 6,090,000
Less bond discount and deferred amount on refunds	(217,703)	-	191,954	(25,749)	153,786
Total bonds payable	76,512,297	-	(5,668,046)	70,844,251	6,243,786
Capital lease obligation	1,942,695	-	(291,679)	1,651,016	302,587
Accrued Compensated Absences	774,248	491,486	(434,386)	831,348	124,702
Other post-employment benefits obligation	679,532	62,962	(7,753)	734,741	-
Total business-type activities	<u>\$ 79,908,772</u>	<u>\$ 554,448</u>	<u>\$ (6,401,864)</u>	<u>\$ 74,061,356</u>	<u>\$ 6,671,075</u>

The principal and interest requirements at September 30, 2013 of the revenue bond debt for the next five years and thereafter are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 6,090,000	\$ 2,847,284	\$ 8,937,284
2015	6,225,000	2,636,094	8,861,094
2016	5,685,000	2,424,738	8,109,738
2017	4,525,000	2,229,350	6,754,350
2018	3,705,000	2,065,500	5,770,500
2019-2023	20,535,000	7,903,113	28,438,113
2024-2028	21,170,000	3,167,455	24,337,455
2029-2033	2,935,000	66,050	3,001,050
Total	<u>\$ 70,870,000</u>	<u>\$ 23,339,584</u>	<u>\$ 94,209,584</u>

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 8: LONG-TERM DEBT (Cont'd)**

Long-term debt at September 30, 2013, includes the following individual issues (not including bond issuance costs, unamortized discounts, and unamortized deferred losses of \$(25,749):

**Water Utilities Debt:**

	Interest Rates	Original Issue	Outstanding September 30, 2013
<b>Revenue Bonds:</b>			
Issue of 2003 Maturing 2014	2.00-4.00	\$ 11,730,000	\$ 435,000
Issue of 2004 Maturing 2013	2.00-4.00	9,965,000	3,390,000
Issue of 2004A Maturing 2014	4.00-4.50	675,000	250,000
Issue of 2005 Maturing 2029	3.00-5.25	36,475,000	32,110,000
Issue of 2007 Maturing 2028	4.00-4.375	12,540,000	11,720,000
Issue of 2010 Maturing 2017	2.50-3.00	4,185,000	2,760,000
Issue of 2010A Maturing 2017	2.00-3.00	10,810,000	6,120,000
Issue of 2011 Maturing 2028	3.00-4.00	6,000,000	5,885,000
Issue of 2012 Maturing 2024	2.00-2.75	8,300,000	8,200,000
Total revenue bonds		<u>\$ 100,680,000</u>	<u>\$ 70,870,000</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, 2013 are as follows:

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013	Amounts Due Within One Year
Sales tax revenue bonds	\$ 8,945,000	\$ -	\$ 610,000	\$ 8,335,000	\$ 630,000
Net premium(discount) on bonds	(24,557)	-	(4,953)	(19,604)	(4,953)
	<u>8,920,443</u>	<u>-</u>	<u>605,047</u>	<u>8,315,396</u>	<u>625,047</u>
Accrued Compensated absences	72,477	9,617	-	82,094	10,872
Economic incentives payable	<u>2,833,050</u>	<u>545,000</u>	<u>1,266,850</u>	<u>2,111,200</u>	<u>580,854</u>
Total governmental activities	<u>\$ 11,825,970</u>	<u>\$ 554,617</u>	<u>\$ 1,871,897</u>	<u>\$ 10,508,690</u>	<u>\$ 1,216,773</u>

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 8: LONG-TERM DEBT (Cont'd)**

The principal and interest requirements at September 30, 2013, for the component unit debt for the next five years and, thereafter, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	\$ 630,000	\$ 337,350	\$ 967,350
2015	645,000	318,450	963,450
2016	670,000	295,875	965,875
2017	695,000	272,425	967,425
2018	720,000	246,363	966,363
2019-2023	4,055,000	766,888	4,821,888
2024	920,000	43,700	963,700
	<u>\$ 8,335,000</u>	<u>\$ 2,281,051</u>	<u>\$ 10,616,051</u>

Long-term debt at September 30, 2013, includes the following individual issues:

	Interest Rates	Original Issue	Outstanding September 30, 2013
<b>Longview Economic Development Corporation:</b>			
<b>Sales Tax Revenue Bond:</b>			
Issue of 2009/Maturing 2024	2.50-4.75	\$ 10,570,000	\$ 8,335,000
Total Sales Tax Revenue Bond - LEDCO		<u>\$ 10,570,000</u>	<u>\$ 8,335,000</u>

**Pledged Revenues**

The City intends to retire all, excluding amounts included with water utilities, of its general long-term liabilities, plus interest, from ad valorem taxes 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 9: PRIOR YEAR BOND REFUNDINGS**

In prior years, the City legally defeased certain obligations, revenue, and other bonds by placing cash and/or proceeds of refunding bond issues in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the City's report. As of September 30, 2013, \$7,650,000 of debt refunded during a prior year was still outstanding. The debt is scheduled to be called in March 2014 and will be retired at that time.

**NOTE 10: INTERFUND TRANSACTIONS**

The composition of interfund balances as of September 30, 2013, is as follows:

	Due from			Total
	General	Other Non- Major	Internal Service	
Due to:				
General	\$ -	\$ 913,529	\$ -	\$ 913,529
Debt Service	39,661	-	-	39,661
	<u>\$ 39,661</u>	<u>\$ 913,529</u>	<u>\$ -</u>	<u>\$ 953,190</u>

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 10: INTERFUND TRANSACTIONS (Cont'd)**

Significant interfund balances relate to the following:

- (1) An interfund balance was created to offset negative cash balances in the other non-major funds of \$805,781. The remaining \$107,748 is related grant expenses paid initially by the General Fund on behalf of the other-non-major funds.

Transfers between funds during the year were as follows:

	Transfers In				Total
	Governmental				
	General	Debt Service	Capital Projects	Nonmajor Governmental	
Transfers Out:					
General	\$ -	\$ -	\$ 77,000	\$ 510,000	\$ 587,000
Debt Service	-	-	-	-	-
Capital Projects	603,769	-	-	80,000	683,769
Nonmajor governmental	2,280,296	-	500,000	-	2,780,296
<b>Totals</b>	<b>\$ 2,884,065</b>	<b>\$ -</b>	<b>\$ 577,000</b>	<b>\$ 590,000</b>	<b>\$ 4,051,065</b>

Significant amounts transferred between funds related to the following activities:

- (1) \$460,000 was transferred from General Fund to the Transit Fund for the following purposes:  
 \$325,000 was transferred for the City's match on federal and state transit funding.  
 \$135,000 was transferred for the renovation for the Greyhound Station.
- (2) \$77,000 was transferred from the General Fund to Capital Projects Fund for repairs to Fire Station number one.
- (3) \$50,000 was transferred from the General Fund to the Maude Cobb Fund for operational expenses.
- (4) \$603,769 was transferred from Capital Projects to the General Fund for park and other projects qualifying for economic development funds.
- (5) \$80,000 was transferred from Capital Projects to the Transit Fund for the renovations to the Greyhound Station.
- (6) \$2,280,296 was transferred from the non-major funds to the General Fund for the following expenditures:  
 \$143,964 from the Hotel Fund along with \$2,136,332 from the Drainage Fund for reimbursement of administrative expenses allocated to those funds.
- (7) \$500,000 was transferred from Non Major Funds to the Drainage CIP fund as allocated from the ¼ cent sales tax for capital projects.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

**NOTE 11: 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, 2013. 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:

<u>Project</u>	<u>Spent to-Date</u>	<u>Remaining Commitment</u>
Streets/Traffic	\$ 13,563,709	\$ 8,044,191
Parks/Facilities	26,123,334	27,722
Water & Wastewater	6,287,505	1,568,544
Drainage	1,264,124	592,711
	<u>\$ 47,238,672</u>	<u>\$ 10,233,168</u>

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 a Developer Participation Contract for Roadway Improvements. In the interest of future development of the area and public safety, the City has agreed to pay the additional costs required to add a turn lane and side walk, neither of which is required, to the original plans the developer has for the roadway within his development. The estimated cost is \$565,000 and will be paid over 5 installments. The first installment of \$50,000 is contingent upon the developer providing all required documentation of the project, including the Certificate of Final Completion. The city expects the first installment to be paid within the fiscal year ending September 30, 2014. The four future annual installments will be in the amount of \$128,750, unless the City chooses, at its sole discretion, to pay additional amounts.

The City has entered into an Advanced Funding Agreement with the Texas Department of Transportation (TxDOT) to provide up to \$3,000,000 in funds or services towards 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 an Advance Funding Agreement in order to start the project sooner. During the fiscal year ended September 30, 2013, the City provided design services and purchased right of ways amounting to \$2,435,856. The remaining commitment of \$159,852 is reflected in the Capital Projects Fund and is included within restricted fund balance on the Governmental Funds Balance Sheet and within restricted cash on the Statement of Net Position, as required by TxDOT.

**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

**CITY OF LONGVIEW, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2013**

**NOTE 11: COMMITMENTS AND CONTINGENCIES (Cont'd)**

**Encumbrances**

Other significant commitments include encumbrances outstanding for the General Fund as shown below.

	<u>Encumbrances</u>
Capital outlay	\$ 596,343
Maintenance	275,742
Other	54,036
	<u>\$ 926,121</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.

**NOTE 12: CHANGE IN ACCOUNTING ESTIMATE**

During the year 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 \$78,578 decrease in liability. It is management's opinion that the liability recorded for these funds as of September 30, 2013 is adequate to cover insurance deductibles and potential claims outside of the insurance coverage.

**NOTE 13: 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 Texas Municipal League (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 \$95,803 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 \$6,775,274 in the aggregate at September 30, 2013. The City has accrued a liability of \$841,789 for estimated unreported claims at September 30, 2013.

**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.

**CITY OF LONGVIEW, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013**

**NOTE 13: RISK MANAGEMENT (Cont'd)**

**General Liability** (Cont'd)

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 \$30,741 at September 30, 2013. Settlements have not exceeded coverages for the past 3 years.

Changes in the balance of claims liabilities during fiscal 2012 and 2013 are as follows:

Fund	Liability Beginning of Year	Claims and Changes in Estimates	Claim payments and Changes in Estimates	Liability End of Year
<b>2013</b>				
General Liability	\$ 45,804	\$ 258,263	\$ 273,326	\$ 30,741
Workers' Compensation	128,577	339,698	372,472	95,803
Group Health	857,872	7,566,717	7,709,344	715,245
Total	<u>\$ 1,032,253</u>	<u>\$ 8,164,678</u>	<u>\$ 8,355,142</u>	<u>\$ 841,789</u>
<b>2012</b>				
General Liability	\$ 34,435	\$ 69,829	\$ 58,460	\$ 45,804
Workers' Compensation	240,928	(106,452)	5,899	128,577
Group Health	532,821	7,323,998	6,998,947	857,872
Total	<u>\$ 808,184</u>	<u>\$ 7,287,375</u>	<u>\$ 7,063,306</u>	<u>\$ 1,032,253</u>

**NOTE 14: NONMONETARY TRANSACTION**

During the current year, as a result of a Developer Participation Contract for Roadway Improvements, the City was the beneficiary of a designated plat including streets, alleys, and easements as shown within the plat filed and recorded with the Gregg County Clerk. The donated property was recorded as a capital asset at its estimated fair market value of \$1,242,266. \$1,029,518 of this total is included in miscellaneous revenue in the government-wide Statement of Activities for the portion related to governmental activities (i.e. streets). The remaining amount, \$212,748, was related to sewer improvements and included within miscellaneous revenue of the Water & Sewer Fund on the Statement of Revenues, Expenses, and Changes in Net Position.

**NOTE 15: PRIOR PERIOD ADJUSTMENT**

Fund balances have been restated in order to reflect certain adjustments noted in the current year that relate to prior years. Management discovered during the current year that grant funds had been improperly expensed in the City's General Fund in the previous year. The City made corrections to properly record fund balances within governmental funds, which resulted in an increase of \$147,899 in the General Fund's net position and a decrease of \$83,360 in Non-Major Funds net position.

In addition, management discovered that these grant receivables had not been properly recorded in the previous year and made corrections to properly state those receivable amounts. The receivable correction amounted to an increase in net position of \$105,224 in Non-Major funds.

**NOTE 16: SUBSEQUENT EVENTS**

The City issued \$23,170,000 in General Obligation Refunding Bonds on December 15, 2013. The purpose of these bonds is to construct and improve streets and bridges in the City, including sidewalks, drainage and other incidental improvements.

Subsequent events have been evaluated through March 27, 2014, the date the financial statements were available to be issued.

**REQUIRED  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**CITY OF LONGVIEW, TEXAS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**

(UNAUDITED)

Historical trend information about TMRS is presented herewith as required supplementary information. This information is intended to help users assess TMRS funding status on a going-concern basis, and assess progress made in accumulating assets to pay benefits.

City's Fiscal Year	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
9/30/2013	12/31/2012	\$ 123,243,597	\$ 131,800,392	93.5%	\$ 8,556,795	\$ 27,631,108	31.0%
9/30/2012	12/31/2011	116,279,461	127,350,362	91.3%	11,070,901	27,130,278	40.8%
9/30/2011	12/31/2010	108,886,965	120,108,261	90.7%	11,221,296	26,992,555	41.6%
9/30/2010	12/31/2009	55,991,402	79,073,251	70.8%	23,081,849	26,998,655	85.5%
9/30/2009	12/31/2008	54,827,966	76,695,858	71.5%	21,867,892	25,732,343	85.0%
9/30/2008	12/31/2007	53,397,882	87,778,451	60.8%	34,380,569	21,409,921	160.6%
9/30/2007	12/31/2006	51,050,506	71,225,422	71.7%	20,174,916	21,528,866	93.7%
9/30/2006	12/31/2005	51,260,048	70,344,160	72.9%	19,084,112	21,182,196	9.1%
9/30/2005	12/31/2004	47,513,488	65,120,105	73.0%	17,606,617	20,590,784	85.5%
9/30/2004	12/31/2003	44,167,028	62,242,400	71.0%	18,075,372	18,770,673	96.3%

**CITY OF LONGVIEW, TEXAS**

**LONGVIEW FIREMEN'S RELIEF AND RETIREMENT FUND  
REQUIRED SUPPLEMENTAL INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

**(UNAUDITED)**

Historical trend information about the Longview Firemen's Relief and Retirement Fund is presented herewith as required supplementary information. This information is intended to help users assess the Longview Firemen's Relief and Retirement Fund funding. A copy of the separately issued Longview Firemen's Relief and Retirement Fund's report can be obtained by writing or calling the City Of Longview's Finance Department.

Actuarial Valuation Date	Actuarial Value of Assets <sup>1</sup> (a)	Actuarial Accrued Liability <sup>2</sup> (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)
12/31/2011 <sup>3</sup>	\$ 39,578,091	\$ 76,085,585	\$ 36,507,494	52.0%	\$ 10,123,308	360.6%
12/31/2009	38,180,718	70,251,759	32,071,041	54.3%	9,859,161	325.3%
12/31/2007	44,640,187	60,563,321	15,923,134	73.7%	8,524,544	186.8%
12/31/2005	34,952,561	51,834,530	16,881,969	67.4%	7,452,033	226.5%
12/31/2003	31,402,733	45,217,356	13,814,623	69.4%	6,444,195	214.4%
12/31/2001	31,539,354	40,363,204	8,823,850	78.1%	6,012,613	146.8%

<sup>1</sup> Beginning with 12/31/2007, the Actuarial Value of Assets is the fair market value of the fund. Prior to 12/31/2007 the Actuarial Value of Assets was the average of the cost basis and the fair market value of the fund.

<sup>2</sup> The Actuarial Accrued Liability is based upon a variation of the aggregate entry age normal actuarial cost method with the unfunded actuarial accrued liability being amortized as a level percentage of pay.

<sup>3</sup> The economic assumptions used for the 12/31/2011 actuarial valuation include:

Investment return	8.00%
Projected salary increases	3.00%
Amortization increase	3.00%
Remaining amortization period	infinite years

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Plan Year Ended December 31	Annual Pension Cost (APC)*	Employer Contribution	Percentage Contributed
2012	\$ 2,293,526	\$ 1,657,634	72%
2011	2,293,526	1,577,295	69%
2010	2,071,446	1,585,082	78%
2009	1,883,552	1,530,249	81%
2008	861,516	1,364,769	158%
2007	1,035,043	1,156,119	112%
2006	990,203	1,089,894	110%

\* Total GASB 25 Annual Required Contribution (ARC) less employee contributions.

**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)
9/30/2012	\$ -	\$ 24,343,781	\$ 24,343,781	0%	\$ 33,843,871	72.0%
9/30/2010	-	26,199,626	26,199,626	0%	34,143,079	77.0%
9/30/2009	-	24,486,623	24,486,623	0%	30,077,414	81.4%

**COMBINING FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

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## **NONMAJOR GOVERNMENT FUNDS SPECIAL REVENUE FUNDS**

**Special Revenue Funds** - are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**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.

**CITY OF LONGVIEW, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2013**

	<u>Municipal Court</u>	<u>Community Development Block Grant</u>	<u>Housing Assistance</u>	<u>Transit System</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 208,291	\$ -	\$ 408,556	\$ -
Investments	-	-	-	-
Accounts receivable, net	-	-	134,990	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Accrued interest	-	-	-	-
Prepaid expenses and other assets	-	-	-	-
Intergovernmental receivables	-	261,093	-	206,156
Total assets	<u>\$ 208,291</u>	<u>\$ 261,093</u>	<u>\$ 543,546</u>	<u>\$ 206,156</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 4,723	64,859	\$ 183,782	\$ 96,505
Accrued liabilities	-	2,488	-	-
Due to other funds	-	193,746	27,076	262,920
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Other payables	-	-	-	-
Family self-sufficiency escrow	-	-	31,696	-
Total liabilities	<u>4,723</u>	<u>261,093</u>	<u>242,554</u>	<u>359,425</u>
Fund balances:				
Restricted for:				
Municipal court facilities	203,568	-	-	-
Purposes of grantors and donors	-	-	300,992	-
911 Emergency operations	-	-	-	-
Tourism and convention facilities	-	-	-	-
Tax increment district	-	-	-	-
Other public safety	-	-	-	-
Committed to:				
Drainage improvements	-	-	-	-
Unassigned:	-	-	-	(153,269)
Total fund balances	<u>203,568</u>	<u>-</u>	<u>300,992</u>	<u>(153,269)</u>
Total liabilities and fund balances	<u>\$ 208,291</u>	<u>\$ 261,093</u>	<u>\$ 543,546</u>	<u>\$ 206,156</u>

<u>Police Department Special</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>
\$ 127,397	\$ 529,901	\$ 1,023,155	\$ 511,787	\$ 943,819	\$ 29,615	\$ -
-	341,651	380,108	40,641	408,697	-	-
-	116,463	232,796	-	910,660	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	162	180	19	193	-	-
524	-	-	-	-	-	-
-	-	-	-	-	-	1,223,825
<u>\$ 127,921</u>	<u>\$ 988,177</u>	<u>\$ 1,636,239</u>	<u>\$ 552,447</u>	<u>\$ 2,263,369</u>	<u>\$ 29,615</u>	<u>\$ 1,223,825</u>
\$ -	\$ 2,580	\$ 50	\$ 105,900	\$ 139,035	\$ -	\$ 446,143
-	12,197	-	7,436	21,277	1,453	12,145
-	-	-	-	-	-	429,787
-	-	-	-	-	-	-
21,017	-	-	-	-	-	141,968
-	-	-	4,967	-	-	-
-	-	-	-	-	-	-
<u>21,017</u>	<u>14,777</u>	<u>50</u>	<u>118,303</u>	<u>160,312</u>	<u>1,453</u>	<u>1,030,043</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	193,782
-	973,400	-	-	-	-	-
-	-	1,636,189	434,144	-	-	-
-	-	-	-	-	-	-
106,904	-	-	-	-	28,162	-
-	-	-	-	2,103,057	-	-
-	-	-	-	-	-	-
<u>106,904</u>	<u>973,400</u>	<u>1,636,189</u>	<u>434,144</u>	<u>2,103,057</u>	<u>28,162</u>	<u>193,782</u>
<u>\$ 127,921</u>	<u>\$ 988,177</u>	<u>\$ 1,636,239</u>	<u>\$ 552,447</u>	<u>\$ 2,263,369</u>	<u>\$ 29,615</u>	<u>\$ 1,223,825</u>

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**CITY OF LONGVIEW, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**SEPTEMBER 30, 2013**

	Donations	Federal Motor Carrier Violations	Tax Increment District	Red Flex	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,224	\$ 56,713	\$ 6,564	\$ 230,052	\$ 4,081,074
Investments	-	-	-	-	1,171,097
Accounts receivable, net	-	-	-	-	1,394,909
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Accrued interest	-	-	-	-	554
Prepaid expenses and other assets	-	-	-	77,556	78,080
Intergovernmental receivables	-	-	-	-	1,691,074
<b>Total assets</b>	<b>\$ 5,224</b>	<b>\$ 56,713</b>	<b>\$ 6,564</b>	<b>\$ 307,608</b>	<b>\$ 8,416,788</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 137,362	\$ 1,180,939
Accrued liabilities	-	-	-	-	56,996
Due to other funds	-	-	-	-	913,529
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	162,985
Other payables	-	-	-	-	4,967
Family self-sufficiency escrow	-	-	-	-	31,696
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,362</b>	<b>2,351,112</b>
Fund balances:					
Restricted for:					
Municipal court facilities	-	-	-	-	203,568
Purposes of grantors and donors	5,224	-	-	-	499,998
911 Emergency operations	-	-	-	-	973,400
Tourism and convention facilities	-	-	-	-	2,070,333
Tax increment district	-	-	6,564	-	6,564
Other public safety	-	56,713	-	170,246	362,025
Committed to:					
Drainage improvements	-	-	-	-	2,103,057
Unassigned:	-	-	-	-	(153,269)
<b>Total fund balances</b>	<b>5,224</b>	<b>56,713</b>	<b>6,564</b>	<b>170,246</b>	<b>6,065,676</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,224</b>	<b>\$ 56,713</b>	<b>\$ 6,564</b>	<b>\$ 307,608</b>	<b>\$ 8,416,788</b>

**CITY OF LONGVIEW, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Municipal Court</u>	<u>Community Development Block Grant</u>	<u>Housing Assistance</u>	<u>Transit System</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	473,856	5,383,856	1,630,292
Fines and forfeitures	137,108	-	-	-
Charges for services	-	-	-	432,345
Investment earnings	506	-	1,275	-
Miscellaneous	-	-	69,822	1,350
Total revenues	<u>137,614</u>	<u>473,856</u>	<u>5,454,953</u>	<u>2,063,987</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	92,609	-	-	-
Public works	-	-	-	-
Developmental services	-	405,065	-	-
Public welfare	-	-	5,588,176	-
Culture and recreation	-	-	-	-
Public transit	-	-	-	1,984,161
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	68,791	-	571,847
Total expenditures	<u>92,609</u>	<u>473,856</u>	<u>5,588,176</u>	<u>2,556,008</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	45,005	-	(133,223)	(492,021)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	540,000
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	45,005	-	(133,223)	47,979
<b>FUND BALANCES, BEGINNING</b>	158,563	-	434,215	(201,248)
<b>PRIOR PERIOD ADJUSTMENT (NOTE 15)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 203,568</u>	<u>\$ -</u>	<u>\$ 300,992</u>	<u>\$ (153,269)</u>

Police Department Special	E-911	Hotel Occupancy Tax	Maude Cobb Activity Fund	Drainage Sales Tax	School Crossing Guard	Grants
\$ -	\$ -	\$ 1,419,234	\$ 888,169	\$ 5,279,726	\$ -	\$ -
-	-	-	-	-	-	2,018,453
2,547	-	-	-	-	51,807	-
-	848,687	-	392,668	-	-	-
378	3,590	3,701	2,116	6,028	55	-
-	-	-	5,275	-	-	-
2,925	852,277	1,422,935	1,288,228	5,285,754	51,862	2,018,453
-	-	-	-	-	-	-
27,396	832,129	-	-	-	45,300	210,873
-	-	-	-	2,449,629	-	196,930
-	-	-	-	-	-	583,946
-	-	-	-	-	-	2,400
-	-	909,130	971,689	-	-	3,000
-	-	-	-	-	-	37,855
-	-	-	-	6,629	-	-
-	-	-	-	3,618	-	-
12,410	-	-	359,139	6,403	-	1,284,875
39,806	832,129	909,130	1,330,828	2,466,279	45,300	2,319,879
(36,881)	20,148	513,805	(42,600)	2,819,475	6,562	(301,426)
-	15	-	318	-	-	-
-	-	-	50,000	-	-	-
-	-	-	(143,964)	(2,636,332)	-	-
-	15	-	(93,646)	(2,636,332)	-	-
(36,881)	20,163	513,805	(136,246)	183,143	6,562	(301,426)
143,785	953,237	1,122,384	570,390	1,919,914	21,600	473,344
-	-	-	-	-	-	21,864
<u>\$ 106,904</u>	<u>\$ 973,400</u>	<u>\$ 1,636,189</u>	<u>\$ 434,144</u>	<u>\$ 2,103,057</u>	<u>\$ 28,162</u>	<u>\$ 193,782</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, 2013**

	Donations	Federal Motor Carrier Violations	Tax Increment Fund	Red Flex	Totals
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 7,587,129
Intergovernmental	-	-	-	-	9,506,457
Fines and forfeitures	-	46,892	-	310,108	548,462
Charges for services	-	-	-	-	1,673,700
Investment earnings	-	213	22	-	17,884
Miscellaneous	17,302	-	-	-	93,749
<b>Total revenues</b>	<u>17,302</u>	<u>47,105</u>	<u>22</u>	<u>310,108</u>	<u>19,427,381</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,732	-	-	-	2,732
Public safety	10,020	11,815	-	139,862	1,370,004
Public works	-	-	-	-	2,646,559
Developmental services	-	-	3,000	-	992,011
Public welfare	-	-	-	-	5,590,576
Culture and recreation	8,117	-	-	-	1,891,936
Public transit	-	-	-	-	2,022,016
Debt service:					
Principal	-	-	-	-	6,629
Interest and other charges	-	-	-	-	3,618
Capital outlay	5,140	65,215	-	-	2,373,820
<b>Total expenditures</b>	<u>26,009</u>	<u>77,030</u>	<u>3,000</u>	<u>139,862</u>	<u>16,899,901</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(8,707)	(29,925)	(2,978)	170,246	2,527,480
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	-	-	333
Transfers in	-	-	-	-	590,000
Transfers out	-	-	-	-	(2,780,296)
<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,189,963)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(8,707)	(29,925)	(2,978)	170,246	337,517
<b>FUND BALANCES, BEGINNING</b>	13,931	86,638	9,542	-	5,706,295
<b>PRIOR PERIOD ADJUSTMENT (NOTE 15)</b>	-	-	-	-	21,864
<b>FUND BALANCES, ENDING</b>	<u>\$ 5,224</u>	<u>\$ 56,713</u>	<u>\$ 6,564</u>	<u>\$ 170,246</u>	<u>\$ 6,065,676</u>

**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, 2013**

	<u>Budgeted Amounts</u>			Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>			
<b>REVENUE</b>						
Property taxes	\$ 6,832,663	\$ 6,832,663	\$ 6,956,343	\$ (16,534)	\$ 6,939,809	\$ 107,146
Interest revenue	20,000	20,000	20,919	-	20,919	919
Total revenue	<u>6,852,663</u>	<u>6,852,663</u>	<u>6,977,262</u>	<u>(16,534)</u>	<u>6,960,728</u>	<u>108,065</u>
<b>EXPENDITURES</b>						
Debt Service:						
Paying agent	6,000	6,000	-	-	-	6,000
Principal retirement	4,575,000	4,575,000	4,575,000	-	4,575,000	-
Interest and fiscal charges	2,271,663	2,271,663	2,271,869	-	2,271,869	(206)
Total expenditures	<u>6,852,663</u>	<u>6,852,663</u>	<u>6,846,869</u>	<u>-</u>	<u>6,846,869</u>	<u>5,794</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>130,393</u>	<u>(16,534)</u>	<u>113,859</u>	<u>113,859</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>130,393</u>	<u>(16,534)</u>	<u>113,859</u>	<u>113,859</u>
<b>FUND BALANCE - BEGINNING</b>	2,857,328	2,857,328	2,857,328	-	2,857,328	-
<b>FUND BALANCE - END</b>	<u>\$ 2,857,328</u>	<u>\$ 2,857,328</u>	<u>\$ 2,987,721</u>	<u>\$ (16,534)</u>	<u>\$ 2,971,187</u>	<u>\$ 113,859</u>

**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, 2013**

	<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>						
Intergovernmental	\$ -	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	\$ -
Investment earnings	-	-	37,043	578	37,621	37,621
Miscellaneous	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>600,000</u>	<u>637,043</u>	<u>578</u>	<u>637,621</u>	<u>37,621</u>
<b>EXPENDITURES</b>						
Current:						
General government	30,974	30,974	31,207	520	31,727	(753)
Public works	27,189	27,189	39,444	602	40,046	(12,857)
Debt service:						
Interest and other fiscal charges	-	6,300	6,304	-	6,304	(4)
Capital outlay	-	20,676,351	11,191,775	-	11,191,775	9,484,576
Total expenditures	<u>58,163</u>	<u>20,740,814</u>	<u>11,268,730</u>	<u>1,122</u>	<u>11,269,852</u>	<u>9,470,962</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(58,163)</u>	<u>(20,140,814)</u>	<u>(10,631,687)</u>	<u>(544)</u>	<u>(10,632,231)</u>	<u>9,508,583</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	500,000	577,000	577,000	-	577,000	-
Transfers out	(600,000)	(701,185)	(683,769)	-	(683,769)	17,416
Total other financing sources (uses)	<u>(100,000)</u>	<u>(124,185)</u>	<u>(106,769)</u>	<u>-</u>	<u>(106,769)</u>	<u>17,416</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(158,163)</u>	<u>(20,264,999)</u>	<u>(10,738,456)</u>	<u>(544)</u>	<u>(10,739,000)</u>	<u>9,525,999</u>
<b>FUND BALANCE - BEGINNING</b>	23,264,149	23,246,149	23,264,149	-	23,264,149	-
<b>FUND BALANCE - END</b>	<u>\$ 23,105,986</u>	<u>\$ 2,981,150</u>	<u>\$ 12,525,693</u>	<u>\$ (544)</u>	<u>\$ 12,525,149</u>	<u>\$ 9,525,999</u>

**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, 2013**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Fines and forfeitures	\$ 153,000	\$ 153,000	\$ 137,108	\$ -	\$ 137,108	\$ (15,892)
Investment earnings	600	600	506	-	506	(94)
Total revenue	<u>153,600</u>	<u>153,600</u>	<u>137,614</u>	<u>-</u>	<u>137,614</u>	<u>(15,986)</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	116,836	116,836	92,609	-	92,609	24,227
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>116,836</u>	<u>116,836</u>	<u>92,609</u>	<u>-</u>	<u>92,609</u>	<u>24,227</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	36,764	36,764	45,005	-	45,005	8,241
<b>NET CHANGE IN FUND BALANCE</b>	36,764	36,764	45,005	-	45,005	8,241
<b>FUND BALANCE - BEGINNING</b>	158,563	158,563	158,563	-	158,563	-
<b>FUND BALANCE - END</b>	<u>\$ 195,327</u>	<u>\$ 195,327</u>	<u>\$ 203,568</u>	<u>\$ -</u>	<u>\$ 203,568</u>	<u>\$ 8,241</u>

**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, 2013**

	<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>						
Intergovernmental	\$ 697,173	\$ 752,165	\$ 473,856	\$ -	\$ 473,856	\$ (278,309)
Total revenue	<u>697,173</u>	<u>752,165</u>	<u>473,856</u>	<u>-</u>	<u>473,856</u>	<u>(278,309)</u>
<b>EXPENDITURES</b>						
Current:						
Developmental services	697,173	723,974	405,065	(366)	404,699	319,275
Capital outlay	-	229,351	68,791	-	68,791	160,560
Total expenditures	<u>697,173</u>	<u>953,325</u>	<u>473,856</u>	<u>366</u>	<u>473,490</u>	<u>479,835</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	-	(201,160)	-	366	366	201,526
<b>NET CHANGE IN FUND BALANCE</b>	-	(201,160)	-	366	366	201,526
<b>FUND BALANCE - BEGINNING</b>	-	-	-	-	-	-
<b>FUND BALANCE - END</b>	<u>\$ -</u>	<u>\$ 201,160</u>	<u>\$ -</u>	<u>\$ (366)</u>	<u>\$ (366)</u>	<u>\$ (201,526)</u>

**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, 2013**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Intergovernmental	\$ 2,236,273	\$ 2,236,273	\$ 1,630,292	\$ -	\$ 1,630,292	\$ (605,981)
Charges for services	-	-	432,345	-	432,345	432,345
Miscellaneous	-	-	1,350	-	1,350	1,350
Total revenue	<u>2,236,273</u>	<u>2,236,273</u>	<u>2,063,987</u>	<u>-</u>	<u>2,063,987</u>	<u>(172,286)</u>
<b>EXPENDITURES</b>						
Current:						
Public transit	1,758,985	1,758,985	1,984,161	-	1,984,161	(225,176)
Capital outlay	799,500	904,912	571,847	-	571,847	333,065
Total expenditures	<u>2,558,485</u>	<u>2,663,897</u>	<u>2,556,008</u>	<u>-</u>	<u>2,556,008</u>	<u>107,889</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(322,212)</u>	<u>(427,624)</u>	<u>(492,021)</u>	<u>-</u>	<u>(492,021)</u>	<u>(64,397)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	325,000	540,000	540,000	-	540,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>325,000</u>	<u>540,000</u>	<u>540,000</u>	<u>-</u>	<u>540,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,788	112,376	47,979	-	47,979	(64,397)
<b>FUND BALANCE - BEGINNING</b>	(201,248)	(201,248)	(201,248)	-	(201,248)	-
<b>FUND BALANCE - END</b>	<u>\$ (198,460)</u>	<u>\$ (88,872)</u>	<u>\$ (153,269)</u>	<u>\$ -</u>	<u>\$ (153,269)</u>	<u>\$ (64,397)</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, 2013**

	<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>						
Fines and forfeitures	\$ 47,500	\$ 47,500	\$ 2,547	\$ -	\$ 2,547	\$ (44,953)
Investment earnings	700	700	378	-	378	(322)
Total revenue	<u>48,200</u>	<u>48,200</u>	<u>2,925</u>	<u>-</u>	<u>2,925</u>	<u>(45,275)</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	86,440	86,440	27,396	-	27,396	59,044
Capital outlay	17,000	17,000	12,410	-	12,410	4,590
Total expenditures	<u>103,440</u>	<u>103,440</u>	<u>39,806</u>	<u>-</u>	<u>39,806</u>	<u>63,634</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(55,240)	(55,240)	(36,881)	-	(36,881)	18,359
<b>NET CHANGE IN FUND BALANCE</b>	(55,240)	(55,240)	(36,881)	-	(36,881)	18,359
<b>FUND BALANCE - BEGINNING</b>	143,785	143,785	143,785	-	143,785	-
<b>FUND BALANCE - END</b>	<u>\$ 88,545</u>	<u>\$ 88,545</u>	<u>\$ 106,904</u>	<u>\$ -</u>	<u>\$ 106,904</u>	<u>\$ 18,359</u>

**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, 2013**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Charges for services	\$ 842,000	\$ 842,000	\$ 848,687	\$ (5,404)	\$ 843,283	\$ 1,283
Investment earnings	2,000	2,000	3,590	(1)	3,589	1,589
Total revenue	<u>844,000</u>	<u>844,000</u>	<u>852,277</u>	<u>(5,405)</u>	<u>846,872</u>	<u>2,872</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	867,351	878,369	832,129	(1,970)	830,159	48,210
Capital outlay	11,631	613	-	-	-	613
Total expenditures	<u>878,982</u>	<u>878,982</u>	<u>832,129</u>	<u>(1,970)</u>	<u>830,159</u>	<u>48,823</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(34,982)</u>	<u>(34,982)</u>	<u>20,148</u>	<u>(3,435)</u>	<u>16,713</u>	<u>51,695</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	-	-	15	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(34,982)</u>	<u>(34,982)</u>	<u>20,163</u>	<u>(3,435)</u>	<u>16,713</u>	<u>51,695</u>
<b>FUND BALANCE - BEGINNING</b>	<u>953,237</u>	<u>953,237</u>	<u>953,237</u>	<u>-</u>	<u>953,237</u>	<u>-</u>
<b>FUND BALANCE - END</b>	<u>\$ 918,255</u>	<u>\$ 918,255</u>	<u>\$ 973,400</u>	<u>\$ (3,435)</u>	<u>\$ 969,950</u>	<u>\$ 51,695</u>

**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, 2013**

	<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	\$ 1,330,120	\$ 1,330,120	\$ 1,419,234	\$ (17,812)	\$ 1,401,422	\$ 71,302
Investment earnings			3,701	(1)	3,700	3,700
Total revenue	<u>1,330,120</u>	<u>1,330,120</u>	<u>1,422,935</u>	<u>(17,813)</u>	<u>1,405,122</u>	<u>75,002</u>
<b>EXPENDITURES</b>						
Current:						
Culture and recreation	1,430,120	1,510,713	909,130	-	909,130	601,583
Total expenditures	<u>1,430,120</u>	<u>1,510,713</u>	<u>909,130</u>	<u>-</u>	<u>909,130</u>	<u>601,583</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(100,000)</u>	<u>(180,593)</u>	<u>513,805</u>	<u>(17,813)</u>	<u>495,992</u>	<u>676,585</u>
<b>NET CHANGE IN FUND BALANCE</b>	(100,000)	(180,593)	513,805	(17,813)	495,992	676,585
<b>FUND BALANCE - BEGINNING</b>	1,122,384	1,122,384	1,122,384	-	1,122,384	-
<b>FUND BALANCE - END</b>	<u>\$ 1,022,384</u>	<u>\$ 941,791</u>	<u>\$ 1,636,189</u>	<u>\$ (17,813)</u>	<u>\$ 1,618,376</u>	<u>\$ 676,585</u>

**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, 2013**

	<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	\$ 888,169	\$ 888,169	\$ 888,169	\$ -	\$ 888,169	\$ -
Charges for services	326,700	326,700	392,668	-	392,668	65,968
Investment earnings	1,800	1,800	2,116	-	2,116	316
Miscellaneous revenue	-	-	5,275	-	5,275	5,275
Total revenue	<u>1,216,669</u>	<u>1,216,669</u>	<u>1,288,228</u>	<u>-</u>	<u>1,288,228</u>	<u>71,559</u>
<b>EXPENDITURES</b>						
Current:						
Culture and recreation	1,068,640	1,062,851	971,689	(1,052)	970,637	92,214
Capital outlay	308,504	314,293	359,139	-	359,139	(44,846)
Total expenditures	<u>1,377,144</u>	<u>1,377,144</u>	<u>1,330,828</u>	<u>(1,052)</u>	<u>1,329,776</u>	<u>47,368</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(160,475)</u>	<u>(160,475)</u>	<u>(42,600)</u>	<u>1,052</u>	<u>(41,548)</u>	<u>118,927</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital Assets	-	-	318	-	318	(318)
Transfers in	50,000	50,000	50,000	-	50,000	-
Transfers out	(143,964)	(143,964)	(143,964)	-	(143,964)	-
Total other financing sources (uses)	<u>(93,964)</u>	<u>(93,964)</u>	<u>(93,646)</u>	<u>-</u>	<u>(93,646)</u>	<u>(318)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(254,439)	(254,439)	(136,246)	1,052	(135,194)	118,609
<b>FUND BALANCE - BEGINNING</b>	570,390	570,390	570,390	-	570,390	-
<b>FUND BALANCE - END</b>	<u>\$ 315,951</u>	<u>\$ 315,951</u>	<u>\$ 434,144</u>	<u>\$ 1,052</u>	<u>\$ 435,196</u>	<u>\$ 118,609</u>

**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, 2013**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Taxes	\$ 4,986,131	\$ 4,986,131	\$ 5,279,726	\$ (96,319)	\$ 5,183,407	\$ 197,276
Investment earnings	-	-	6,028	186	6,214	6,214
Miscellaneous revenue	-	-	-	-	-	-
Total revenue	<u>4,986,131</u>	<u>4,986,131</u>	<u>5,285,754</u>	<u>(96,133)</u>	<u>5,189,621</u>	<u>203,490</u>
<b>EXPENDITURES</b>						
Current:						
Public works	2,580,514	2,580,514	2,449,629	(5,947)	2,443,682	136,832
Debt service:						
Principal	6,629	6,629	6,629	-	6,629	-
Interest and other charges	3,618	3,618	3,618	-	3,618	-
Capital outlay	7,000	7,000	6,403	-	6,403	597
Total expenditures	<u>2,597,761</u>	<u>2,597,761</u>	<u>2,466,279</u>	<u>(5,947)</u>	<u>2,460,332</u>	<u>137,429</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>2,388,370</u>	<u>2,388,370</u>	<u>2,819,475</u>	<u>(90,186)</u>	<u>2,729,289</u>	<u>340,919</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(2,636,332)	(2,636,332)	(2,636,332)	-	(2,636,332)	-
Total other financing sources (uses)	<u>(2,636,332)</u>	<u>(2,636,332)</u>	<u>(2,636,332)</u>	<u>-</u>	<u>(2,636,332)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(247,962)	(247,962)	183,143	(90,186)	92,957	340,919
<b>FUND BALANCE - BEGINNING</b>	1,919,914	1,919,914	1,919,914	-	1,919,914	-
<b>FUND BALANCE - END</b>	<u>\$ 1,671,952</u>	<u>\$ 1,671,952</u>	<u>\$ 2,103,057</u>	<u>\$ (90,186)</u>	<u>\$ 2,012,871</u>	<u>\$ 340,919</u>

**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, 2013**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Intergovernmental	\$ 1,845,647	\$ 5,264,686	\$ 2,018,453	\$ -	\$ 2,018,453	\$ (3,246,233)
Total revenue	<u>1,845,647</u>	<u>5,264,686</u>	<u>2,018,453</u>	<u>-</u>	<u>2,018,453</u>	<u>(3,246,233)</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	226,430	335,990	210,873	(28)	210,845	125,145
Public works	257,425	257,425	196,930	(1,192)	195,738	61,687
Public welfare	-	2,400	2,400	(1,192)	1,208	1,192
Developmental services	1,344,066	1,797,763	583,946	(1,192)	582,754	1,215,009
Culture and recreation	-	-	3,000	-	3,000	(3,000)
Public transit	-	-	37,855	-	37,855	(37,855)
Capital outlay	17,726	2,871,108	1,284,875	-	1,284,875	1,586,233
Total expenditures	<u>1,845,647</u>	<u>5,264,686</u>	<u>2,319,879</u>	<u>(3,604)</u>	<u>2,316,275</u>	<u>2,948,411</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(301,426)</u>	<u>3,604</u>	<u>(297,822)</u>	<u>(297,822)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	550,000	-	-	-	-	-
Total other financing sources (uses)	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	550,000	-	(301,426)	3,604	(297,822)	(297,822)
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	21,864	-	21,864	(21,864)
<b>FUND BALANCE - BEGINNING</b>	473,343	473,343	473,344		473,343	-
<b>FUND BALANCE - END</b>	<u>\$ 1,023,343</u>	<u>\$ 473,343</u>	<u>\$ 193,782</u>	<u>\$ 3,604</u>	<u>\$ 197,385</u>	<u>\$ (319,686)</u>

**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, 2013**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Miscellaneous revenue	\$ 100,000	\$ 100,000	\$ 17,302	\$ -	\$ 17,302	\$ (82,698)
Total revenue	<u>100,000</u>	<u>100,000</u>	<u>17,302</u>	<u>-</u>	<u>17,302</u>	<u>(82,698)</u>
<b>EXPENDITURES</b>						
Current:						
General government	100,000	100,000	2,732	-	2,732	97,268
Public safety			10,020	-	10,020	(10,020)
Culture and recreation	-		8,117	-	8,117	(8,117)
Capital outlay	-		5,140	-	5,140	(5,140)
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>26,009</u>	<u>-</u>	<u>26,009</u>	<u>73,991</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	-	-	(8,707)	-	(8,707)	(8,707)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(8,707)	-	(8,707)	(8,707)
<b>FUND BALANCE - BEGINNING</b>	13,931	13,931	13,931	-	13,931	-
<b>FUND BALANCE - END</b>	<u>\$ 13,931</u>	<u>\$ 13,931</u>	<u>\$ 5,224</u>	<u>\$ -</u>	<u>\$ 5,224</u>	<u>\$ (8,707)</u>

**CITY OF LONGVIEW, TEXAS  
FEDERAL MOTOR CARRIER VIOLATIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		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	\$ 46,892	\$ -	\$ 46,892	\$ 4,892
Investment earnings	-	-	213	-	213	213
Total revenue	<u>42,000</u>	<u>42,000</u>	<u>47,105</u>	<u>-</u>	<u>47,105</u>	<u>5,105</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	19,964	19,964	11,815	-	11,815	8,149
Capital outlay	64,160	64,160	65,215	-	65,215	(1,055)
Total expenditures	<u>84,124</u>	<u>84,124</u>	<u>77,030</u>	<u>-</u>	<u>77,030</u>	<u>7,094</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(42,124)	(42,124)	(29,925)	-	(29,925)	12,199
<b>NET CHANGE IN FUND BALANCE</b>	(42,124)	(42,124)	(29,925)	-	(29,925)	12,199
<b>FUND BALANCE - BEGINNING</b>	86,638	86,638	86,638	-	86,638	-
<b>FUND BALANCE - END</b>	<u>\$ 44,514</u>	<u>\$ 44,514</u>	<u>\$ 56,713</u>	<u>\$ -</u>	<u>\$ 56,713</u>	<u>\$ 12,199</u>

**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, 2013**

	<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	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ -	\$ (70,000)
Investment earnings	-	-	22	-	22	22
Total revenue	<u>70,000</u>	<u>70,000</u>	<u>22</u>	<u>-</u>	<u>22</u>	<u>(69,978)</u>
<b>EXPENDITURES</b>						
Current:						
Development services	70,000	70,000	3,000	-	3,000	(67,000)
Total expenditures	<u>70,000</u>	<u>70,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>(67,000)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(2,978)</u>	<u>-</u>	<u>(2,978)</u>	<u>(2,978)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>(2,978)</u>	<u>-</u>	<u>(2,978)</u>	<u>(2,978)</u>
<b>FUND BALANCE - BEGINNING</b>	9,542	9,542	9,542	-	9,542	-
<b>FUND BALANCE - END</b>	<u>\$ 9,542</u>	<u>\$ 9,542</u>	<u>\$ 6,564</u>	<u>\$ -</u>	<u>\$ 6,564</u>	<u>\$ (2,978)</u>

**CITY OF LONGVIEW, TEXAS  
SCHOOL CROSSING GUARD  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Charges for services	\$ 69,851	\$ 69,851	\$ 51,807	\$ -	\$ 51,807	\$ (18,044)
Investment earnings	-	-	55	-	55	55
Total revenue	<u>69,851</u>	<u>69,851</u>	<u>51,862</u>	<u>-</u>	<u>51,862</u>	<u>(17,989)</u>
<b>EXPENDITURES</b>						
Current:						
Fines and forfeitures	47,715	47,715	45,300	(129)	45,171	2,544
Total expenditures	<u>47,715</u>	<u>47,715</u>	<u>45,300</u>	<u>(129)</u>	<u>45,171</u>	<u>2,544</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>22,136</u>	<u>22,136</u>	<u>6,562</u>	<u>129</u>	<u>6,691</u>	<u>(15,445)</u>
<b>NET CHANGE IN FUND BALANCE</b>	22,136	22,136	6,562	129	6,691	(15,445)
<b>FUND BALANCE - BEGINNING</b>	21,600	21,600	21,600	-	21,600	-
<b>FUND BALANCE - END</b>	<u>\$ 43,736</u>	<u>\$ 43,736</u>	<u>\$ 28,162</u>	<u>\$ 129</u>	<u>\$ 28,291</u>	<u>\$ (15,445)</u>

**CITY OF LONGVIEW, TEXAS  
 PHOTO ENFORCEMENT PROGRAM - REDFLEX  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<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>						
Fines and forfeitures	\$ -	\$ 137,363	\$ 310,108	\$ -	\$ 310,108	\$ 172,745
Investment earnings	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>137,363</u>	<u>310,108</u>	<u>-</u>	<u>310,108</u>	<u>172,745</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	139,863	139,862	-	139,862	1
Total expenditures	<u>-</u>	<u>139,863</u>	<u>139,862</u>	<u>-</u>	<u>139,862</u>	<u>1</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(2,500)</u>	<u>170,246</u>	<u>-</u>	<u>170,246</u>	<u>172,746</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>(2,500)</u>	<u>170,246</u>	<u>-</u>	<u>170,246</u>	<u>172,746</u>
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END</b>	<u>\$ -</u>	<u>\$ (2,500)</u>	<u>\$ 170,246</u>	<u>\$ -</u>	<u>\$ 170,246</u>	<u>\$ 172,746</u>

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## **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.

**Cable Franchise Fee Agreement** - To account for one Community Relations Specialist position (governmental cable television access production and programming, including inter-connectivity with the City's web-site). This special revenue is provided under franchise agreement with Longview Cable Television Co., Inc.

**CITY OF LONGVIEW, TEXAS**

**COMBINING STATEMENT OF NET POSITION**

**INTERNAL SERVICE FUNDS**

**SEPTEMBER 30, 2013**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,162,935	\$ 3,617,208	\$ 696,755
Investments	120,679	514,670	-
Accounts receivable, net	-	47,288	-
Inventories	-	-	-
Prepaid Expense	-	-	-
Accrued interest	57	244	-
Total current assets	<u>1,283,671</u>	<u>4,179,410</u>	<u>696,755</u>
Non-current assets:			
Capital assets:			
Buildings	-	-	-
Machinery and equipment	12,850	-	-
Less accumulated depreciation	<u>(12,850)</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,283,671</u>	<u>4,179,410</u>	<u>696,755</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	27,642	60,357	16,078
Accrued liabilities	4,176	550	-
Claims and judgments	30,741	715,245	95,803
Compensated absences	1,267	-	-
Capital lease obligation	-	-	-
Total current liabilities	<u>63,826</u>	<u>776,152</u>	<u>111,881</u>
Non-current liabilities:			
Compensated absences	7,182	-	-
Capital lease obligation	-	-	-
Other post-employment benefits	<u>9,657</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>16,839</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>80,665</u>	<u>776,152</u>	<u>111,881</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	<u>1,203,006</u>	<u>3,403,258</u>	<u>584,874</u>
Total net position	<u>\$ 1,203,006</u>	<u>\$ 3,403,258</u>	<u>\$ 584,874</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Cable Franchise Fee Agreement</u>	<u>Total</u>
\$ 145,174	\$ 336,856	\$ 1,688,633	47,675	\$ 7,695,236
-	-	310,457	-	945,806
-	-	23,357	-	70,645
-	157,873	-	-	157,873
-	-	-	6,719	6,719
-	-	147	-	448
<u>145,174</u>	<u>494,729</u>	<u>2,022,594</u>	<u>54,394</u>	<u>8,876,727</u>
-	390,123	-	-	390,123
229,350	177,402	14,378,699	53,703	14,852,004
(214,967)	(494,451)	(9,779,033)	(20,222)	(10,521,523)
<u>14,383</u>	<u>73,074</u>	<u>4,599,666</u>	<u>33,481</u>	<u>4,720,604</u>
<u>159,557</u>	<u>567,803</u>	<u>6,622,260</u>	<u>87,875</u>	<u>13,597,331</u>
17,309	69,410	-	16,831	207,627
7,992	12,388	-	2,470	27,576
-	-	-	-	841,789
2,547	10,710	-	1,261	15,785
-	2,022	-	-	2,022
<u>27,848</u>	<u>94,530</u>	<u>-</u>	<u>20,562</u>	<u>1,094,799</u>
14,434	60,689	-	7,149	89,454
-	24,818	-	-	24,818
39,025	53,775	-	759	103,216
<u>53,459</u>	<u>139,282</u>	<u>-</u>	<u>7,908</u>	<u>217,488</u>
<u>81,307</u>	<u>233,812</u>	<u>-</u>	<u>28,470</u>	<u>1,312,287</u>
14,383	46,234	4,599,666	33,481	4,693,764
63,867	287,757	2,022,594	25,924	7,591,280
<u>\$ 78,250</u>	<u>\$ 333,991</u>	<u>\$ 6,622,260</u>	<u>\$ 59,405</u>	<u>\$ 12,285,044</u>

**CITY OF LONGVIEW, TEXAS**

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

**INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>OPERATING REVENUES</b>			
Premiums	\$ 1,053,088	\$ 7,574,957	\$ 311,930
Vehicle revenue	-	-	-
GIS revenue	-	-	-
Cable Fees	-	-	-
Miscellaneous	-	61,518	-
Total operating revenues	<u>1,053,088</u>	<u>7,636,475</u>	<u>311,930</u>
<b>OPERATING EXPENSES</b>			
Personnel services	234,522	21,988	-
Supplies	17,431	31,145	-
Maintenance	626	2,713	-
Contractual services	118,530	606,619	7,228
Employee benefits	84,163	605	-
Claims and premiums, net of reimbursements	273,326	7,709,344	372,472
Depreciation	2,142	-	-
Total operating expenses	<u>730,740</u>	<u>8,372,414</u>	<u>379,700</u>
<b>OPERATING INCOME (LOSS)</b>	322,348	(735,939)	(67,770)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	3,345	16,236	1,599
Gain (loss) on sale of fixed assets	-	-	-
Interest expense	-	-	-
Miscellaneous	-	-	-
Total non-operating revenue (expenses)	<u>3,345</u>	<u>16,236</u>	<u>1,599</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	325,693	(719,703)	(66,171)
<b>SPECIAL ITEM</b>			
Change in accounting estimate	<u>45,804</u>	<u>-</u>	<u>32,774</u>
<b>CHANGE IN NET POSITION</b>	371,497	(719,703)	(33,397)
<b>TOTAL NET POSITION, BEGINNING</b>	<u>831,509</u>	<u>4,122,961</u>	<u>618,271</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 1,203,006</u>	<u>\$ 3,403,258</u>	<u>\$ 584,874</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Cable Franchise Fee Agreement</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,939,975
-	2,076,243	1,654,675	-	3,730,918
635,128	-	-	-	635,128
-	-	-	134,514	134,514
-	-	-	-	61,518
<u>635,128</u>	<u>2,076,243</u>	<u>1,654,675</u>	<u>134,514</u>	<u>13,502,053</u>
288,353	464,232	-	55,613	1,064,708
13,231	1,319,548	3,964	6,115	1,391,434
1,454	13,954	20,802	216	39,765
184,929	65,122	15,362	37,863	1,035,653
105,698	178,918	-	17,558	386,942
-	-	-	-	8,355,142
4,561	12,549	1,302,666	4,169	1,326,087
<u>598,226</u>	<u>2,054,323</u>	<u>1,342,794</u>	<u>121,534</u>	<u>13,599,731</u>
36,902	21,920	311,881	12,980	(97,678)
396	709	6,087	134	28,506
-	-	80,104	-	80,104
-	(992)	-	-	(992)
-	28,072	-	-	28,072
<u>396</u>	<u>27,789</u>	<u>86,191</u>	<u>134</u>	<u>135,690</u>
37,298	49,709	398,072	13,114	38,012
-	-	-	-	78,578
<u>37,298</u>	<u>49,709</u>	<u>398,072</u>	<u>13,114</u>	<u>116,590</u>
40,952	284,282	6,224,188	46,291	12,168,454
<u>\$ 78,250</u>	<u>\$ 333,991</u>	<u>\$ 6,622,260</u>	<u>\$ 59,405</u>	<u>\$ 12,285,044</u>

**CITY OF LONGVIEW, TEXAS**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<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	1,053,088	7,623,824	311,931
Cash received - miscellaneous	-	-	-
Cash payments for claims and premiums	(242,586)	(7,851,972)	(364,423)
Cash payments for goods and services	(149,912)	(617,644)	-
Cash payments to employees/retirees	<u>(332,480)</u>	<u>(22,500)</u>	<u>-</u>
Net cash provided (used) by operating activities	328,110	(868,292)	(52,492)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds for sale of assets	-	-	-
Acquisition and construction of capital assets	-	-	-
Principal payments on long term debt	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	-	2,002,655	-
Purchase of investments	(769)	-	-
Interest on investments	3,345	23,734	1,599
Net cash provided by investing activities	<u>2,576</u>	<u>2,026,389</u>	<u>1,599</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	330,686	1,158,097	(50,893)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>832,249</u>	<u>2,459,111</u>	<u>747,648</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 1,162,935</u>	<u>\$ 3,617,208</u>	<u>\$ 696,755</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Cable Franchise</u>	<u>Total</u>
\$ 635,128	\$ 2,071,083	\$ 1,654,675	\$ 134,514	\$ 4,495,400
-	-	-	-	8,988,843
-	-	-	-	-
-	-	-	-	(8,458,981)
(182,846)	(1,388,896)	(40,128)	(30,618)	(2,410,044)
(384,067)	(621,813)	-	(71,617)	(1,432,477)
<u>68,215</u>	<u>60,374</u>	<u>1,614,547</u>	<u>32,279</u>	<u>1,182,741</u>
-	-	204,828	-	204,828
(14,253)	(7,579)	(2,099,062)	(22,552)	(2,143,446)
-	(1,949)	-	-	(1,949)
-	(992)	-	-	(992)
<u>(14,253)</u>	<u>(10,520)</u>	<u>(1,894,234)</u>	<u>(22,552)</u>	<u>(1,941,559)</u>
-	-	-	-	2,002,655
-	-	(1,980)	-	(2,749)
396	28,781	6,086	134	64,075
<u>396</u>	<u>28,781</u>	<u>4,106</u>	<u>134</u>	<u>2,063,981</u>
54,358	78,635	(275,581)	9,861	1,305,163
<u>90,816</u>	<u>258,221</u>	<u>1,964,214</u>	<u>37,814</u>	<u>6,390,073</u>
<u>\$ 145,174</u>	<u>\$ 336,856</u>	<u>\$ 1,688,633</u>	<u>\$ 47,675</u>	<u>\$ 7,695,236</u>

(Continued)

**CITY OF LONGVIEW, TEXAS**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 322,348	\$ (735,939)	\$ (67,770)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	2,142	-	-
Change in assets and liabilities:			
Decrease (increase) in assets:			
Due from other funds	-	3,323	-
Inventories	-	-	-
Prepaid expense	-	-	-
Accounts receivable	-	(15,975)	-
Increase (decrease) in liabilities:			
Accounts payable	(13,327)	22,834	15,278
Due to other funds	-	-	-
Accrued liabilities	(1,918)	92	-
Claims payable	30,741	(142,627)	-
Compensated absences payable	(12,095)	-	-
Other post employment benefits	219	-	-
Total adjustments	<u>5,762</u>	<u>(132,353)</u>	<u>15,278</u>
Net cash provided (used) by operating activities	<u>\$ 328,110</u>	<u>\$ (868,292)</u>	<u>\$ (52,492)</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Cable Franchise</u>	<u>Total</u>
\$ 36,902	\$ 21,920	\$ 311,881	\$ 12,980	\$ (97,678)
4,561	12,549	1,302,666	4,169	1,326,087
-	-	-	-	3,323
-	(5,161)	-	-	(5,161)
-	-	-	-	(15,975)
16,768	9,801	-	13,573	64,927
-	-	-	-	-
2,165	506	-	1,245	2,090
-	-	-	-	(111,886)
916	15,671	-	65	4,557
6,903	5,088	-	247	12,457
<u>31,313</u>	<u>38,454</u>	<u>1,302,666</u>	<u>19,299</u>	<u>1,280,419</u>
<u>\$ 68,215</u>	<u>\$ 60,374</u>	<u>\$ 1,614,547</u>	<u>\$ 32,279</u>	<u>\$ 1,182,741</u>

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## **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.	107
<b>Revenue Capacity</b> These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	115
<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.	119
<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.	124
<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.	127

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TABLE 1

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 29,741,809	\$ 18,331,455	\$ 16,429,990	\$ 39,130,985	\$ 51,234,856	\$ 51,131,067	\$ 50,526,891	\$ 51,682,767	\$ 53,447,645	\$ 57,304,881
Restricted	4,395,711	16,594,089	8,648,244	26,520,556	2,285,330	2,415,255	3,025,079	6,762,094	9,286,870	7,635,957
Unrestricted	<u>19,871,672</u>	<u>21,912,175</u>	<u>39,708,533</u>	<u>4,249,027</u>	<u>18,699,690</u>	<u>20,121,625</u>	<u>22,702,632</u>	<u>22,534,886</u>	<u>19,416,012</u>	<u>21,454,125</u>
Total governmental activities net position	<u>\$ 54,009,192</u>	<u>\$ 56,837,719</u>	<u>\$ 64,786,767</u>	<u>\$ 69,900,568</u>	<u>\$ 72,219,876</u>	<u>\$ 73,667,947</u>	<u>\$ 76,254,602</u>	<u>\$ 80,979,747</u>	<u>\$ 82,150,527</u>	<u>\$ 86,394,963</u>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 55,584,264	\$ 43,541,845	\$ 41,806,901	\$ 48,251,955	\$ 44,909,638	\$ 44,187,739	\$ 41,554,130	\$ 40,333,213	\$ 39,397,519	\$ 39,074,801
Restricted	10,442,146	7,806,590	9,166,915	18,387,798	9,374,956	9,512,913	9,945,196	9,709,561	9,585,508	9,584,155
Unrestricted	<u>6,176,128</u>	<u>20,672,864</u>	<u>19,782,247</u>	<u>5,341,065</u>	<u>16,062,001</u>	<u>14,360,944</u>	<u>13,260,494</u>	<u>16,980,547</u>	<u>20,042,784</u>	<u>25,341,219</u>
Total business-type activities net position	<u>\$ 72,202,538</u>	<u>\$ 72,021,299</u>	<u>\$ 70,756,063</u>	<u>\$ 71,980,818</u>	<u>\$ 70,346,595</u>	<u>\$ 68,061,596</u>	<u>\$ 64,759,820</u>	<u>\$ 67,023,321</u>	<u>\$ 69,025,811</u>	<u>\$ 74,000,175</u>
<b>Primary government:</b>										
Invested in capital assets, net of related debt	85,326,073	61,873,300	58,236,891	87,382,940	96,144,494	95,318,806	92,081,021	92,015,980	92,845,164	96,379,682
Restricted	14,837,857	24,400,679	17,815,159	44,908,354	11,660,286	11,928,168	12,970,275	16,471,655	18,872,378	17,220,112
Unrestricted	<u>26,047,800</u>	<u>42,585,039</u>	<u>59,490,780</u>	<u>9,590,092</u>	<u>34,761,691</u>	<u>34,482,569</u>	<u>35,963,126</u>	<u>39,515,433</u>	<u>39,458,796</u>	<u>46,795,344</u>
Total primary government net position	<u>126,211,730</u>	<u>128,859,018</u>	<u>135,542,830</u>	<u>141,881,386</u>	<u>142,566,471</u>	<u>141,729,543</u>	<u>141,014,422</u>	<u>148,003,068</u>	<u>151,176,338</u>	<u>160,395,138</u>

Sources: City of Longview Finance Department

# CITY OF LONGVIEW, TEXAS

## CHANGES IN NET POSITION

### LAST TEN<sup>1</sup> FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 5,183,021	\$ 5,596,388	\$ 6,072,058	\$ 5,866,548
Public safety	26,125,950	28,599,429	30,954,625	31,458,698
Public works	9,131,511	9,627,021	6,690,824	10,378,876
Developmental services	2,355,681	2,134,167	2,744,376	2,830,925
Culture and recreation	5,376,023	6,653,171	6,384,926	6,716,245
Public transit	936,685	1,399,305	1,479,733	1,604,858
Public welfare	5,527,598	5,558,072	6,253,531	5,098,096
Arts and culture	527,677	537,825	763,948	724,881
Interest and fiscal charges	2,411,757	1,948,090	2,060,118	2,146,908
Total governmental activities expenses	<u>57,575,903</u>	<u>62,053,468</u>	<u>63,404,139</u>	<u>66,826,035</u>
Business-type activities:				
Water utilities	21,954,358	25,189,692	27,044,288	26,634,188
Sanitation	2,984,927	3,397,459	3,690,267	3,577,080
Nonmajor funds - Longview Recreation Association	489,002	545,897	461,520	483,389
Total business-type activities expenses	<u>25,428,287</u>	<u>29,133,048</u>	<u>31,196,075</u>	<u>30,694,657</u>
Total primary government program expenses	<u>\$ 83,004,190</u>	<u>\$ 91,186,516</u>	<u>\$ 94,600,214</u>	<u>\$ 97,520,692</u>
Component unit:				
Longview Economic Development Corporation	\$ 3,364,486	\$ 4,104,500	\$ 4,959,868	\$ 2,990,866
Total component unit	<u>\$ 3,364,486</u>	<u>\$ 4,104,500</u>	<u>\$ 4,959,868</u>	<u>\$ 2,990,866</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 350,221	\$ 220,467	\$ 1,821,712	\$ 2,070,727
Public safety	4,110,069	4,432,935	3,088,404	3,215,011
Public works	671,718	-	-	-
Developmental services	922,371	1,090,372	1,745,944	1,349,396
Culture and recreation	187,261	356,648	164,458	697,135
Public transit	16,571	-	-	-
Public welfare	3,529	23,430	41,375	36,399
Operating grants and contributions	6,950,185	7,650,016	8,452,958	8,699,604
Capital grants and contributions	1,052,750	498,829	313,385	1,226,470
Total governmental activities program revenues	<u>14,264,675</u>	<u>14,272,697</u>	<u>15,628,236</u>	<u>17,294,742</u>
Business-type activities:				
Charges for services:				
Water utilities	23,836,486	25,019,840	26,110,235	25,532,292
Sanitation	3,628,254	3,814,359	3,879,969	4,048,155
Operating grants and contributions	-	-	-	-
Nonmajor funds - Longview Recreation Association	466,545	518,995	523,880	510,695
Total business-type activities program revenues	<u>27,931,285</u>	<u>29,353,194</u>	<u>30,514,084</u>	<u>30,091,142</u>
Total primary government program revenues	<u>\$ 42,195,960</u>	<u>\$ 43,625,891</u>	<u>\$ 46,142,320</u>	<u>\$ 47,385,884</u>
Component unit:				
Longview Economic Development Corporation	\$ 565,000	\$ 191,250	\$ 254,931	\$ 97,098
Total component unit	<u>\$ 565,000</u>	<u>\$ 191,250</u>	<u>\$ 254,931</u>	<u>\$ 97,098</u>

(continued)

TABLE 2

2008	2009	2010	2011	2012	2013
\$ 4,708,108	\$ 5,256,629	\$ 5,543,250	\$ 5,192,734	\$ 3,224,548	\$ 3,825,493
36,122,785	38,920,999	38,313,379	38,627,890	39,454,022	39,448,792
10,741,787	10,652,928	10,159,012	10,191,221	11,097,787	11,430,457
3,911,298	3,251,860	3,214,619	3,481,048	3,194,264	2,645,444
8,853,686	10,969,680	10,659,666	8,708,583	11,774,530	12,010,715
1,788,654	1,495,264	2,324,776	1,520,519	2,110,537	2,341,016
6,083,443	6,764,496	6,792,308	9,673,465	7,020,452	7,176,754
110,828					
<u>2,265,612</u>	<u>2,585,889</u>	<u>2,600,824</u>	<u>2,289,521</u>	<u>2,695,573</u>	<u>2,457,093</u>
<u>74,586,201</u>	<u>79,897,745</u>	<u>79,607,834</u>	<u>79,684,981</u>	<u>80,571,713</u>	<u>81,335,764</u>
28,459,810	28,930,376	28,607,186	27,971,548	30,054,555	30,245,272
4,117,830	3,956,751	3,826,428	4,264,198	4,781,169	4,881,272
<u>521,971</u>	<u>468,459</u>	<u>674,814</u>	<u>738,962</u>	<u>758,580</u>	<u>697,719</u>
<u>33,099,611</u>	<u>33,355,586</u>	<u>33,108,428</u>	<u>32,974,708</u>	<u>35,594,304</u>	<u>35,824,263</u>
<u>\$ 107,685,812</u>	<u>\$ 113,253,331</u>	<u>\$ 112,716,262</u>	<u>\$ 112,659,689</u>	<u>\$ 116,166,017</u>	<u>\$ 117,160,027</u>
<u>\$ 2,504,493</u>	<u>\$ 3,924,045</u>	<u>\$ 2,370,388</u>	<u>\$ 4,490,214</u>	<u>\$ 3,960,040</u>	<u>\$ 6,973,612</u>
<u>\$ 2,504,493</u>	<u>\$ 3,924,045</u>	<u>\$ 2,370,388</u>	<u>\$ 4,490,214</u>	<u>\$ 3,960,040</u>	<u>\$ 6,973,612</u>
\$ 2,465,835	\$ 435,850	\$ 428,146	\$ 71,172	\$ 93,667	\$ 82,127
3,677,262	6,304,084	6,939,023	6,518,457	7,574,304	7,587,266
-	-	-	-	-	-
1,301,989	759,251	931,644	781,783	1,007,281	1,151,373
700,742	123,422	99,511	575,771	658,334	690,640
-	-	136,655	168,359	381,502	432,345
28,459	171,546	164,556	160,861	162,078	161,673
8,427,419	9,288,470	9,221,403	9,476,691	9,305,395	8,588,290
<u>774,938</u>	<u>1,031,458</u>	<u>2,089,708</u>	<u>3,102,336</u>	<u>510,059</u>	<u>1,518,166</u>
<u>17,376,644</u>	<u>18,114,081</u>	<u>20,010,646</u>	<u>20,855,430</u>	<u>19,692,620</u>	<u>20,211,880</u>
27,179,895	26,331,157	26,420,522	32,288,707	31,805,126	34,758,190
4,240,543	4,495,352	4,705,396	4,803,324	4,922,633	4,990,505
207,172	82,716				
<u>561,158</u>	<u>516,957</u>	<u>602,889</u>	<u>714,995</u>	<u>700,378</u>	<u>708,131</u>
<u>32,188,768</u>	<u>31,426,182</u>	<u>31,728,807</u>	<u>37,807,026</u>	<u>37,428,137</u>	<u>40,456,826</u>
<u>\$ 49,565,412</u>	<u>\$ 49,540,263</u>	<u>\$ 51,739,453</u>	<u>\$ 58,662,456</u>	<u>\$ 57,120,757</u>	<u>\$ 60,668,706</u>
<u>\$ 224,416</u>	<u>\$ 524,351</u>	<u>\$ 1,549,584</u>	<u>\$ 943,950</u>	<u>\$ 923,083</u>	<u>\$ 1,009,710</u>
<u>\$ 224,416</u>	<u>\$ 524,351</u>	<u>\$ 1,549,584</u>	<u>\$ 943,950</u>	<u>\$ 923,083</u>	<u>\$ 1,009,710</u>

# CITY OF LONGVIEW, TEXAS

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

	2004	2005	2006	2007
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$( 43,311,228)	\$( 47,780,771)	\$( 47,775,903)	\$( 49,531,293)
Business-type activities	<u>2,502,998</u>	<u>220,146</u>	<u>( 681,991)</u>	<u>( 603,515)</u>
Total primary government net expense	<u>\$( 40,808,230)</u>	<u>\$( 47,560,625)</u>	<u>\$( 48,457,894)</u>	<u>\$( 50,134,808)</u>
Comonent unit:				
Longview Economic Development Corporation	\$( 2,799,486)	\$( 3,913,250)	\$( 4,704,937)	\$( 2,893,768)
Total component unit	<u>\$( 2,799,486)</u>	<u>\$( 3,913,250)</u>	<u>\$( 4,704,937)</u>	<u>\$( 2,893,768)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	\$ 17,406,348	\$ 18,778,484	\$ 19,951,302	\$ 21,198,592
Franchise	5,143,551	5,187,723	4,643,213	5,352,814
Sales	16,790,564	18,227,952	20,855,105	22,210,092
Other	2,071,928	2,177,226	1,557,841	2,505,697
Interest	606,622	715,616	2,157,508	2,382,476
Miscellaneous	-	-	-	-
Gain (loss) on disposition of assets	-	-	8,615	60,404
Transfers	1,381,910	1,198,170	1,845,195	1,956,123
Other	<u>1,041,631</u>	<u>1,535,494</u>	<u>1,566,970</u>	<u>1,550,249</u>
Total governmental activities	<u>44,442,554</u>	<u>47,820,665</u>	<u>52,585,749</u>	<u>57,216,447</u>
Business-type activities:				
Interest	402,780	664,707	1,217,691	1,465,065
Gain (loss) on disposition of assets	-	-	-	-
Transfers	( 1,381,910)	( 1,198,170)	( 1,800,936)	( 1,956,123)
Other	<u>143,883</u>	<u>132,079</u>	<u>-</u>	<u>( 63,400)</u>
Total business-type activities	<u>( 835,247)</u>	<u>( 401,384)</u>	<u>( 583,245)</u>	<u>( 554,458)</u>
Total primary government	<u>\$ 43,607,307</u>	<u>\$ 47,419,281</u>	<u>\$ 52,002,504</u>	<u>\$ 56,661,989</u>
Component unit:				
Sales taxes	3,372,087	3,603,773	4,168,450	4,444,590
Interest	85,068	122,091	265,327	338,827
Miscellaneous	-	-	-	-
Reappropriated funds	-	-	-	-
Gain (loss) on disposition of assets	-	-	17,782	239,053
Other	<u>-</u>	<u>10,994</u>	<u>-</u>	<u>47,067</u>
Total component unit	<u>\$ 3,457,155</u>	<u>\$ 3,736,858</u>	<u>\$ 4,451,559</u>	<u>\$ 5,069,537</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ 1,131,326	\$ 39,894	\$ 4,809,845	\$ 7,685,154
Business-type activities	<u>1,667,751</u>	<u>( 181,238)</u>	<u>( 1,265,236)</u>	<u>( 1,157,973)</u>
Total primary government	<u>\$ 2,799,077</u>	<u>\$( 141,344)</u>	<u>\$ 3,544,609</u>	<u>\$ 6,527,181</u>

Sources: City of Longview Finance Department  
Note:

TABLE 2

2008	2009	2010	2011	2012	2013
\$( 57,209,557)	\$( 61,783,664)	\$( 59,597,188)	\$( 58,829,551)	\$( 60,879,093)	\$( 61,123,884)
( 910,843)	( 1,929,404)	( 1,379,621)	4,832,318	1,833,833	4,632,563
\$( 58,120,400)	\$( 63,713,068)	\$( 60,976,809)	\$( 53,997,233)	\$( 59,045,260)	\$( 56,491,321)
\$( 2,280,077)	\$( 3,399,694)	\$( 820,804)	\$( 3,546,264)	\$( 3,036,957)	\$( 5,963,902)
\$( 2,280,077)	\$( 3,399,694)	\$( 820,804)	\$( 3,546,264)	\$( 3,036,957)	\$( 5,963,902)
\$ 22,703,305	\$ 24,876,171	\$ 26,076,326	\$ 24,878,943	\$ 26,463,213	\$ 27,074,366
5,102,319	5,555,973	5,673,335	5,891,397	5,316,765	5,562,605
23,423,732	23,894,746	23,155,083	25,605,652	24,922,597	26,398,630
2,748,784	1,708,834	1,629,808	1,675,448	2,201,424	2,307,403
1,609,669	794,468	257,225	257,970	235,883	271,565
1,924,964	1,923,797	2,164,371	2,562,942	820,760	1,810,133
176,720	144,708	79,463	293,517	( 99,144)	30,525
1,989,968	2,515,045	2,439,902	2,346,927		
-	-	-	-	1,733,971	1,743,330
59,679,461	61,413,742	61,475,513	63,512,796	61,595,469	65,198,557
1,270,297	888,340	172,081	130,876	113,934	114,948
( 3,709)		97,102	5,955	-	2,650
( 1,989,968)	( 2,515,045)	( 2,439,902)	( 2,346,927)		
-	-	85,806	-	54,723	224,203
( 723,380)	( 1,626,705)	( 2,084,913)	( 2,210,096)	168,657	341,801
\$ 58,956,081	\$ 59,787,037	\$ 59,390,600	\$ 61,302,700	\$ 61,764,126	\$ 65,540,358
4,684,746	4,778,948	4,630,827	5,121,318	4,984,518	5,279,726
198,768	35,538	23,065	61,560	96,308	80,133
17,923	109,273	16,226	13,037	22,195	
	5,873	( 3,452)		99,895	1,009,710
-	-	-	-	-	9,640
\$ 4,901,437	\$ 4,929,632	\$ 4,666,666	\$ 5,195,915	\$ 5,202,916	\$ 6,379,209
\$ 2,469,904	\$( 369,922)	\$ 1,878,325	\$ 4,683,245	\$ 716,376	\$ 4,074,673
( 1,634,223)	( 3,556,109)	( 3,464,534)	2,622,222	2,002,490	4,974,364
\$ 835,681	\$( 3,926,031)	\$( 1,586,209)	\$ 7,305,467	\$ 2,718,866	\$ 9,049,037

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TABLE 3

CITY OF LONGVIEW, TEXAS

FUND BALANCES  
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General fund</b>										
Reserved	\$ 600,760	\$ 175,641	\$ 334,465	\$ 942,735	\$ 1,303,835	\$ 606,186	\$ 131,091	\$ -	\$ -	
Unreserved	15,415,263	18,817,362	17,074,060	14,967,077	14,366,291	14,675,839	16,992,517	-	-	
Nonspendable								155,600	141,623	101,242
Restricted								71,183	75,884	55,046
Committed								-	-	
Assigned								3,805,751	4,692,239	7,288,899
Unassigned								17,415,534	14,659,946	15,938,054
<b>Total general fund</b>	<b>\$ 16,016,023</b>	<b>\$ 18,993,003</b>	<b>\$ 17,408,525</b>	<b>\$ 15,909,812</b>	<b>\$ 15,670,126</b>	<b>\$ 15,282,025</b>	<b>\$ 17,123,608</b>	<b>\$ 21,448,068</b>	<b>\$ 19,569,692</b>	<b>\$ 23,383,241</b>
<b>All other governmental funds</b>										
Reserved	\$ 4,400,278	\$ 17,187,849	\$ 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	4,083,308	3,949,014	4,067,275	5,144,028	5,559,614	4,011,235	4,653,079	-	-	-
Nonspendable								-	-	-
Restricted								30,159,407	28,326,422	4,115,888
Committed								4,153,961	3,702,598	2,103,057
Assigned								50,000	-	-
Unassigned								( 316,480)	( 201,248)	( 153,269)
<b>Total all other governmental funds</b>	<b>\$ 8,483,586</b>	<b>\$ 21,136,863</b>	<b>\$ 22,040,703</b>	<b>\$ 31,933,871</b>	<b>\$ 22,990,367</b>	<b>\$ 23,654,783</b>	<b>\$ 17,341,004</b>	<b>\$ 34,046,888</b>	<b>\$ 31,827,772</b>	<b>\$ 6,065,676</b>

Sources: City of Longview Finance Department

TABLE 4

## CITY OF LONGVIEW, TEXAS

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES</b>										
Taxes	\$ 41,412,391	\$ 44,455,498	\$ 47,570,415	\$ 51,151,530	\$ 54,242,619	\$ 55,791,115	\$ 56,169,174	\$ 58,463,767	\$ 58,936,599	\$ 61,371,121
Licenses and permits	2,012,041	1,367,731	1,355,532	1,426,042	1,379,603	1,041,044	1,165,887	1,014,188	1,272,516	1,404,451
Fines and forfeitures	1,991,636	2,066,680	1,962,978	2,174,181	2,225,890	2,185,603	2,449,613	2,771,417	3,309,089	3,530,271
Charges for services	2,220,240	2,293,720	3,400,543	3,566,134	3,993,768	4,403,744	4,809,119	4,767,098	5,093,076	5,323,460
Intergovernmental	7,565,355	8,544,566	8,450,419	10,387,272	10,396,979	10,319,928	11,311,111	12,579,027	9,815,454	10,106,457
Investment income	561,453	619,368	2,157,508	2,382,476	1,609,669	778,702	231,266	208,071	211,732	243,056
Contractual fees	900,000	900,000	900,000	900,000	1,100,000	1,158,000	1,166,320	1,724,972	1,733,971	1,743,330
Miscellaneous	552,033	500,971	640,928	384,797	915,092	765,797	988,656	1,106,831	812,143	745,711
Total revenues	57,215,149	60,748,534	66,438,323	72,372,432	75,863,620	76,443,933	78,291,146	82,635,371	81,184,580	84,467,857
<b>EXPENDITURES</b>										
General government	5,166,418	5,551,177	5,552,308	5,783,900	4,538,139	5,045,923	5,343,613	5,075,012	2,973,445	3,418,541
Public safety	24,959,958	25,964,364	27,883,621	30,336,154	34,296,990	35,684,092	36,184,465	36,396,690	36,515,537	36,710,992
Public works	4,642,868	5,162,280	5,090,174	5,874,124	6,045,967	6,384,244	6,009,023	6,105,838	6,900,308	7,782,228
Culture and recreation	5,047,704	5,237,992	5,769,439	6,293,196	8,312,921	8,893,765	8,110,382	8,671,942	8,949,232	9,091,496
Developmental services	2,333,920	2,288,998	2,468,446	2,867,298	3,901,766	3,171,102	3,171,665	3,476,516	3,201,941	2,618,860
Public welfare	5,536,409	5,633,209	6,014,640	5,165,454	6,073,466	6,672,434	6,719,784	6,949,009	6,868,627	6,985,537
Public transit	936,685	1,264,534	1,349,149	1,420,489	1,580,378	1,391,198	2,122,742	1,222,924	1,834,871	2,035,601
Arts and culture	527,677	537,825	634,008	619,248						
Capital outlay	5,328,547	5,804,225	7,748,041	15,720,346	15,253,541	20,272,572	9,628,842	9,677,027	9,685,498	15,027,252
Debt service:										
Principal	3,935,081	4,476,769	4,953,629	5,293,592	5,499,659	5,546,307	5,583,952	5,304,445	5,897,682	5,023,213
Interest and fiscal charges	2,149,102	1,746,256	2,012,461	1,790,967	2,153,682	2,634,963	2,397,814	2,455,848	2,498,075	2,441,226
Bond issue expenses	-	413,146	-	-	-	-	-	-	-	-
Total expenditures	60,564,369	64,080,775	69,475,916	81,164,768	87,656,509	95,696,600	85,272,282	85,335,251	85,325,216	91,134,946

(continued)

TABLE 4

## CITY OF LONGVIEW, TEXAS

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$( 3,349,220)	\$( 3,332,241)	\$( 3,037,593)	\$( 8,792,336)	\$( 11,792,889)	\$( 19,252,667)	\$( 6,981,136)	\$( 2,699,880)	\$( 4,140,636)	\$( 6,667,089)
<b>OTHER FINANCING SOURCES (USES)</b>										
Issuance of bonds	-	38,990,000	-	14,790,000		11,250,000		21,303,620		
Payments to escrow account	-	( 25,513,273)	-	-						
Premium on refunded bonds	-	426,287	-	-		140,190				
Proceeds from lease	-	565,750	-	373,699	404,374	5,724,939				
Sale of capital assets	-	131,088	8,615	60,404	143,260	3,793	67,055	67,660	32,042	62,193
Proceeds from insurance	-	-	25,144	6,565					18,876	
Transfers in	4,967,142	5,475,569	9,204,941	11,519,782	7,601,787	7,464,161	6,701,596	8,759,908	7,826,891	4,051,065
Transfers out	( 3,185,232)	( 3,262,162)	( 7,359,746)	( 9,563,659)	( 5,539,722)	( 5,061,181)	( 4,259,711)	( 6,428,356)	( 7,826,891)	( 4,051,065)
Total other financing sources (uses)	1,781,910	16,813,259	1,878,954	17,186,791	2,609,699	19,521,902	2,508,940	23,702,832	50,918	62,193
<b>NET CHANGE IN FUND BALANCES</b>	\$( 1,567,310)	\$ 13,481,018	\$( 1,158,639)	\$ 8,394,455	\$( 9,183,190)	\$ 269,235	\$( 4,472,196)	\$ 21,002,952	\$( 4,089,718)	\$( 6,604,896)
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	11.0%	10.7%	11.3%	10.8%	10.6%	10.8%	10.6%	10.3%	11.1%	9.8%

Sources: City of Longview Finance Department

TABLE 5

## 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			
2004	2,615,613,343	1,052,540,902	3,668,154,245	0.48340	3,668,154,245
2005	2,809,756,758	1,137,492,313	3,947,249,071	0.48340	3,947,249,071
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

Source: Gregg County Appraisal District & Harrison County Appraisal District

**TABLE 6**

**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
2004	0.35670	0.12670	0.48340	0.23500	1.61900	1.64500	1.63170	1.65500
2005	0.36640	0.11700	0.48340	0.28000	1.61000	1.64500	1.63280	1.62500
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

Source: Tax departments of respective entities

TABLE 7

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

Taxpayer	2013	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
LeTourneau, Inc.	\$ 186,242,730	3.38%
Trican (Liberty Pressure Pump)	70,534,970	1.28%
Wal-Mart/Sam's	64,794,020	1.17%
Longview Medical/Longview Regional	55,491,750	1.01%
Trinity Industries	52,960,150	0.96%
Rexam Beverage	40,449,420	0.73%
Well Services Division of STC	34,978,160	0.63%
AEP Southwestern Electric Power Co.	29,417,240	0.53%
GSHS Inc/Good Shepherd Hospital	21,979,470	0.40%
STEMCO	21,827,650	0.40%
Total	<u>\$ 578,675,560</u>	<u>10.49%</u>
	2004	
Taxpayer	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
LeTourneau, Inc.	\$ 105,455,413	3.03%
AEP Southwestern Electric Power Co.	44,219,050	1.27%
Longview Regional Medical Center	42,378,680	1.22%
General Motors Corporation	38,094,720	1.09%
Walmart Stores/ Sams Club	35,547,700	1.02%
Dowell Shlumberger Inc	33,974,240	0.98%
Southwestern Bell Telephone	32,929,100	0.95%
GSHS, Inc./Good Shepherd Hospital	29,227,240	0.84%
Longview Mall/Simon Property Group	24,939,170	0.72%
Bemis Company/Bemis Custom Products	21,308,400	0.61%
Total	<u>\$ 408,073,713</u>	<u>11.73%</u>

## Sources:

\* Gregg County Appraisal District

\*\* Harrison County Appraisal District

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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	17,242,435	16,888,390	97.95%	318,589	17,206,979	99.79%
2005	18,512,716	18,154,826	98.07%	316,208	18,471,034	99.77%
2006	19,628,247	19,311,792	98.39%	269,687	19,581,479	99.76%
2007	21,019,890	20,484,010	97.45%	480,067	20,964,077	99.73%
2008	22,626,702	22,262,087	98.39%	304,040	22,566,127	99.73%
2009	24,520,685	24,094,184	98.26%	355,924	24,450,108	99.71%
2010	25,358,256	25,015,899	98.65%	312,982	25,328,881	99.88%
2011	24,999,971	24,649,525	98.60%	238,043	24,887,567	99.55%
2012	26,174,340	25,889,469	98.91%	194,899	26,084,368	99.66%
2013	26,871,977	26,478,068	98.53%	-	26,478,068	98.53%

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

TABLE 9

**CITY OF LONGVIEW, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation	Capital	Water Revenue	Capital			
	Bonds	Leases	Bonds	Leases			
2004	39,045,475	986,162	98,387,631	551,002	138,970,270	- %	1,863.30
2005	49,052,045	1,373,018	93,266,696	449,048	144,140,807	- %	1,914.07
2006	45,340,000	1,114,225	88,855,572	343,128	135,652,925	3.75%	1,777.07
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

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

(1) Personal income was not available in previous fiscal years from 2003 through 2005.

**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		
2004	39,045,475	2,061,840	36,983,635	1.0082%	496
2005	50,035,000	2,132,859	47,902,141	1.2136%	636
2006	45,340,000	2,242,808	43,097,192	1.0257%	574
2007	55,105,000	2,381,291	52,723,709	1.1643%	685.45
2008	49,940,000	2,285,332	47,654,669	0.9660%	601
2009	56,335,000	2,290,255	54,044,745	1.0430%	704
2010	51,530,000	2,369,331	49,160,669	0.9285%	628
2011	68,125,000	2,529,887	65,595,113	1.2412%	807
2012	62,830,000	2,857,328	59,972,672	1.1150%	737
2013	58,255,000	2,987,721	55,267,279	1.0019%	670

## CITY OF LONGVIEW, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2013

Government Unit	Debt Outstanding	Estimated Percentage Applicable	(1)	Estimated Share of Direct and Overlapping Debt
Total Direct Bonded Debt				
City of Longview	\$ 81,425,000	100.00%		\$ 81,425,000
Total Overlapping Debt				
Gregg County	-	54.98%		-
Harrison County	3,725,000	3.57%		132,983
Longview Independent School District	250,495,308	81.46%		204,053,478
Pine Tree Independent School District	72,175,000	38.05%		27,462,588
Spring Hill Independent School District	40,285,000	100.00%		40,285,000
Hallsville Independent School District	84,575,000	10.68%		9,032,610
Total Overlapping Debt				<u>280,966,658</u>
City direct debt				<u>81,425,000</u>
Total direct and overlapping debt				<u>\$ 362,391,658</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, 2013  
(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 2012 was established at \$.5009 per \$100 of assessed valuation based on 100% of appraised value.

**CITY OF LONGVIEW, TEXAS**  
**PLEGDED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Water Revenue Bonds					Coverage
	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2004	24,367,855	11,545,103	12,822,752	4,305,000	4,392,350	1.47
2005	25,658,259	12,380,983	13,277,276	4,450,000	4,372,965	1.50
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

**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 (1)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	74,583	18,118	-	-	5.0%
2005	75,306	18,257	-	-	5.0%
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%

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.

Note:

(1) Personal income was not available for previous fiscal years from 2003 through 2005.

TABLE 15

## CITY OF LONGVIEW, TEXAS

PRINCIPAL EMPLOYERS  
Current and Five years ago

Employer	2013	
	Employees	Percentage of Total City Employment
Good Shepherd Medical Center	3,500	2.96%
Trinity Rail, LLC	1,767	1.49%
Eastman Chemical	1,549	1.31%
Longview ISD	1,312	1.11%
Wal-mart Supercenters	1,187	1.00%
Joy Global	1,026	0.87%
Longview Regional Medical Center	875	0.74%
City of Longview	835	0.71%
Pine Tree ISD	678	0.57%
Diagnostic Clinic of Longview	655	0.55%
Total	13,384	11.31%

Employer	2008	
	Employees	Percentage of Total City Employment
Good Shepherd Medical Center	2,077	2.06%
Eastman Chemical	1,500	1.49%
Trinity Rail, LLC	1,333	1.33%
Longview ISD	1,180	1.17%
LeTourneau Technologies	1,125	1.12%
City of Longview	814	0.81%
Longview Regional Hospital	690	0.69%
Pine Tree ISD	686	0.68%
Dana Corporation	601	0.60%
Gregg County	575	0.57%
Total	10,581	10.52%

Note 1: Percentage of City Employment based on Longview MSA employment of 118,341.

Sources: provided by Longview Partnership

TABLE 16

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

Function/Program	2004	2005	2006	2007	2008	2009	2009	2011	2012	2013
General government										
Administrative services	67	72	73	73	73	73	73	73	73	80
Human resources	10	10	11	11	11	10	10	10	11	11
Finance	3	3	3	3	5	6	6	7	7	7
Purchasing	5	5	5	5	2	2	2	2	2	2
Planning and zoning	2	3	3	3	3	3	3	3	3	3
MPO	3	3	3	3	3	3	3	3	3	3
Building inspection	8	9	10	10	9	9	9	9	9	9
Environmental health	18	18	24	24	24	24	24	24	18	18
Developmental service	9	8	2	2	2	2	2	3	3	3
Other	19	19	29	27	27	27	27	27	34	30
Police										
Officers	143	149	155	173	173	173	173	177	175	175
Civilians	22	21	20	21	21	21	21	18	18	18
Fire										
Firefighters and officers	154	155	156	161	161	161	161	160	159	159
Civilians	9	8	7	7	7	7	7	7	9	9
Sanitation	31	29	29	29	29	29	29	29	31	31
Other public works										
Engineering	5	5	6	6	6	6	6	6	6	6
Administration	2	2	2	2	2	4	4	3	4	4
Utility services	20	22	22	12	13	13	13	13	14	14
Streets	23	23	22	24	25	24	24	23	20	18
Drainage	15	15	15	15	15	15	15	15	18	21
Fleet services	12	12	12	12	13	13	13	13	13	13
Traffic maintenance	7	7	7	8	6	6	6	6	7	7
Parks and recreation	50	53	54	54	54	52	52	52	53	56
Library	19	19	19	19	19	17	17	18	18	18
Water services										
Water purification	31	31	31	31	29	29	29	29	29	29
Water supply	3	3	3	3	3	3	3	3	3	3
Water distribution	25	26	26	31	31	31	31	31	31	30
Wastewater collection	18	18	18	22	22	22	22	22	22	23
Wastewater treatment	22	23	23	23	22	22	22	21	21	21
Plant Automation					4	4	4	4	4	4
Transit	1	1	1	1	-	-	-	-	-	-
<b>Total</b>	<b>756</b>	<b>772</b>	<b>791</b>	<b>815</b>	<b>814</b>	<b>811</b>	<b>811</b>	<b>811</b>	<b>815</b>	<b>821</b>

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

Function/Program	2004	2005	2006	2007
General government				
Building permits issued	1,445	1,357	1,430	1,500
Police				
Physical arrests	-	-	5,870	6,914
Parking violations	-	-	8,056	159
Traffic violations	-	-	18,657	20,970
Fire				
Emergency responses	-	-	13,875	14,418
Fires extinguished	-	-	560	380
Inspections	-	-	4,690	5,337
Refuse collection				
Refuse collected (tons per day)	-	-	118	118
Recyclables collected (tons per day)	-	-	14	25
Other public works				
Street resurfacing (miles)	-	-	7	6
Potholes repaired	-	-	567	1,169
Parks and recreation				
Park programs (# participants)	-	-	29,692	39,368
Facility/field/pavilion rentals	-	-	4,916	7,450
Recreation centers (# members)	-	-	1,737	1,828
Recreation programs (#classes)	-	-	56	69
Library				
Volumes in collection	146,016	175,026	156,200	158,899
Water				
Service connections	24,535	24,535	27,196	27,859
Water main breaks	-	-	-	-
Average daily consumption (thousands of gallons)	15	16	18	16
Wastewater				
Service connections	24,535	24,740	24,690	25,294
Average daily sewage treatment (thousands of gallons)	12	12	10	12
Transit***				
Total route miles	338,583	351,629	351,598	379,988
Passengers	92,982	113,160	156,429	170,315

Source:  
    Various City departments

Notes:

\*\*\* City of Longview Transit system

**TABLE 17**

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
2,220	3,696	4,518	3,981	3,826	4,063
4,957	4,675	4,653	4,689	5,481	4,994
284	312	211	217	81	32
24,719	20,032	15,133	11,988	21,169	16,837
15,565	15,471	15,767	16,538	15,654	16,320
418	516	443	592	389	446
4,338	3,709	3,984	3,179	1,483	912
118	161	182	119	118	114
14	4	27	27	30	36
3	2	16	15	15	29
1,232	1,009	985	927	869	1,183
41,506	183,109	149,570	153,904	97,702	101,324
6,286	3,259	2,505	8,751	5,268	7,000
791	856	739	752	1,602	1,009
45	163	324	379	264	280
162,823	141,170	151,467	138,512	123,754	158,818
28,148	28,278	28,555	28,802	28,828	29,018
-	-	-	-	-	-
15	15	16	18	16	17
25,575	25,681	25,921	26,018	26,084	26,236
12	11	12	10	11	11
358,649	345,426	337,770	184,925	294,958	387,757
184,853	198,113	187,026	334,935	214,803	244,150

TABLE 18

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	-	-	-	-	-	-	0	0
Community offices	5	4	3	6	6	6	6	6	6	7
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Hydrants	2,986	3,060	3,060	3,289	3,361	3,373	3,515	3,618	3655	3741
Refuse collection										
Collection trucks	-	-	-	12	12	15	21	21	21	21
Other public works										
Asphalt streets (miles)	363	363	386	374	376	494	378	379	384	384.4
Concrete, oil dirt, brick streets (miles)	56	56	56	54	54	45	61	62	57	57.6
Asphalt, oil dirt alleys (miles)	9	9	9	9	9	1	9	9	9	9
Traffic signals	-	-	-	-	132	133	136	137	131	134
Parks and recreation										
Acreage developed	620	620	610	535	612	612	651	651	651	651.2
Acreage undeveloped	350	350	105	114	129	129	129	138	138	138.06
Playgrounds	28	28	23	23	23	23	23	24	24	24
Libraries										
Number of libraries (public)	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	651	643	648	650	663	700	657	674	757	642.93
Plant capacity										
millions of gallons daily	52	52	52	52	52	52	52	52	52	52
Wastewater										
Sanitary sewers (miles)	623	648	645	645	624	624	628	643	725	636.82
Number of lift stations	18	18	20	18	18	21	21	21	22	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	11	11	10	10	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
2004	17,406,348	16,790,564	5,143,551	2,071,928	41,412,391
2005	18,778,484	18,227,952	5,187,723	2,177,226	44,371,385
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

Sources: City of Longview Finance Department

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**GOVERNMENTAL  
COMPLIANCE SECTION**

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# 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, 2013, which collectively comprise the City of Longview Texas' basic financial statements and have issued our report thereon dated March 27, 2014.

### 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 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.*

March 27, 2014

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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 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* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2013. The Organization's major federal 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 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*. Those standards and OMB Circular A-133 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 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 program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal 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 programs for the year ended September 30, 2013.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with 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 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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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 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 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 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. Accordingly, this report is not suitable for any other purpose.

*Henry & Peters, P.C.*

March 27, 2014

**CITY OF LONGVIEW, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<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-12-MC-48-0032	\$ 473,856 +
HOME Investment Partnerships Program	14.239	M-12-MC-480227	291,087
Shelter Plus Care	14.238	TX0157C6T071104	275,263
Section 8 Housing Choice Voucher Program	14.871	TX459VO	<u>5,108,593 +</u>
Total U. S. Department of Housing and Urban Development			<u>6,148,799</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	14,080
Edward Byrne Memorial Formula Grant Program	16.579	2010-DJ-BX-0497 2011-DJ-BX-3049 2012-DJ-BX-0517	68,558
ARRA - Edward Byrne Memorial Justice Assistant Grant (JAG) Program/ Grants to Units of Local Government	16.804	2009-SB-B9-3276	<u>34,390</u>
Total Direct Programs			<u>117,028</u>
Pass-Through Texas Department of Criminal Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25934-01	<u>31,803</u>
Total passed through Texas Department of Criminal Justice			<u>31,803</u>
Pass-Through City of Dallas, Texas:			
Missing Children's Assistance	16.543	N/A	<u>17,408</u>
Total passed through City of Dallas, Texas			<u>17,408</u>
Total U. S. Department of Justice			<u>166,239</u>
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>			
Direct Program:			
<u>Federal Transit Cluster:</u>			
Federal Transit Formula Grants	20.507	TX-951 TX-897 TX-987 TX-094	1,770,394 +
<u>Transit Services Programs Cluster:</u>			
New Freedom Program	20.521	NF 1201(10)35 NF 1102 (10) 23	141,815
Pass-Through Texas Department of Transportation:			
Metropolitan Planning Organization	20.225	50-13XF0022	191,296
Highway Planning and Construction	20.205	0910-07-062	1,170,984 +
State and Community Highway Safety - STEP	20.600	2013-LONGVIPD-S-1YG-0048	<u>38,506</u>
Total passed through Texas Department of Transportation			<u>1,400,786</u>
Total U. S. Department of Transportation			<u>3,312,995</u>

**CITY OF LONGVIEW, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Direct Program:			
<u>Homeland Security Cluster:</u>			
Homeland Security Grant Program	97.067	EMW-2011-SS-00019	22,354
State Homeland Security Program (SHSP)	97.073	EMW-2012-SS-00018-S01	<u>93,173</u>
Total U.S. Department of Homeland Security			<u>115,527</u>
Total expenditures of Federal Awards			<u>\$ 9,743,560</u>

+ Denotes Major Program

**CITY OF LONGVIEW, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

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

Federal 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 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 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 – BASIS OF ACCOUNTING**

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 Subrecipients</u>
14.218	Community Development Block Grants	\$297,838

**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 13 to the City’s financial statements. The City’s insurance coverage is adequate as related to the requirements of certain federal awards.

CITY OF LONGVIEW, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified
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 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: Unqualified
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:

Table with 2 columns: CFDA Numbers, Name of Federal Program or Cluster. Rows include 14.871 Section 8 Housing Choice Voucher Program, 14.218 Community Development Block Grants, 20.507 Federal Transit Cluster, 20.205 Highway Planning and Construction.

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

Section II - Financial Statement Findings

No matters requiring reporting under Government Auditing Standards were noted.

Section III - Federal Award Findings and Questioned Costs

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

**CITY OF LONGVIEW, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

*Audit Finding Reference:* 2012-A Activities Allowed/Allowable Costs/Matching  
*Status of Prior Finding:* Planned corrective action completed this year