



**CITY OF
LONGVIEW, TEXAS**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

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INTRODUCTORY SECTION



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March 20, 2017

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, 2016, 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 (LEDSCO), 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 LEDSCO and the Longview Firemen's Relief and Retirement.

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

ECONOMIC CONDITION AND OUTLOOK

The City of Longview is located in Northeast Texas approximately 60 miles west of Shreveport, Louisiana, 120 miles east of Dallas, and 210 miles north of Houston. Longview serves as the county seat of Gregg County. The Home Rule charter adopted in January 1979 established the Council-Manager form of government with six City Council districts. The Mayor is elected at-large. Longview once was one of the largest known oil fields in the world and the East Texas area continues to have a significant business community that services the energy sector. However, the Longview economy is diversifying with major businesses other than oil and gas whom are contributors to the Longview economy. In fiscal year 1995, mineral values represented 13.7% of the assessed values, while in fiscal year 2016; those values represented less than 1% of the assessed values. Health care distribution, retail, food processing and manufacturing have diversified the economic base for the area.

According to the Federal Reserve Bank of Dallas' February 2017 *Texas Economic Update*, "Texas economic growth has accelerated somewhat. Employment strengthened in the state and in most major metros in the second half of 2016. Improvement was broad based, with stronger manufacturing output and higher service sector revenue as well as solid real estate activity. The energy sector continued to show signs of improvement. While still at less than half their 2011-13 heights, energy prices have gradually recovered from their 2015-16 depths and sent the Texas rig count to a 14-month high.

Texas payroll employment grew at a 1.7 percent annual rate in fourth quarter 2016, close to its historical average of 2.1 percent.”

The City’s local economy has struggled to gain traction despite the higher oil and gas prices. An indicator of this is the City of Longview’s sales tax revenues, reported for the fiscal year 2016-2017 as a year to date 1.82% decrease compared to receipts for the same period. The City did anticipate this decrease in revenues and budgeted accordingly.

Moody’s Economy November 2016 *Précis METRO* report states that “Longview’s energy-centric economy is dragging its feet. Private services are posting minimal job gains, but outside goods producers are still contracting. Higher fossil fuel prices will sustain local manufacturers in the near term, but the long-term outlook remains bleak. Healthcare will generate the bulk of private sector job gains over the next few years, but the industry will underperform the state because of demographic challenges.”

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

- Low living and business costs
- Access to low-cost natural gas

The report also noted the following weaknesses:

- Significant exposure to weak energy industry
- Low industrial diversity and above-average employment volatility
- Below-average educational attainment
- High poverty and above-average rate of uninsured

MAJOR INITIATIVES

For the Year

At the start of the budget preparations, the City knew that it was experiencing declining sales tax and only minimal growth in property values. However, we also knew that we needed to address several new or expanded expenditures including the start-up and operations of a new animal shelter, a police pay initiative and several projects from the recently adopted Longview Comprehensive Plan. As such, we chose to utilize some available fund balance reserves to accomplish these important initiatives.

This budget includes a significant increase to police officer pay in an effort to improve officer recruitment and retention. Over the last several years, the Longview Police Department has often operated with between 5 and 15 vacancies. In an effort to reduce that number, the FY 15-16 budget implemented a pay plan that closely mirrors the City of Tyler pay structure. As of February 2017 the police department has zero vacancies for its officers.

As part of the initiative, the officer pay increased to equal Tyler’s pay, and additional steps were added over a longer period of time. Previously, Longview’s officer pay structure was “front-loaded” with a total of seven steps, occurring one each year for the first eight years of service. The new plan includes eleven steps spread over nineteen years of service. The change to the police pay comes at a total cost of approximately \$780,000, but we hope to see benefits in terms of improved recruitment and retention.

Last budget year, City Council voted to build a new animal shelter, a project that opened in May 2016. The FY 15-16 budget reflects the start-up and operational costs of the new animal shelter as a new Animal Services city department. Animal Control expenses, which had previously been a function of the Environmental Health department, will now be reflected as part of the Animal Services budget. As a new facility and an all new-budget, we expect there to be a learning curve in determining operating costs and revenues, thus the budget was written very conservatively with minimal revenues. The net new costs to the budget are projected to be approximately \$620,000 this fiscal year.

The Longview Comprehensive Plan showed a need to expand the total park land as well as the recreation options available. In early 2015, to begin the process of addressing the issue, we removed Parks and Recreation from under Community Services, and created a new Parks and Recreation Director position to oversee those efforts specifically. Continuing the theme of improving the park amenities in Longview, The FY 15-16 budget also included \$100,000 for “The Green,” an entryway improvement project and new 9-acre park under construction at the Hwy 31 entrance near South Street. The park includes a walking trail, pavilion, play area, local art, and more. Keep Longview Beautiful received a \$400,000 matching grant from Texas Parks and Wildlife. The City of Longview, Longview Economic Development Corporation, Gregg County, and private fundraising are providing the matching funds.

Redevelopment, especially enhancement of Downtown Longview and the I-20 corridor were major themes within the Longview Comprehensive Plan. The FY 15-16 budget included the creation of “small area plans” for both of those key areas. The purpose of the small area plan is to create location-specific strategic plans for redevelopment. A similar plan was created in the late 1990’s for downtown, which led to the major renovations to downtown streets, and it is now time to update those plans to make way for the next phase of redevelopment.

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 2016-2017 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.

Preparation for the FY 16-17 budget really began in earnest in April 2016 when City Management requested departments make nearly \$3,000,000 in cuts to the FY 15-16 budget. These mid-year reductions were in response to falling city revenues, including a sales tax shortfall of greater than \$2,000,000. The departmental leaders found significant saving in their budgets to cover these losses in order to avert layoffs and pay cuts.

The cuts were revisited by every department and applied to the FY 16-17 budget. A significant portion of these cuts are better described as delayed costs because they pertain to items such as vehicle replacement, switching from a repaving method to a seal coat applications for streets, hiring freeze, reduced professional development and training programs. It was recommended by the City Management that as funds are made available, the council restore these cuts before adding new programs or projects. In FY 15-16 the City had to utilize approximately \$1,800,000 of General Fund reserves in conjunction with the delayed costs. For FY 16-17 the City was able to balance the budget without any reserve usage and projects ending fund balance to be 14% of operational costs.

The FY 16-17 budget includes no changes to the rates for water, sewer, or sanitation services. However, there are some changes to sanitation services to improve efficiency of the automated system and divert recyclable materials from the landfill. Beginning this fiscal year, the Sanitation department began offering a separate yard waste service at no additional charge. The collected materials are composted at the city’s compost site and the resulting mulch and compost are made available to customers at no charge. Rules on trash collection were also tightened to require all trash and recycling be placed within provided carts. Additional carts can be requested for a fee. Customers are also provided four bulky-item collections annually for items that will not fit within the carts.

LONG-TERM FINANCIAL PLANNING

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

The purpose for Longview’s Comprehensive Plan is to serve as a flexible guide and living document for both current and future decision-makers. The primary intentions of the Comprehensive Plan include the following:

- Efficient delivery of public services;
- Coordination of public and private investment;
- Minimization of potential land use conflicts;
- Management of growth in an orderly fashion;
- Cost-effective public investments; and
- A rational and reasonable basis for making development decisions about the community.

A comprehensive plan is not a zoning ordinance, but rather it is a high-level tool utilized by the City to make development decisions. As new development applications, zoning requests and other development decisions are made, the Comprehensive Plan helps to safeguard coordinated growth. Determining what land uses are appropriate within Longview, and where such land uses should be located, helps to protect the integrity of the City’s neighborhoods and corridors. Ultimately, synchronized

land use patterns help to protect private property by maintaining and enhancing value and protecting property from incompatible uses.

You can find this document conveniently located on the City's website at www.longviewtexas.gov.

FINANCIAL INFORMATION MANAGEMENT AND CONTROL

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

Basis of Accounting

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

Accounting Systems and Budgetary Control

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

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

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

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

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

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

Debt Administration

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

OTHER INFORMATION

Independent Audit

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

Awards

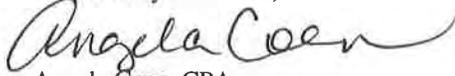
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the twentieth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

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

Respectfully submitted,



Angela Coen, CPA
Director of Finance

CITY OF LONGVIEW, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2016

PRINCIPAL OFFICIALS

MAYOR

Andy Mack

CITY COUNCIL

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

CITY MANAGER

David Willard

FINANCE DIRECTOR

Angela Coen, CPA

WEBSITE

www.longviewtexas.gov



Government Finance Officers Association

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

Presented to

**City of Longview
Texas**

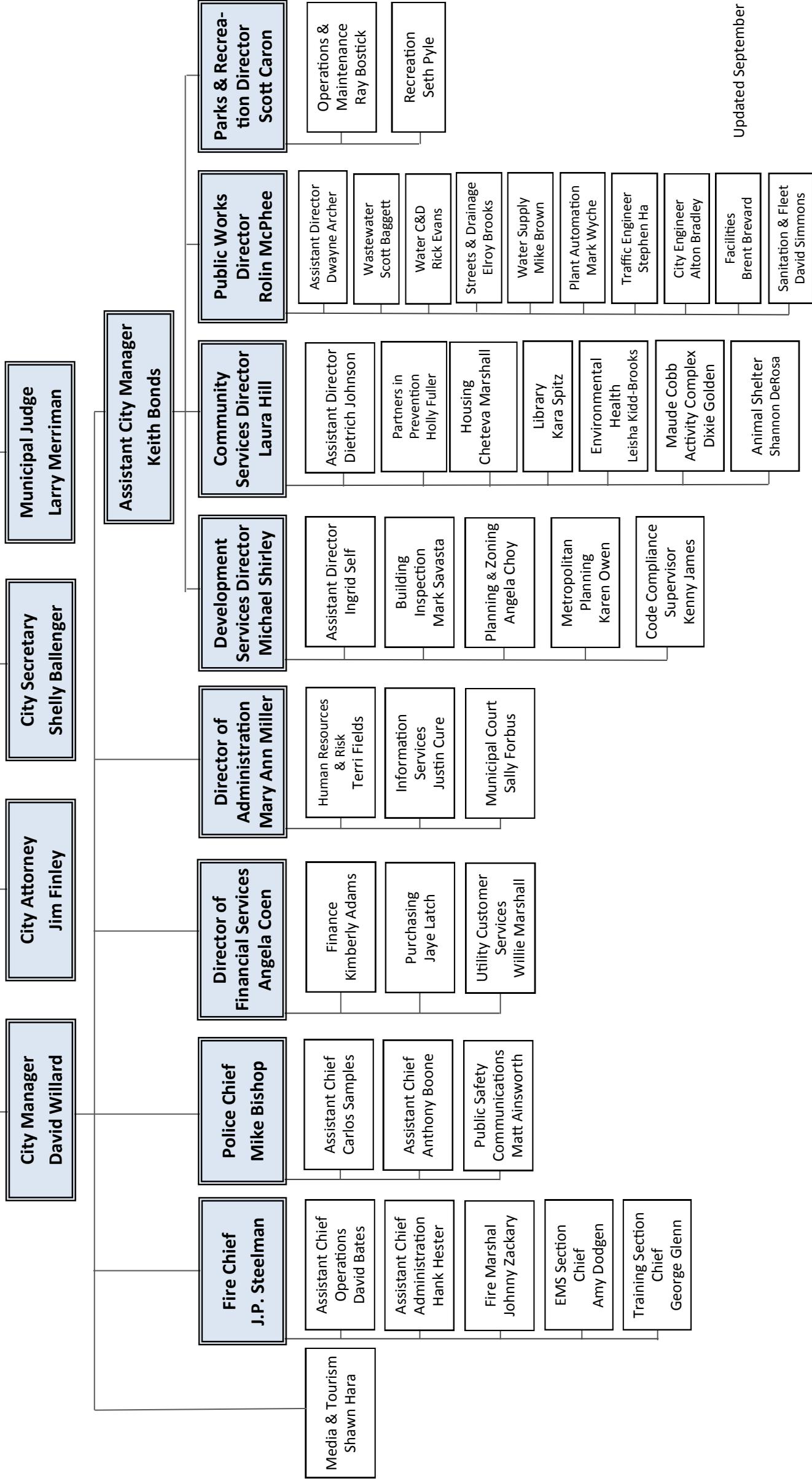
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

Citizens

City Council



Updated September 2016

FINANCIAL SECTION



HENRY & PETERS

CERTIFIED PUBLIC ACCOUNTANTS | EST. 1929

INDEPENDENT AUDITOR'S 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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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 units, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of September 30, 2016, 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 and the schedule of changes in net pension liability and related ratios, schedule of contributions, and the schedule of funding progress on pages 4-14, and 78-82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Longview, Texas' basic financial statements. The introductory section and the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund financial statements 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 financial statements 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2017, on our consideration of City of Longview, Texas' 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Longview, Texas' internal control over financial reporting and compliance.

Henry E. Peters, PC

Longview, Texas
March 20, 2017

**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, 2016. 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, 2016, by \$105,253,462 (net position).
- The City's total net position decreased by \$1,334,310 for the year ended September 30, 2016. The decrease in net position can be attributed to several factors.
 - Overall, net pension liability and the related deferred outflows and inflows or resources increased by \$815,754.
 - A decrease in sales tax revenue of \$1,120,326 over the prior year collections was realized.
 - Full cost for the operations of a new animal shelter of \$1,135,224.
 - A decrease in other revenue sources was recognized in governmental and business type activities, such as hotel tax, franchise taxes, and municipal court fines.
 - Use of fund balance in the General Fund of \$1,900,000 for police pay initiatives, comprehensive plan projects, and a portion of the cost of operating a new animal shelter.
 - Construction of projects in the Capital Projects fund using prior year receipt of funds.
- The decreases above were offset by the following increases in net position:
 - An increase in property tax revenue of \$740,419 over the prior year collections was realized.
 - Business-type activities had increased sales of \$316,754.
- As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$46,721,533, a total decrease of \$4,065,416 in comparison with the prior fiscal year. This decrease was mainly due to the following:
 - Use of fund balance in the General Fund of \$1,900,000 for police pay initiatives, comprehensive plan projects, and a portion of the cost of operating a new animal shelter.
 - Absorbed the operations of the local Convention and Visitors Bureau.
 - Completion of street projects funded through general obligation bonds.
 - Completion of Fourth Street extension to enhance economic development.
 - Completion of the City of Longview's Animal Shelter.
 - Improvements to the City's Rodeo Arena
 - An across the board 3% employee pay increase
 - Development of a "small area plan" for the redevelopment of the I-20 corridor and downtown.

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, sanitation, and recreation association are reported here.
- **Component units** – The City includes two types of component units in its report. The Longview Economic Development Corporation is reported as a "discretely presented" component unit in the financial statements. The Longview Firemen's Relief and Retirement Fund and Longview Transit Management, Inc., are reported as "blended" component units in the financial statements. Although legally separate, these component units are important because the City is financially accountable for them. Longview Economic Development Corporation and the Longview Firemen's Relief and Retirement Fund issue separate financial statements which readers may refer to.

The government-wide financial statements can be found on pages 15-17 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 21 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 18 governmental funds are combined into a single, aggregated non-major fund presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

The City maintains three enterprise funds. The City uses enterprise funds to account for its water and sewer services, sanitation services, and recreation services. The funds provide the same type of information as the government-wide financial statements, only in more detail and do not include an allocation of the internal service fund activity. The proprietary fund financial statements provide separate information for the water and sewer and sanitation funds, which are both considered major funds of the City. The Longview Recreation Fund is presented individually, due to there being no other non-major funds, but is considered a non-major fund. The aggregated internal service funds 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 18-36 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 37-38 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 39-77 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits and other post-employment benefits to the employees. Required supplementary information can be found on pages 78-82 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 83-117 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$105,220,099 as of September 30, 2016. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is \$80,033,646 and the governmental activities net position is \$25,186,453. 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 (102%) 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 59,531,572	\$ 66,140,973	\$ 38,665,545	\$ 38,023,933	\$ 98,197,117	\$ 104,164,906
Capital assets	126,884,452	120,196,359	101,543,860	105,306,015	228,428,312	225,502,374
Total assets	<u>186,416,024</u>	<u>186,337,332</u>	<u>140,209,405</u>	<u>143,329,948</u>	<u>326,625,429</u>	<u>329,667,280</u>
Total Deferred outflows of resources	<u>20,806,294</u>	<u>7,048,503</u>	<u>3,303,079</u>	<u>865,748</u>	<u>24,109,373</u>	<u>7,914,251</u>
Long-Term liabilities	145,920,619	148,427,976	55,901,611	58,279,854	201,822,230	206,707,830
Other liabilities	14,539,540	15,098,774	7,577,227	8,981,589	22,116,767	24,080,363
Total liabilities	<u>160,460,159</u>	<u>163,526,750</u>	<u>63,478,838</u>	<u>67,261,443</u>	<u>223,938,997</u>	<u>230,788,193</u>
Total Deferred inflows of resources	<u>21,542,343</u>	<u>205,568</u>	<u>-</u>	<u>-</u>	<u>21,542,343</u>	<u>205,568</u>
Net Position						
Net investment in capital assets	60,872,475	56,970,760	46,414,194	43,777,934	107,286,669	100,748,694
Restricted	10,102,718	15,942,630	8,456,200	9,106,223	18,558,918	25,048,853
Unrestricted	<u>(45,755,377)</u>	<u>(43,259,873)</u>	<u>25,163,252</u>	<u>24,050,096</u>	<u>(20,592,125)</u>	<u>(19,209,777)</u>
Total net position	<u>\$ 25,219,816</u>	<u>\$ 29,653,517</u>	<u>\$ 80,033,646</u>	<u>\$ 76,934,253</u>	<u>\$ 105,253,462</u>	<u>\$ 106,587,770</u>

Governmental Activities

The City's general revenues decreased by approximately 2% or \$1,111,123 when compared to the prior year's revenues. The primary reason for this decrease was reduced collections of sales tax revenues and franchise taxes. Sales tax revenue collections saw a decrease of \$1,120,326 for 2016 while franchise taxes realized a \$286,728 loss of funds. Other revenue decreases were in municipal fine collections, permits such as swimming pool, engineering and certificates of occupancy.

TABLE 2**CITY OF LONGVIEW'S GENERAL REVENUES**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Taxes	\$ 61,341,778	\$ 62,267,525	\$ -	\$ -	\$ 61,341,778	\$ 62,267,525
Other	3,023,123	3,498,575	1,024,691	256,823	4,047,814	3,755,398
Total	<u>\$ 64,654,977</u>	<u>\$ 65,766,100</u>	<u>\$ 1,024,691</u>	<u>\$ 256,823</u>	<u>\$ 65,389,592</u>	<u>\$ 66,022,923</u>

Governmental and business-type activities decreased the City's net position by \$1,367,673, with the governmental activities resulting in a decrease of \$4,467,066 offset by an increase in business-type activities of \$3,099,393. The key elements in this net change are as follows:

Governmental-type Activities

- Sales tax revenues were lower than anticipated due to the effects of the oil and gas industry to the city's economic recovery, as well as franchise revenues, fines and charges for services. Anticipated property tax revenues collected were above expected totals. Increase collections in permit fees, building inspections and engineering permit fees due to development expansion in the north part of the City.
- With the construction of the new animal shelter being completed and opened in 2016, a manager has been added to the authorized positions.
- A police pay initiative was funded in 2016 in order to improve officer recruitment and retention.
- Completion of projects such as streets, replacement of parks equipment, and "The Green" which is an entryway improvement and new park construction on Hwy 31.

Business-type Activities

- The net gain to the business-type activities is due to unanticipated increases in revenues due to average rainfall.
- 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.
- Continuous water line replacements throughout the City.
- The most significant expenses for Sanitation were \$1,610,725 for salaries and benefits and \$2,873,023 for contractual obligations such as landfill charges.

TABLE 3

CITY OF LONGVIEW'S STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 9,871,152	\$ 9,881,978	\$39,488,774	\$39,174,121	\$ 49,359,926	\$ 49,056,099
Operating grants and contributions	8,902,098	11,664,955	-	-	8,902,098	11,664,955
Capital grants and contributions	1,661,646	1,078,988	2,101	-	1,663,747	1,078,988
General revenues:						
Taxes	\$61,341,778	62,267,525	-	-	61,341,778	62,267,525
Other	3,765,153	4,821,347	224,013	256,823	3,989,166	5,078,170
Special Items	(451,954)	(1,322,772)	800,679	-	348,725	(1,322,772)
Total revenues	<u>85,089,873</u>	<u>88,392,021</u>	<u>40,515,567</u>	<u>39,430,944</u>	<u>125,605,440</u>	<u>127,822,965</u>
Expenses:						
General government	3,147,319	3,370,755	-	-	3,147,319	3,370,755
Public safety	45,874,138	40,531,515	-	-	45,874,138	40,531,515
Public works	13,701,429	13,091,128	-	-	13,701,429	13,091,128
Development services	2,968,115	2,894,415	-	-	2,968,115	2,894,415
Culture and recreation	11,390,434	11,074,026	-	-	11,390,434	11,074,026
Public transit	2,035,785	2,426,635	-	-	2,035,785	2,426,635
Public welfare	7,480,963	7,178,549	-	-	7,480,963	7,178,549
Arts and culture	-	-	-	-	-	-
Interest and fiscal	2,958,756	2,950,051	-	-	2,958,756	2,950,051
Water utilities	-	-	31,528,822	31,636,175	31,528,822	31,636,175
Sanitation	-	-	5,590,040	5,190,423	5,590,040	5,190,423
Nonmajor - Longview	-	-	-	-	-	-
Recreation	-	-	297,312	508,908	297,312	508,908
Total expenses	<u>89,556,939</u>	<u>83,517,074</u>	<u>37,416,174</u>	<u>37,335,506</u>	<u>126,973,113</u>	<u>120,852,580</u>
Increases in net position before transfers	(4,467,066)	4,874,947	3,099,393	2,095,438	(1,367,673)	6,970,385
Transfers	-	-	-	-	-	-
Change in net position	(4,467,066)	4,874,947	3,099,393	2,095,438	(1,367,673)	6,970,385
Net position, beginning	29,653,519	84,709,751	76,934,253	75,681,887	106,587,772	160,391,638
Prior period adjustment	-	(59,931,179)	-	(843,072)	-	(60,774,251)
Total net position	<u>\$25,186,453</u>	<u>\$29,653,519</u>	<u>\$80,033,646</u>	<u>\$76,934,253</u>	<u>\$105,220,099</u>	<u>\$106,587,772</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2016, the City had \$228,428,411 (net of accumulated depreciation) invested in a broad range of capital assets, a net increase (including additions and disposals) of \$2,926,037 from prior year. This increase is largely due to a higher volume of ongoing projects that were completed during the year. The capital assets are comprised of police and fire equipment, buildings, park facilities, public transit, roads, water and sewer lines, and drainage improvements.

TABLE 4

CITY OF LONG VIEW'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$5,130,767	\$4,933,349	\$765,576	\$765,576	\$5,896,343	\$5,698,925
Buildings	97,830,787	85,979,367	21,592,860	21,592,860	119,423,647	107,572,227
Equipment	52,105,616	50,150,982	38,858,451	38,326,442	90,964,067	88,477,424
Infrastructure	143,242,177	138,944,918	207,281,600	196,339,953	350,523,777	335,284,871
Construction in progress	18,072,012	19,174,505	448,461	6,790,851	18,520,473	25,965,356
Accumulated depreciation	(189,496,907)	(178,986,761)	(167,402,987)	(158,509,667)	(356,899,894)	(337,496,428)
Total	\$126,884,452	\$120,196,360	\$101,543,961	\$105,306,015	\$228,428,413	\$225,502,375

Current Year Major Additions:

	<u>2016</u>
Animal Shelter	3,542,495
Sludge Thickening & Co-Digestion Improvements	5,988,175
Green Street Reconstruction	2,708,922
Fenton Road Improvements	1,895,708
Magnolia Lane Widening	1,655,123
Downtown Street Improvements - Center Street	1,271,386
4th Street Extension	1,060,222
2014 Water System Improvements	594,695
2015 Bridge & Culvert Improvements	572,493
Cotton Street Improvements	<u>\$484,566</u>
	<u>\$19,773,785</u>

The City's 2015-2016 Five-Year Capital Improvements Program has approximately \$123,030,000 in projects, of which \$4,845,000 has been adopted for completion in the current year. The projects are as follows: Drainage - \$1,000,000, Water - \$1,225,000 and Wastewater - \$900,000, Streets - \$200,000, Parks - \$1,200,000 and Municipal Facilities - \$320,000.

Completing these programs will result in improvements to bridges and culverts at Graystone and Grace Creek. These programs will also help to mitigate erosion that is threatening structures and storm sewer problems on Kimberly and Jonquil. Further, it will help to relocate utility lines for the furtherance of the Texas Department of Transportation project. These programs will upgrade Whatley Road Lift Station to improve its capacity and replace old mains at Marion, Evergreen and Franklin. These programs will also be replacing the water mains that are undersized and beyond their maintenance life at Arkansas, Jane, Williams, Kentucky, Wylie, Rayburn, Jewel, Third and Padon Streets. We will also be constructing signal improvements at Eastman and the new Fourth Street Extension. These programs allow for the paving, safety and handicap accessible upgrades to the new rodeo pavilion, restrooms, ramps and parking areas. Finally, these programs will aid in building a new, environmentally friendly, outdoor event venue with a walking trail, pavilion, play area, music node, and an aquatic classroom at SH 31 and Spur 63.

Additional information regarding the City’s capital assets can be found in Note 4 on pages 53-55 of this report.

Debt Administration

At the end of the current fiscal year, the City had \$124,750,000 in general obligation and revenue bonds outstanding. This represents a decrease of \$4,550,000 compared to the prior year. The following table shows the debt outstanding at September 30, 2016:

TABLE 5
CITY OF LONGVIEW'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General and certificates						
of obligation bonds	\$74,085,000	\$72,440,000	\$ -	\$ -	\$74,085,000	\$72,440,000
Revenue bonds	-	-	50,665,000	56,860,000	50,665,000	56,860,000
Total	<u>\$74,085,000</u>	<u>\$72,440,000</u>	<u>\$50,665,000</u>	<u>\$56,860,000</u>	<u>\$124,750,000</u>	<u>\$129,300,000</u>

As of September 30, 2016, the City had \$74,085,000 of General Obligation Bonds and a total of \$50,665,000 of outstanding tax supported debt. The current debt service requirement on existing tax-supported debt is \$7,253,573.

On December 1, 2015 the City called redemption of General Obligation Bonds, Series 2004, Series 2005A, and Series 2007. This refunding will result in a net present value debt service savings of approximately \$525,735.

On August 25, 2016 the City called redemption of General Obligation Bonds, Series 2009. This refunding will result in a net present value debt service savings of approximately \$708,750.

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

On September 15, 2016 the City called redemption of Revenue Bonds, Series 2007. This refunding will result in a net present value debt service savings of approximately \$1,123,199.

As of September 30, 2016, the City had \$34,768,499 water and \$15,896,501 sewer for a total of \$50,665,000 of Water and Sewer Revenue Bonds outstanding. The current debt service requirement is \$6,224,969. 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 FY15-16 was not required.

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

	<u>Fitch</u>	<u>Standard & Poor's</u>
General obligation	AA	AA+
Revenue bonds		AA

The City also utilizes capital leases to finance equipment purchases. The assets are recorded on the City's records along with the outstanding lease obligation payable. At September 30, 2016, the City had a total of \$6,488,225 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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Capital Lease obligations	<u>\$4,375,427</u>	<u>\$3,717,212</u>	<u>\$2,112,798</u>	<u>\$2,666,500</u>	<u>\$6,488,225</u>	<u>\$6,383,712</u>
Total	<u>\$4,375,427</u>	<u>\$3,717,212</u>	<u>\$2,112,798</u>	<u>\$2,666,500</u>	<u>\$6,488,225</u>	<u>\$6,383,712</u>

In FY 16-17 the City has decided to pay off two of the capital lease obligations in the General Fund. The two agreements are for a Fire Truck and for E911 consoles. This will reduce the obligation for the governmental activities to \$2,921,855 in 2017.

For additional information regarding the City's outstanding debt or capital lease obligations, refer to Notes 8 and 9 on page 67-72 of this report.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

At the end of the current fiscal year, the City's combined governmental funds reported a combined fund balance of \$46,721,533 a decrease of \$4,065,416 in comparison to the prior year. Approximately 34% of this amount (\$15,792,903) represents unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available to pay for new spending because it has already been restricted, committed or is non-spendable (i.e. inventories). For additional information regarding the City's fund balance categories and balances see page 43-44.

The General Fund is the chief operating fund of the City of Longview. At the end of the current fiscal year, unassigned fund balance was \$15,826,082 while total fund balance was \$18,098,491. 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 32% of that same amount.

The fund balance of the City of Longview's General Fund increased \$484,636 during the current fiscal year. Key factors in this increase are as follows:

- An increase in property taxes
- A decrease in debt service cost due to the maturity of issuances, along with a GO refunding
- Other cost savings from general fund functions of administrative costs, maintenance costs and vacancy savings
- A decrease in sales tax revenue due to economic conditions, and
- Use of fund balance for major projects

The Debt Service Fund has a total fund balance of \$2,323,631, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$4,522, which is attributed to the funding of interest and issuance costs for the 2015 and 2016 General Obligation Refunding Bonds. Fund balance was also utilized for debt service.

The Capital Projects Fund has a total fund balance of \$19,203,029 all of which is either restricted or committed for the funding capital projects. The net decrease in fund balance during the current year in the Capital Projects Fund was \$4,715,332. This decrease is due to the continued construction projects. For additional information regarding these commitments see page 74-75.

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 \$23,048,828 and those for the Sanitation Fund amounted to \$(407,103). The negative unrestricted fund balance in the Solid Waste Disposal is a result of the purchase of recycle bins for the new Simplified Collection plan. This plan is anticipated to generate surplus revenue through attrition and operational savings which will be utilized to restore the unassigned fund balance.

The Water Utilities Fund experienced an increase in net position of \$3,799,550 during the current year the net gain is due to unanticipated increases in revenues due to average rainfall, although offset with increased cost of production. As noted earlier in the discussion of business-type activities, this cost is caused by 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.

General Fund Budgetary Highlights

During the current fiscal year, there were three budget amendments. Total amendments were in the amounts of \$1,530,000. The amendments were for \$1,480,000 which funded the early payoff of a Fire Truck and E911 Consoles and \$50,000 for a portion of the administration activities of the City's Convention and Visitors Bureau.

Total revenue was below budget by \$2,345,748. The details of the more significant variances of budget to actual collections are detailed below:

- \$1,861,399 decrease in anticipated sales taxes
- \$292,793 increase in anticipated property taxes
- \$586,851 decrease in franchise fees
- \$303,713 decrease in municipal court fines
- \$113,443 increase in building permits, along with increases to the other types of fees that are charged such as building inspections, engineering permits and fire inspections
- \$393,493 increase in misc. revenue due to funding provided by the Longview Economic Development Corporation for the "small area" plan.

Total expenditures for the General Fund were \$4,883,934 under the final expenditure budget. The details of the more significant variances of budget to actual expenditures are detailed below:

- \$912,136 decrease in police due to vacancies in personnel, fuel savings and early payoff of lease agreement
- \$1,484,815 decrease in fire due to vacancies in personnel, fuel savings and early payoff of lease agreement
- \$905,399 decrease in street maintenance
- \$63,970 decrease in city attorney due to savings in litigation costs
- \$208,745 decrease in city manager office due to reorganization of personnel and operational costs
- \$133,747 decrease in traffic maintenance supplies
- \$130,840 decrease in grounds maintenance
- 1,404,503 decrease due to suspension on vehicle payments to the Vehicle Replacement Fund

NEXT YEAR'S BUDGET AND RATES

- Estimates a 0.18% increase in overall appraised property values, resulting in an estimated \$228,556 increase in property tax collections
- Estimates a 11% decrease in sales tax collection, which is an estimated decrease of \$3,539,785
- Includes a property tax rate of \$0.5099
- Includes no increases in employee salaries
- Includes no increase in residential sanitation rates
- Does not include water and sewer rate change
- Begin to implement the City of Longview's Comprehensive Plan

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of Longview, 300 W. Cotton Street, Longview, Texas 75601.

GOVERNMENT-WIDE FINANCIAL STATEMENT

CITY OF LONGVIEW, TEXAS

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business Activities	Total	Longview Economic Development Corporation
ASSETS				
Cash and cash equivalents	\$ 13,987,607	\$ 2,769,937	\$ 16,757,544	\$ 14,463,582
Investments	9,687,231	17,989,415	27,676,646	-
Receivables (net of allowances for uncollectibles)				
Taxes	7,109,023	-	7,109,023	846,889
Accounts	1,244,608	5,519,994	6,764,602	-
Other	914,804	-	914,804	-
Internal balances	(2,295,184)	2,295,184	-	-
Intergovernmental receivable	1,044,861	-	1,044,861	-
Accrued interest	12,784	3,732	16,516	-
Inventories	381,124	1,269,985	1,651,109	-
Prepaid and other assets	1,125	3,982	5,107	4,025
Notes receivable	-	-	-	1,269,166
Investment in property	-	-	-	2,105,935
Restricted assets:				
Cash and cash equivalents	1,857,342	3,720,137	5,577,479	657,000
Investments	25,586,247	5,093,078	30,679,325	-
Capital assets:				
Land	5,130,767	765,576	5,896,343	5,190,295
Buildings and improvements	97,830,786	21,592,860	119,423,646	185,149
Machinery and equipment	52,105,614	38,858,451	90,964,065	135,578
Infrastructure	143,242,177	207,281,600	350,523,777	15,405,463
Construction in progress	18,072,013	448,461	18,520,474	487,691
Less: accumulated depreciation	(189,496,905)	(167,402,987)	(356,899,892)	(8,545,946)
Total capital assets	<u>126,884,452</u>	<u>101,543,961</u>	<u>228,428,413</u>	<u>12,858,230</u>
Total assets	<u>186,416,024</u>	<u>140,209,405</u>	<u>326,625,429</u>	<u>32,204,827</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	20,019,994	2,767,029	22,787,023	-
Deferred loss on refunding, net of amortization	786,300	536,050	1,322,350	-
Total deferred outflows of resources	<u>20,806,294</u>	<u>3,303,079</u>	<u>24,109,373</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	4,344,170	961,410	5,305,580	-
Payables from restricted assets:				
Accounts payable and accrued expenses	979,053	535,506	1,514,559	108,235
Meter deposits	-	304,408	304,408	-
Family self-sufficiency escrow	68,557	-	68,557	-
Other liabilities	37,375	-	37,375	-
Other payables	614,539	-	614,539	-
Noncurrent liabilities:				
Due within one year	8,456,854	5,775,903	14,232,757	4,224,714
Due in more than one year	145,959,611	55,901,611	201,861,222	9,153,901
Total liabilities	<u>160,460,159</u>	<u>63,478,838</u>	<u>223,938,997</u>	<u>13,486,850</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	20,780,310	-	20,780,310	-
Advance of grant funds	762,033	-	762,033	-
Total deferred inflows of resources	<u>21,542,343</u>	<u>-</u>	<u>21,542,343</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	60,872,475	46,414,194	107,286,669	7,129,975
Restricted for:				
Grant requirements	1,394,096	-	1,394,096	-
Capital projects	2,292,084	-	2,292,084	-
Debt service	2,323,631	8,456,200	10,779,831	639,000
Municipal court facilities	139,829	-	139,829	-
911 Emergency operations	769,928	-	769,928	-
Tourism/convention facilities	2,354,507	-	2,354,507	-
Other purposes	168,914	-	168,914	18,000
Other public safety	659,729	-	659,729	-
Unrestricted	(45,755,377)	25,163,252	(20,592,125)	10,931,002
Total net position	<u>\$ 25,219,816</u>	<u>\$ 80,033,646</u>	<u>\$ 105,253,462</u>	<u>\$ 18,717,977</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, 2016**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 3,147,319	\$ 154,426	\$ -	\$ -
Public safety	45,840,775	7,331,878	233,853	108,290
Public works	13,701,429	-	145,385	714,201
Developmental services	2,968,115	1,019,927	635,765	241,207
Culture and recreation	11,390,434	901,112	6,185	83,615
Public transit	2,035,785	283,205	1,297,258	514,333
Public welfare	7,480,963	180,603	6,583,653	-
Interest and fiscal charges	2,958,756	-	-	-
Total governmental activities	<u>89,523,576</u>	<u>9,871,152</u>	<u>8,902,098</u>	<u>1,661,646</u>
Business-type activities:				
Water utilities	31,528,822	33,829,860	-	2,101
Sanitation	5,590,040	5,260,006	-	-
Nonmajor funds - Longview Recreation				
Association	297,312	398,907	-	-
Total business-type activities	<u>37,416,174</u>	<u>39,488,773</u>	<u>-</u>	<u>2,101</u>
Total primary government	<u>126,939,750</u>	<u>49,359,925</u>	<u>8,902,098</u>	<u>1,663,747</u>
Component unit				
Longview Economic Development Corporation	3,957,398	732,300	-	-
Total component unit				

General revenues:

- Taxes:
 - Property taxes
 - Sales taxes
 - Franchise taxes
 - Other taxes
- Industrial agreements
- Developer participation agreements
- Investment earnings
- Miscellaneous
- Gain on sale of asset
- Special items:
 - Transfer of roadway to other government
 - Change in accounting estimate
- 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
\$ (2,992,893)	\$ -	\$ (2,992,893)	\$ -
(38,166,755)	-	(38,166,755)	-
(12,841,844)	-	(12,841,844)	-
(1,071,215)	-	(1,071,215)	-
(10,399,523)	-	(10,399,523)	-
59,011	-	59,011	-
(716,706)	-	(716,706)	-
(2,958,756)	-	(2,958,756)	-
<u>(69,088,681)</u>	<u>-</u>	<u>(69,088,681)</u>	<u>-</u>
-	2,303,139	2,303,139	-
-	(330,034)	(330,034)	-
-	101,595	101,595	-
<u>-</u>	<u>2,074,700</u>	<u>2,074,700</u>	<u>-</u>
<u>(69,088,681)</u>	<u>2,074,700</u>	<u>(67,013,981)</u>	<u>-</u>
-	-	-	(3,225,098)
28,810,561	-	28,810,561	-
24,814,607	-	24,814,607	4,963,652
5,446,446	-	5,446,446	-
2,270,164	-	2,270,164	-
1,523,713	-	1,523,713	-
302,465	-	302,465	-
399,602	169,752	569,354	116,103
1,539,374	54,262	1,593,636	284,937
-	-	-	311,672
(451,954)	-	(451,954)	-
-	800,679	800,679	-
<u>64,654,978</u>	<u>1,024,693</u>	<u>65,679,671</u>	<u>5,676,364</u>
(4,433,703)	3,099,393	(1,334,310)	2,451,266
29,653,519	76,934,253	106,587,772	15,630,824
<u>-</u>	<u>-</u>	<u>-</u>	<u>635,887</u>
<u>\$ 25,219,816</u>	<u>\$ 80,033,646</u>	<u>\$ 105,253,462</u>	<u>\$ 18,717,977</u>

FUND FINANCIAL STATEMENTS

CITY OF LONGVIEW, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS			
Cash and cash equivalents	\$ 6,389,355	\$ 2,281,486	\$ 597,642
Investments	9,923,969	-	19,321,271
Accounts receivable, net	6,793,651	620,154	45,922
Intergovernmental receivable	-	-	-
Prepaid expenses	1,125	-	-
Inventory	185,788	-	-
Due from other funds	209,637	13,431	-
Accrued interest	10,848	-	129
Total assets	<u>\$ 23,514,373</u>	<u>\$ 2,915,071</u>	<u>\$ 19,964,964</u>
LIABILITIES			
Accounts payable	\$ 798,125	\$ -	\$ 761,935
Accrued liabilities	2,183,379	-	-
Due to other funds	13,431	-	-
Other payables	623,951	-	-
Family self-sufficiency escrow	-	-	-
Total liabilities	<u>3,618,886</u>	<u>-</u>	<u>761,935</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	551,486	591,440	-
Unavailable revenue - other	1,245,510	-	-
Advance of grant funds	-	-	-
Total deferred inflows of resources	<u>1,796,996</u>	<u>591,440</u>	<u>-</u>
Fund balances:			
Nonspendable	186,913	-	-
Restricted	51,590	2,323,631	19,056,366
Committed	-	-	146,663
Assigned	2,033,906	-	-
Unassigned	15,826,082	-	-
Total fund balances	<u>18,098,491</u>	<u>2,323,631</u>	<u>19,203,029</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,514,373</u>	<u>\$ 2,915,071</u>	<u>\$ 19,964,964</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 costs of certain capital assets to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net position.

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

Net position of governmental activities

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

Total Nonmajor Funds	Total Governmental Funds
\$ 2,860,674	\$ 12,129,157
3,498,138	32,743,378
1,255,795	8,715,522
1,044,861	1,044,861
-	1,125
-	185,788
245,527	468,595
-	10,977
<u>\$ 8,904,995</u>	<u>\$ 55,299,403</u>

\$ 368,648	\$ 1,928,708
104,782	2,288,161
455,164	468,595
27,963	651,914
68,557	68,557
<u>1,025,114</u>	<u>5,405,935</u>

-	1,142,926
21,466	1,266,976
762,033	762,033
<u>783,499</u>	<u>3,171,935</u>

-	186,913
5,435,413	26,867,000
1,694,148	1,840,811
-	2,033,906
(33,179)	15,792,903
<u>7,096,382</u>	<u>46,721,533</u>

\$ 8,904,995

121,453,935

2,409,902

7,642,489

(153,008,043)

\$ 25,219,816

CITY OF LONGVIEW, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
REVENUES			
Taxes	\$ 46,460,648	\$ 7,260,084	\$ -
Fines and forfeitures	2,596,287	-	-
Licenses and permits	1,288,693	-	-
Intergovernmental	-	-	545,921
Charges for services	4,155,906	-	-
Investment earnings	198,496	36,189	86,430
Industrial agreements	1,523,713	-	-
Developer participation agreements	-	-	302,465
Miscellaneous	878,324	-	290,080
Total revenues	<u>57,102,067</u>	<u>7,296,273</u>	<u>1,224,896</u>
EXPENDITURES			
Current:			
General government	2,362,847	-	10,457
Public safety	40,770,410	-	-
Public works	3,923,212	-	18,232
Developmental services	1,868,752	-	-
Public welfare	860,081	-	-
Culture and recreation	5,497,628	-	-
Public transit	-	-	-
Debt service:			
Principal	393,352	4,870,000	-
Interest and other charges	118,793	3,758,607	126,875
Capital outlay	1,413,804	-	14,469,351
Total expenditures	<u>57,208,879</u>	<u>8,628,607</u>	<u>14,624,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(106,812)	(1,332,334)	(13,400,019)
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued	-	-	6,970,000
Refunding bonds issued	-	17,565,000	-
Payment to refunded bond escrow agent	-	(18,020,000)	-
Premium on general obligation and refunding bonds issued	-	1,782,812	1,143,925
Proceeds on capital lease	1,064,637	-	-
Sale of capital assets	26,963	-	-
Transfers in	524,848	-	1,000,000
Transfers out	(1,025,000)	-	(429,238)
Total other financing sources and uses	<u>591,448</u>	<u>1,327,812</u>	<u>8,684,687</u>
NET CHANGE IN FUND BALANCES	484,636	(4,522)	(4,715,332)
FUND BALANCES, BEGINNING	<u>17,613,855</u>	<u>2,328,153</u>	<u>23,918,361</u>
FUND BALANCES, ENDING	<u>\$ 18,098,491</u>	<u>\$ 2,323,631</u>	<u>\$ 19,203,029</u>

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

<u>Total Nonmajor Funds</u>		<u>Total Governmental</u>	
\$	7,329,834	\$	61,050,566
	220,936		2,817,223
	-		1,288,693
	10,017,825		10,563,746
	1,539,858		5,695,764
	24,090		345,205
	-		1,523,713
	-		302,465
	344,009		1,512,413
	<u>19,476,552</u>		<u>85,099,788</u>
	57,941		2,431,245
	1,470,552		42,240,962
	4,591,134		8,532,578
	665,650		2,534,402
	6,429,114		7,289,195
	2,216,712		7,714,340
	1,801,773		1,801,773
	10,899		5,274,251
	4,210		4,008,485
	1,488,155		17,371,310
	<u>18,736,140</u>		<u>99,198,541</u>
	740,412		(14,098,753)
	-		6,970,000
	-		17,565,000
	-		(18,020,000)
	-		2,926,737
	-		1,064,637
	-		26,963
	525,000		2,049,848
	(1,095,610)		(2,549,848)
	<u>(570,610)</u>		<u>10,033,337</u>
	169,802		(4,065,416)
	<u>6,926,580</u>		<u>50,786,949</u>
\$	<u>7,096,382</u>	\$	<u>46,721,533</u>

CITY OF LONGVIEW, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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

Net change in fund balances - total governmental funds:	\$ (4,065,416)
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.	7,098,468
In the statement of activities, only the gain on sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold, donated, or transferred.	(761,286)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	360,683
The issuance of long-term debt (e.g. bonds, leases, etc.) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,292,135)
Governmental funds report all payments to pension benefits as expenditures. However, in the government-wide statement of activities the pension expense is actuarially determined. This amount is the total of the decrease in the net pension liability of \$7,305,260 and the increase in the deferred outflows related to pensions of \$12,625,933 less the increase in deferred inflows related to pensions of \$20,780,310.	(815,754)
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.	(153,666)
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.	<u>(1,804,597)</u>
Change in net position of governmental activities	<u><u>\$ (4,433,703)</u></u>

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

CITY OF LONGVIEW, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts	
	Original	Final
REVENUE		
Taxes	\$ 48,745,455	\$ 48,745,455
Fines, forfeits, and penalties	2,900,000	2,900,000
Licenses, permits, and fees	1,158,043	1,158,043
Charges for services	4,206,489	4,206,489
Investment earning	178,900	178,900
Contractual fees	1,523,713	1,523,713
Miscellaneous revenue	357,800	357,800
Total revenue	59,070,400	59,070,400
EXPENDITURES		
Current:		
General government	3,317,121	3,317,121
Public safety	39,957,007	41,480,509
Public works	5,030,710	5,046,760
Development services	2,493,944	2,536,163
Public welfare	932,741	932,741
Culture and recreation	6,027,276	6,027,276
Debt service:		
Principal	393,350	393,350
Interest and other charges	118,793	118,793
Capital outlay	1,854,326	1,854,326
Total expenditures	60,125,268	61,707,039
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(1,054,868)	(2,636,639)
OTHER FINANCING SOURCES (USES)		
Proceeds from capital lease	-	-
Proceeds from sale of assets	6,000	6,000
Transfers in	710,000	710,000
Transfers out	(1,629,503)	(2,129,503)
Total other financing sources (uses)	(913,503)	(1,413,503)
NET CHANGE IN FUND BALANCE	(1,968,371)	(4,050,142)
FUND BALANCE - BEGINNING	17,613,855	17,613,855
FUND BALANCE - END	\$ 15,645,484	\$ 13,563,713

Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
\$ 46,460,648	\$ (384,738)	\$ 46,075,910	\$ (2,669,545)
2,596,287	-	2,596,287	(303,713)
1,288,693	-	1,288,693	130,650
4,155,906	-	4,155,906	(50,583)
198,496	(2,099)	196,397	17,497
1,523,713	-	1,523,713	-
878,324	9,422	887,746	529,946
<u>57,102,067</u>	<u>(377,415)</u>	<u>56,724,652</u>	<u>(2,345,748)</u>
2,362,847	(33,612)	2,329,235	987,886
40,770,410	(386,152)	40,384,258	1,096,251
3,923,212	(38,005)	3,885,207	1,161,553
1,868,752	64,323	1,933,075	603,088
860,081	4,369	864,450	68,291
5,497,628	3,302	5,500,930	526,346
393,352	-	393,352	(2)
118,793	-	118,793	(0)
1,413,804	-	1,413,804	440,522
<u>57,208,879</u>	<u>(385,775)</u>	<u>56,823,104</u>	<u>4,883,935</u>
<u>(106,812)</u>	<u>8,360</u>	<u>(98,452)</u>	<u>2,538,187</u>
1,064,637	-	1,064,637	1,064,637
26,963	-	26,963	20,963
524,848	-	524,848	(185,152)
(1,025,000)	-	(1,025,000)	1,104,503
<u>591,448</u>	<u>-</u>	<u>591,448</u>	<u>2,004,951</u>
484,636	8,360	492,996	4,543,138
17,613,855	-	17,613,855	-
<u>\$ 18,098,491</u>	<u>\$ 8,360</u>	<u>\$ 18,106,851</u>	<u>\$ 4,543,138</u>

CITY OF LONGVIEW, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2016

	Enterprise Funds	
	Water Utilities	Sanitation
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,555,833	\$ 174,154
Investments	16,898,551	889,458
Accounts receivable, net	4,743,958	776,036
Inventories	1,269,985	-
Accrued interest	3,732	-
Other assets	3,982	-
Restricted assets:		
Cash and cash equivalents	3,720,137	-
Investments	5,093,078	-
Total current assets	34,289,256	1,839,648
Non-current assets:		
Advance receivable	1,580,163	-
Capital assets:		
Land	760,000	5,576
Buildings	21,362,562	213,798
Water and sewer system	207,281,600	-
Machinery and equipment	31,425,620	7,393,544
Construction in progress	448,461	-
Less accumulated depreciation	(163,304,451)	(4,069,461)
Total non-current assets	99,553,955	3,543,457
Total assets	133,843,211	5,383,105
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	2,318,686	437,216
Deferred charge on refunding (net of amortization)	536,050	-
Total deferred outflows of resources	2,854,736	437,216

(continued)

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

Enterprise Funds

Nonmajor - Longview Recreation Association	Total	Internal Service Funds
\$ 39,950	\$ 2,769,937	\$ 1,476,818
201,406	17,989,415	4,769,074
-	5,519,994	552,913
-	1,269,985	195,336
-	3,732	1,807
-	3,982	-
-	3,720,137	-
-	5,093,078	-
241,356	36,370,260	6,995,948
-	1,580,163	-
-	765,576	-
16,500	21,592,860	406,696
-	207,281,600	-
39,287	38,858,451	18,579,547
-	448,461	-
(29,075)	(167,402,987)	(13,555,726)
26,712	103,124,124	5,430,517
268,068	139,494,384	12,426,465
11,127	2,767,029	525,975
-	536,050	-
11,127	3,303,079	525,975

CITY OF LONGVIEW, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

(Continued)

SEPTEMBER 30, 2016

	Enterprise Funds	
	Water Utilities	Sanitation
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 519,272	\$ 160,865
Accrued liabilities	209,613	61,803
Compensated absences	140,951	26,421
Capital lease obligation	51,397	511,608
Claims and judgments	-	-
Current liabilities payable from restricted assets:		
Accounts payable - construction	405,914	-
Accrued interest payable	129,592	-
Revenue bonds	5,045,526	-
Customer deposits	304,408	-
Total current liabilities	6,806,673	760,697
Non-current liabilities:		
Advance payable	-	1,580,163
Compensated absences	798,718	149,718
Other post-employment benefits	781,334	65,156
Capital lease obligation	417,087	1,132,707
Net pension liability	3,393,275	639,841
Revenue bonds payable	48,507,492	-
Total non-current liabilities	53,897,906	3,567,585
Total liabilities	60,704,579	4,328,282
NET POSITION		
Net investment in capital assets	44,488,340	1,899,142
Restricted for debt service	8,456,200	-
Unrestricted	23,048,828	(407,103)
Total net position	\$ 75,993,368	\$ 1,492,039

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>
\$ 9,455	\$ 689,592	\$ 202,848
402	271,818	65,534
-	167,372	19,599
-	563,005	2,254
-	-	1,681,479
-	405,914	-
-	129,592	-
-	5,045,526	-
-	304,408	-
<u>9,857</u>	<u>7,577,227</u>	<u>1,971,714</u>
-	1,580,163	-
-	948,436	111,071
-	846,490	147,847
-	1,549,794	18,294
16,284	4,049,400	765,840
-	48,507,492	-
<u>16,284</u>	<u>57,481,775</u>	<u>1,043,052</u>
<u>26,141</u>	<u>65,059,002</u>	<u>3,014,766</u>
26,712	46,414,194	5,409,969
-	8,456,200	-
<u>226,342</u>	<u>22,868,067</u>	<u>4,527,705</u>
<u>\$ 253,054</u>	<u>77,738,461</u>	<u>\$ 9,937,674</u>
	<u>2,295,185</u>	
	<u>\$ 80,033,646</u>	

CITY OF LONGVIEW, TEXAS

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

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Enterprise Funds	
	Water Utilities	Sanitation
OPERATING REVENUES		
Water revenue	\$ 20,596,740	\$ -
Sewer revenue	12,207,776	-
Solid waste collections	-	5,260,006
Installation fees	569,647	-
Penalties	455,697	-
Recreation revenue	-	-
Premiums	-	-
Vehicle revenue	-	-
GIS revenue	-	-
Media development revenue	-	-
Miscellaneous	-	-
Total operating revenues	33,829,860	5,260,006
OPERATING EXPENSES		
Administrative	661,998	-
Utility services	1,374,413	-
Water supply	3,081,700	-
Water distribution	3,136,845	-
Water purification	3,856,351	-
Sanitary sewer maintenance	1,916,547	-
Sanitary sewer treatment	3,144,801	-
Plant automation	555,233	-
Public works engineering	366,376	-
Non-departmental expense	2,715,610	-
Sanitation services	-	4,516,907
Claims and premiums, net of reimbursements	-	-
Fleet service	-	-
Depreciation	8,213,262	877,317
Recreation expenses	-	-
Total operating expenses	29,023,136	5,394,224
OPERATING INCOME (LOSS)	4,806,724	(134,218)

(continued)

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

Nonmajor Enterprise Funds		Internal Service Funds
Nonmajor - Longview Recreation Association	Total	
\$ -	\$ 20,596,740	\$ -
-	12,207,776	-
-	5,260,006	-
-	569,647	-
-	455,697	-
398,907	398,907	-
-	-	9,953,158
-	-	2,828,917
-	-	2,098,511
-	-	299,945
-	-	53,772
<u>398,907</u>	<u>39,488,773</u>	<u>15,234,303</u>
-	661,998	3,489,141
-	1,374,413	-
-	3,081,700	-
-	3,136,845	-
-	3,856,351	-
-	1,916,547	-
-	3,144,801	-
-	555,233	-
-	366,376	-
-	2,715,610	-
-	4,516,907	-
-	-	11,710,018
-	-	2,213,795
5,882	9,096,461	1,543,669
291,430	291,430	-
<u>297,312</u>	<u>34,714,672</u>	<u>18,956,623</u>
<u>101,595</u>	<u>4,774,101</u>	<u>(3,722,320)</u>

CITY OF LONGVIEW, TEXAS

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

PROPRIETARY FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Enterprise Funds	
	Water Utilities	Sanitation
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenues	\$ 163,445	\$ 5,345
Miscellaneous revenues	30,000	24,262
Gain (loss) on sale of capital asset	(56,550)	-
Bond issuance costs	(192,939)	-
Interest expense	(1,618,073)	(27,888)
Total non-operating revenues (expenses)	(1,674,117)	1,719
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,132,607	(132,499)
Capital contribution from governmental activities	2,101	-
Transfers in	-	-
Transfers out	-	-
SPECIAL ITEM		
Change in accounting estimate	664,842	135,837
CHANGE IN NET POSITION	3,799,550	3,338
TOTAL NET POSITION, BEGINNING	72,193,818	1,488,701
TOTAL NET POSITION, ENDING	\$ 75,993,368	\$ 1,492,039

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			
\$ 962	\$ 169,752	\$ 54,395	
-	54,262	151,147	
-	(56,550)	49,327	
-	(192,939)	-	
-	(1,645,961)	-	
<u>962</u>	<u>(1,671,436)</u>	<u>254,869</u>	
102,557	3,102,665	(3,467,451)	
-	2,101	193,510	
-	-	522,000	
-	-	(22,000)	
<u>-</u>	<u>800,679</u>	<u>163,291</u>	
102,557	3,905,445	(2,610,650)	
<u>150,497</u>	<u>73,833,016</u>	<u>12,548,324</u>	
<u>\$ 253,054</u>	<u>\$ 77,738,461</u>	<u>\$ 9,937,674</u>	
	3,905,445		
	<u>(806,052)</u>		
	<u>\$ 3,099,393</u>		

CITY OF LONGVIEW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities Enterprise Funds		
	Water Utilities	Sanitation	Nonmajor-Longview Recreation Association
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 33,592,737	\$ 5,080,337	\$ 398,908
Cash received from City departments	-	-	-
Cash received from premiums/contributions	-	-	-
Cash payments for claims	-	-	-
Cash payments for goods and services	(12,421,544)	(2,797,662)	(270,842)
Cash payments to employees/retirees	(7,512,330)	(1,517,601)	(28,885)
Net cash provided by (used in) operating activities	<u>13,658,863</u>	<u>765,074</u>	<u>99,181</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received for miscellaneous items	30,000	24,262	-
Transfers in	-	-	-
Net cash provided (used) by noncapital financing activities	<u>30,000</u>	<u>24,262</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Advance from other funds for capital purchases	-	(316,032)	-
Proceeds from sale of refunding revenue bonds	9,025,000	-	-
Payment to escrow agent	(9,909,361)	-	-
Unamortized premium on refunding	1,085,078	-	-
Acquisition and construction of capital assets	(5,274,329)	(313,350)	-
Principal paid on revenue bonds	(5,820,000)	-	-
Interest paid on revenue bonds	(1,852,415)	-	-
Proceeds on sale of capital asset	5,489	-	-
Insurance recoveries	-	-	-
Principal paid on long-term debt	(49,565)	(504,137)	-
Bond issuance costs	(192,939)	-	-
Interest and fiscal charges on debt	(19,147)	(33,801)	-
Net cash used in capital and related financing activities	<u>(13,002,189)</u>	<u>(1,167,320)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments from other funds	316,032	-	-
Proceeds from sales and maturities of investments	-	-	-
Purchase of investments	(9,681,151)	(889,458)	(201,406)
Interest on investments	164,200	5,345	962
Net cash provided by investing activities	<u>(9,200,919)</u>	<u>(884,113)</u>	<u>(200,444)</u>
NET INCREASE (DECREASE) IN CASH	(8,514,245)	(1,262,097)	(101,263)
CASH AND CASH EQUIVALENTS, BEGINNING	14,790,215	1,436,251	141,213
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 6,275,970</u>	<u>\$ 174,154</u>	<u>\$ 39,950</u>

(continued)

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

Total	Governmental Activities Internal Service Funds
\$ 39,071,982	\$ -
-	5,267,543
-	9,997,547
-	(11,022,247)
(15,490,048)	(3,519,650)
(9,058,816)	(2,088,018)
14,523,118	(1,364,825)
54,262	28,565
-	500,000
54,262	528,565
(316,032)	-
9,025,000	-
(9,909,361)	-
1,085,078	-
(5,587,679)	(1,701,404)
(5,820,000)	-
(1,852,415)	-
5,489	89,952
-	55,059
(553,702)	(2,174)
(192,939)	-
(52,948)	-
(14,169,509)	(1,558,567)
316,032	-
-	495,047
(10,772,015)	(2,261,155)
170,507	53,881
(10,285,476)	(1,712,227)
(9,877,605)	(4,107,054)
16,367,679	5,583,872
\$ 6,490,074	\$ 1,476,818

CITY OF LONGVIEW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities		
	Enterprise Funds		
	Water Utilities	Sanitation	Nonmajor Longview Recreation Association
RECONCILIATION OF OPERATING INCOME TO			
NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 4,806,724	\$ (134,218)	\$ 101,595
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	8,213,262	877,317	5,882
Miscellaneous nonoperating revenue	-	-	-
Change in assets and liabilities:			
Decrease (increase) in assets:			
Receivables	464,155	(43,831)	-
Inventories	(174,154)	-	-
Deferred outflows related to pension	(1,637,946)	(308,854)	(7,860)
Increase (decrease) in liabilities:			
Accounts payable	(127,462)	(27,318)	(9,883)
Due to other funds	-	-	-
Accrued liabilities	4,276	(461)	402
Customer deposits	(7,035)	-	-
Claims payable	-	-	-
Compensated absences	34,338	21,868	(763)
Other post employment benefits	38,924	(4,807)	-
Net pension liability	2,043,781	385,378	9,808
Total adjustments	8,852,139	899,292	(2,414)
Net cash provided by (used in) operating activities	<u>\$ 13,658,863</u>	<u>\$ 765,074</u>	<u>\$ 99,181</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Transfer of capital assets with other funds	<u>\$ 2,101</u>	<u>\$ -</u>	<u>\$ -</u>
Donated capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Current assets:			
Cash and cash equivalents	\$ 2,555,833	\$ 174,154	\$ 39,950
Restricted assets - cash and cash equivalents	3,720,137	-	-
Total cash and cash equivalents	<u>\$ 6,275,970</u>	<u>\$ 174,154</u>	<u>\$ 39,950</u>

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

	Governmental Activities
Total	Internal Service Funds
\$ 4,774,101	\$ (3,722,320)
9,096,461	1,543,669
-	27,233
420,324	(9,384)
(174,154)	(16,775)
(1,954,660)	(386,186)
(164,663)	(21,926)
-	109,049
4,217	21,272
(7,035)	-
-	578,754
55,443	2,758
34,117	20,309
2,438,967	488,722
9,749,017	2,357,495
\$ 14,523,118	\$ (1,364,825)
\$ 2,101	\$ 193,510
\$ -	\$ 40,290
\$ 2,769,937	\$ 1,476,818
3,720,137	-
\$ 6,490,074	\$ 1,476,818

CITY OF LONGVIEW

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2016

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,067,792
Receivables	
Contribution receivable	41,165
Interest and dividends	12,593
Total receivables	<u>53,758</u>
Other assets	600
Investments, at fair value	
Equity securities	13,908,730
Mutual funds	14,225,980
Alternative investments	12,564,904
Total investments	<u>40,699,614</u>
Equipment, at cost, net of accumulated depreciation	<u>3,043</u>
Total assets	<u>41,824,807</u>
LIABILITIES	
Credit card and other payables	<u>12,108</u>
NET POSITION	
Net position restricted for pension benefits	<u><u>\$ 41,812,699</u></u>

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

CITY OF LONGVIEW

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 2,073,574
Members	<u>1,838,268</u>
Total contributions	3,911,842
Investment income	
Interest and dividend income	948,737
Net depreciation in fair value of investments	(3,164,889)
Less investment expense	<u>(300,993)</u>
Total investment income	(2,517,145)
Other income	
Proceeds from claim settlements	223,659
Miscellaneous	<u>3,016</u>
Total additions	1,621,372
DEDUCTIONS	
Benefits paid to members	4,577,405
Refunds of contributions	540,388
Administrative expenses	<u>118,575</u>
Total deductions	<u>5,236,368</u>
Net decrease	(3,614,996)
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of year	<u>45,427,695</u>
End of year	<u><u>\$ 41,812,699</u></u>

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

**NOTES TO THE
FINANCIAL STATEMENTS**

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

Discretely presented component units

Longview Economic Development Corporation (LEDCO)

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

Blended component units

City of Longview Firemen's Relief and Retirement Fund

The City's fire department employees participate in the Longview Firemen's Relief and Retirement Fund (LFRRF). LFRRF functions solely for the benefit of the active and retired firefighters and is governed by a pension board. The City and LFRRF participants are obligated to fund all LFRRF costs based upon actuarial valuations. The City is authorized to approve the actuarial assumptions used in the determination of contribution levels. For financial reporting purposes, LFRRF is reported as if it were part of the City's operations as a fiduciary fund, and therefore is not included in the government wide financial statements. LFRRF's fiscal year-end is December 31. As a result, the financial statements of LFRRF presented herein are for the year ended December 31, 2015.

Longview Transit Management Inc.

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

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

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.

Related Organizations

Nonprofit organizations established to receive private donations and contributions that could be used for the benefit of the City of Longview's various programs, but do not meet the definition of a component unit are considered to be related parties of the City. Following are the related organizations: The Fire Foundation, Safety City Incorporated, Library Foundation, Friends of the Library, Friends of Partners in Prevention, Pets Are Worth Saving (PAWS), Keep Longview Beautiful, Parks and Leisure Services (PALS), Longview Arboretum and Nature Center, Miracle League of East Texas, Veterans Recognition Foundation, Longview Dog Park, Inc., and Hundred Acres of Heritage & Main Street.

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. 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.

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

The **Water Utilities Fund** accounts for the operation of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

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

Additionally, the City reports the following fund types:

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

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

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

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

Cash, Cash Equivalents and Investments

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

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

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

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

Restricted Assets

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

The balances of the restricted asset accounts at September 30, 2016 are as follows:

	Governmental Activities	Business Activities
Customer deposits	\$ -	\$ 304,408
Capital projects	17,847,379	1,875,992
Debt service/bond reserves	2,281,486	8,456,200
Agency account	51,590	-
Special revenue purposes	5,439,748	-
	\$ 25,620,203	\$ 10,636,600
Total restricted assets		

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.

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.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of deferred inflows. Unavailable revenue, which only arises on a modified accrual basis of accounting, is comprised of property taxes, ambulance revenue, and municipal court revenue and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Advance of grant funds, in the Governmental Balance Sheet and government-wide Statement of Net Position, represents grant funds on hand in which the eligibility requirements have been met, however the funds have not yet been expended. These amounts are deferred and recognized as an inflow of resources in the period in which the expenditure is incurred. Deferred inflows related to pensions, in the government-wide Statement of Net Position, represent actuarial gains (losses) that are deferred and amortized over the actuarial determined recognition period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Longview Firemen's Relief and Retirement Fund (LFRRF) and additions to/deductions from TMRS and LFRRF's Fiduciary Net Position are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

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 employee's 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 governments, etc.) or imposed by enabling legislation (such as municipal court fines).

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.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Fund Balances (Cont'd)

A summary of the nature and purpose of fund balances at September 30, 2016 is as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Special Revenue</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
	\$ 186,913	\$ -	\$ -	\$ -	\$ 186,913
Restricted for:					
Capital projects	-	-	17,187,373	-	17,187,373
Debt service	-	2,323,631	-	-	2,323,631
Municipal court facilities	-	-	-	139,829	139,829
Purposes of grantors and donors	-	-	-	1,394,096	1,394,096
911 Emergency operations	-	-	-	769,928	769,928
Tourism/convention facilities	-	-	-	2,354,508	2,354,508
Tax increment district	-	-	-	117,324	117,324
Other public safety	-	-	-	659,728	659,728
Other purposes	51,590	-	-	-	51,590
Total restricted	<u>51,590</u>	<u>2,323,631</u>	<u>17,187,373</u>	<u>5,435,413</u>	<u>24,998,007</u>
Committed to:					
Drainage improvements	-	-	2,015,656	1,694,148	3,709,804
Assigned to:					
Encumbrances	2,033,906	-	-	-	2,033,906
Unassigned	15,826,082	-	-	(33,179)	15,792,903
Total fund balances	<u>\$ 18,098,491</u>	<u>\$ 2,323,631</u>	<u>\$ 19,203,029</u>	<u>\$ 7,096,382</u>	<u>\$ 46,721,533</u>

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

Net position

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

Interfund Transactions

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

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Interfund Transactions (Cont'd)

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

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

Estimates

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

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which improves financial reporting of certain assets and liabilities measured at fair value. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City has implemented GASB No. 72 in this annual report.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which improves financial reporting of public employee pensions that are not within the scope of GASB Statement 68. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City has implemented GASB No. 73 in this annual report.

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

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which improves financial reporting of postemployment benefits other than pensions. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

New Accounting Pronouncements (Cont'd)

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, which improves financial reporting by requiring the disclosure of information about the nature and magnitude of tax abatements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which addresses a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2018. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

Subsequent Events

Subsequent events have been evaluated through March 20, 2017, the date the financial statements were available to be issued.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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 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 \$(153,008,042) difference are as follows:

Bonds payable and related charges	\$ (74,085,000)
Bond premium, net	(3,233,135)
Deferred loss on refunding, net of amortization	786,300
Capital leases payable	(4,354,879)
Accrued interest payable	(837,970)
Compensated absences	(5,195,823)
Net pension liability	(60,828,202)
Deferred outflow related to pensions	19,494,019
Deferred inflow related to pensions	(20,780,310)
Other post employment benefits	<u>(3,973,042)</u>
Net adjustment to reconcile fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (153,008,042)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, governmental funds report capital outlays as expenditures. It further states that in the statement of activities these capital outlays, as well as contributed assets, are recorded as capital assets in which their acquisitions costs (or fair value if donated) are allocated over their estimated useful lives as depreciation expense. The details of the \$7,098,468 difference are as follows:

Capital outlay	\$ 17,371,310
Donated assets and transferred assets	108,415
Depreciation expense	<u>(10,381,257)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 7,098,468</u>

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

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

The details of this \$4,292,135 difference are as follows:

Debt issued or incurred:	
General obligation debt, including premium	\$ (8,113,925)
Refunding bonds issued, including premium	(19,347,812)
Capital lease financing	(1,064,637)
Principal repayments:	
General obligation debt	4,870,000
Payment to refunded bond escrow agent	18,020,000
Capital lease financing	404,248
Amortization of bond related costs	
Net premium/discount	227,682
Deferred loss on refunding	712,309
	<hr/>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (4,292,135)</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 \$(153,666) difference are as follows:

Compensated absences	\$ (276,308)
Other post employment benefits	12,906
Accrued interest	109,736
	<hr/>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (153,666)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont'd)

Deficit fund equity

The Transit fund had a deficit fund balance of \$33,179 as of September 30, 2016. 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.

IV. DETAILED NOTES ON ALL FUNDS

NOTE 1: DEPOSITS AND INVESTMENTS

Cash and investments as of September 30, 2016 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 6,059,749
Restricted cash and cash equivalents	5,577,479
Investments	38,374,441
Restricted investments	<u>30,679,325</u>
	80,690,994
Component Units *	
Cash and cash equivalents	91,160
Restricted cash and cash equivalents	-
Investments	14,372,421
Restricted investments	<u>42,424,406</u>
	<u>56,887,987</u>
 Total Cash and Investments	 <u>\$137,578,981</u>

* Component units include the discretely presented component unit, LEDCO, and the blended component unit, Longview Firemen's Relief and Retirement Fund (reported as a Fiduciary Fund). Longview Transit Management, Inc. and the Longview Redevelopment Authority, Inc. have no cash or investments to report as of September 30, 2016.

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, 2016, the City and its component units' deposits were covered by Federal Depository Insurance or by collateral held by a third party custodian.

In the case of investments, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments are with the Texas Local Government Investment Pool ("TexPool"), the Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), and in certificates of deposit.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1: DEPOSITS AND INVESTMENTS (Cont'd)

Custodial Credit Risk (Cont'd)

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.

Credit Risk

This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the government's policy to limit its investments to those investments rated at least AAAM. The credit quality rating for both TexPool and Texas CLASS at year end was AAAM by Standard & Poor's.

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, 2016, 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.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the government's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the government's policy to not allow for a concentration of credit risk. Investments issued by the U.S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The government is not exposed to concentration of credit risk.

At year end, the government's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Primary government		
Money market	\$ 33,548,560	
TexPool	834,561	0.003
Texas CLASS	11,629,778	0.003
Certificate of Deposits	<u>23,040,867</u>	0.750
Total primary government	69,053,766	
Component units		
Money market	16,097,213	
Equity securities	13,908,730	
Mutual funds and comingled funds	14,225,980	
Alternative investments	<u>12,564,904</u>	
Total component units	<u>56,796,827</u>	
Total Reporting Entity	<u>\$ 125,850,593</u>	

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1: DEPOSITS AND INVESTMENTS (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;
3. No-load money market mutual funds; and
4. TexPool, Lone Star Investment Pool and Texas CLASS

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

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

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy for valuation inputs gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

A summary of the City's investments under the requirements of the fair value hierarchy follows:

	Assets at Fair Value as of September 30, 2016			
	Level 1	Level 2	Level 3	Total
Primary Government:				
Money market funds	\$ 33,548,560	\$ -	\$ -	\$ 33,548,560
TexPool	-	834,561	-	834,561
Texas CLASS	-	11,629,778	-	11,629,778
Certificates of Deposit	-	23,040,867	-	23,040,867
Total investments at fair value	<u>\$ 33,548,560</u>	<u>\$ 35,505,206</u>	<u>\$ -</u>	<u>\$ 69,053,766</u>
Component Units:				
Money market funds	\$ 16,097,213	\$ -	\$ -	16,097,213
Equity securities	13,908,730	-	-	13,908,730
Mutual funds and comingled funds	11,236,968	2,989,012	-	14,225,980
Alternative investments	-	12,564,904	-	12,564,904
Total investments at fair value	<u>\$ 41,242,911</u>	<u>\$ 15,553,916</u>	<u>\$ -</u>	<u>\$ 56,796,827</u>

The money market funds, equity securities and mutual funds categorized as Level 1 are based on quoted market values of the shares held in the active market where the securities and individual funds are traded. Certificates of deposit categorized as Level 2 are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. The comingled funds and alternative investments, categorized as Level 2, are valued principally from inputs from other than quoted prices that are observable for the assets.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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, 2016, were 98.78% of the tax levy.

Appraised values are established by the Gregg County District at 100 percent of estimated market value and certified by the Appraisal Review Board. The assessed value less exemptions for the tax roll of January 1, 2016, upon which the original 2016 levy was based, was \$5,710,675,898.

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, 2016, the City had tax a rate of \$0.50990 per \$100 valuation with a tax margin of \$1.9901 per \$100 valuation based upon a maximum ad valorem tax of \$2.50 per \$100 valuation permitted by Article XI, Section 5, of the State of Texas Constitution.

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

NOTE 3: RECEIVABLES

Receivables at September 30, 2016 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:

	Nonmajor						Internal Service	Total
	General	Debt Service	Capital Projects	Governmental Funds	Water Utilities	Solid Waste Disposal		
Receivables:								
Taxes	\$669,300	\$652,793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,322,093
Sales taxes	3,387,557	-	-	846,890	-	32,518	-	4,266,965
Hotel taxes		-	-	259,334	-	-	-	259,334
Franchise fees	1,359,253	-	-	104,020	-	-	-	1,463,273
Trade accounts		-	-	-	2,444,875	413,980	-	2,858,855
Unbilled trade accts		-	-	-	2,323,531	335,748	-	2,659,279
Municipal court	1,160,985	-	-	-	-	-	-	1,160,985
Ambulance	1,687,352	-	-	-	-	-	-	1,687,352
Other	166,896	-	45,922	45,551	-	-	552,913	811,282
Gross receivables	8,431,343	652,793	45,922	1,255,795	4,768,406	782,246	552,913	16,489,418
Less: Allowance for uncollectibles	1,637,692	32,639	-	-	24,448	6,210	-	1,700,989
Receivables, net	\$ 6,793,651	\$ 620,154	\$ 45,922	\$ 1,255,795	\$ 4,743,958	\$ 776,036	\$ 552,913	\$ 14,788,429

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2016, was as follows:

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,933,349	\$ 197,418	\$ -	\$ 5,130,767
Construction in progress	<u>19,174,505</u>	<u>15,922,819</u>	<u>17,025,311</u>	<u>(1) 18,072,013</u>
Total capital assets, not being depreciated:	<u>24,107,854</u>	<u>16,120,237</u>	<u>17,025,311</u>	<u>23,202,780</u>
Capital assets, being depreciated:				
Buildings and improvements	85,979,367	11,851,419	-	97,830,786
Infrastructure	138,944,918	4,297,259	-	143,242,177
Equipment	<u>50,150,982</u>	<u>3,503,432</u>	<u>1,548,798</u>	<u>52,105,616</u>
Total capital assets being depreciated	<u>275,075,267</u>	<u>19,652,110</u>	<u>1,548,798</u>	<u>293,178,579</u>
Less accumulated depreciation for:				
Buildings and improvements	45,068,339	4,513,284	-	49,581,623
Infrastructure	99,858,517	4,251,473	-	104,109,990
Equipment	<u>34,059,905</u>	<u>3,160,169</u>	<u>1,414,780</u>	<u>35,805,294</u>
Total accumulated depreciation	<u>178,986,761</u>	<u>11,924,926</u>	<u>1,414,780</u>	<u>189,496,907</u>
Total capital assets, being depreciated, net	<u>96,088,506</u>	<u>7,727,184</u>	<u>134,018</u>	<u>103,681,672</u>
Governmental activities capital assets, net	<u>\$ 120,196,360</u>	<u>\$23,847,421</u>	<u>\$ 17,159,329</u>	<u>\$ 126,884,452</u>

- (1) Transfers and retirements of construction in progress include the transference of a roadway to the Texas Department of Transportation. \$451,954 was transferred and included in special items on the Statement of

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4: CAPITAL ASSETS (Cont'd)

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 765,576	\$ -	\$ -	\$ 765,576
Construction in progress	6,790,851	4,826,983	11,169,373	448,461
Total capital assets, not being depreciated:	<u>7,556,427</u>	<u>4,826,983</u>	<u>11,169,373</u>	<u>1,214,037</u>
Capital assets, being depreciated:				
Buildings	21,592,860	-	-	21,592,860
Water and sewer systems	196,339,953	11,153,294	211,647	207,281,600
Machinery and equipment	38,326,442	581,310	49,301	38,858,451
Total capital assets being depreciated:	<u>256,259,255</u>	<u>11,734,604</u>	<u>260,948</u>	<u>267,732,911</u>
Less accumulated depreciation for:				
Buildings	18,589,271	168,907	-	18,758,178
Water and Sewer Systems	113,236,642	7,153,390	-	120,390,032
Machinery and equipment	26,683,757	1,781,064	210,044	28,254,777
Total accumulated depreciation	<u>158,509,670</u>	<u>9,103,361</u>	<u>210,044</u>	<u>167,402,987</u>
Total capital assets, being depreciated, net	<u>97,749,585</u>	<u>2,631,243</u>	<u>50,904</u>	<u>100,329,924</u>
Water Utilities capital assets, net	<u>\$ 105,306,012</u>	<u>\$ 7,458,226</u>	<u>\$ 11,220,277</u>	<u>\$ 101,543,961</u>

- (1) Includes transfer of a handheld GPS data system from the General Fund to the Water & Sewer fund. Cost basis transferred was \$9,001 and accumulated depreciation transferred was \$6,900 (NBV \$2,101).

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 4: CAPITAL ASSETS (Cont'd)

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

Governmental activities:

General Government	\$ 239,088
Public Safety	1,785,083
Public Works	4,730,954
Development	250,569
Public Welfare	92,916
Culture and Recreation	3,082,222
Public Transit	200,426
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,543,668</u>
Total depreciation expense - governmental activities	<u>\$ 11,924,926</u>

Business-type activities:

Water Utilities	\$ 8,213,262
Solid Waste Disposal	877,317
Nonmajor funds - Longview Recreation Fund	<u>5,882</u>
Total depreciation expense - business-type activities	<u>\$ 9,096,461</u>

	<u>Balance at Beginning of Year</u>	<u>Transfers And Additions</u>	<u>Transfers And Retirements</u>	<u>Balance at End of Year</u>
Longview Economic Development Corporation:				
Capital assets, not being depreciated:				
Land	\$ 5,265,546	\$ -	\$ 75,251	\$ 5,190,295
Construction in progress	<u>435,189</u>	<u>52,502</u>	<u>-</u>	<u>487,691</u>
Total capital assets, not being depreciated:	5,700,735	52,502	75,251	5,677,986
Capital assets, being depreciated:				
Buildings and Improvements	192,241	2,537	59,200	135,578
Equipment	185,149	-	-	185,149
Infrastructure	<u>15,598,824</u>	<u>-</u>	<u>193,361</u>	<u>15,405,463</u>
Total capital assets, being depreciated:	<u>15,976,214</u>	<u>2,537</u>	<u>252,561</u>	<u>15,726,190</u>
Less accumulated depreciation:				
Buildings and Improvements	109,373	13,862	15,986	107,249
Equipment	167,901	1,798	-	169,699
Infrastructure	<u>7,696,176</u>	<u>621,731</u>	<u>48,909</u>	<u>8,268,998</u>
Total accumulated depreciation	<u>7,973,450</u>	<u>637,391</u>	<u>64,895</u>	<u>8,545,946</u>
Total capital assets, being depreciated, net	8,002,764	(634,854)	187,666	7,180,244
Capital assets, net	<u>13,703,499</u>	<u>(582,352)</u>	<u>262,917</u>	<u>12,858,230</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 5: DEFINED BENEFIT PENSION PLANS

Texas Municipal Retirement System

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2014</u>	<u>Plan Year 2015</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2015</u>
Inactive employees or beneficiaries currently receiving benefits	458
Inactive employees entitled to but not yet receiving benefits	273
Active employees	<u>648</u>
Total	<u><u>1,379</u></u>

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.28% and 10.06% in calendar years 2015 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2016, were \$3,170,744, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Net Pension Liability (Cont'd)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	30.00%	1.00%
Non-Core Fixed Income	10.00%	3.65%
Real Return	5.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	5.00%	4.00%
Private Equity	5.00%	8.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Changes in Net Pension Liability

	Increase (Decrease)		Net Pension Liability (a)-(b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balance 12/31/14	\$153,709,357	\$145,514,291	\$ 8,195,066
Changes for the year:			
Service costs	4,103,003	-	4,103,003
Interest	10,620,763	-	10,620,763
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(11,718)	-	(11,718)
Changes of assumptions	2,950,991	-	2,950,991
Contributions - employer	-	3,050,893	(3,050,893)
Contributions - employee	-	2,118,246	(2,118,246)
Net investment income	-	214,693	(214,693)
Benefit payments, including refunds of employee contributions	(8,071,359)	(8,071,359)	-
Administrative expense	-	(130,783)	130,783
Other changes	-	(6,459)	6,459
Net changes	9,591,680	(2,824,769)	12,416,449
Balance at 12/31/15	\$163,301,037	\$142,689,522	\$ 20,611,515

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City Net Pension	\$ 41,928,573	\$ 20,611,515	\$ 2,926,423

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension expense and deferred outflows of resources related to pensions

For the year ended September 30, 2016, the City recognized pension expense of \$5,883,500 related to the TMRS Plan.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

At September 30, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference in assumption changes	\$ 2,205,791
Differences between expected and actual economic experience	472,965
Difference between projected and actual investment earnings	9,047,573
Contributions subsequent to the measurement date	2,312,247
Total	\$ 14,038,576

\$2,312,247 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31	
2017	\$ 3,326,738
2018	3,326,738
2019	3,078,590
2020	1,994,263
2021	-
	\$ 11,726,329

Supplemental Death Benefits Fund

The City and the Hospital also participate 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.

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

The City's contribution to TMRS SDBF for the years ended 2016, 2015, and 2014 were \$3,114,030, \$3,107,826 and \$3,254,894, respectively, which equaled the required contributions each year.

Longview Firemen's Relief and Retirement Fund (LFRRF)

Plan Description

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

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Longview Firemen's Relief and Retirement Fund (LFRRF) (Cont'd)

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

The Plan's year end is December 31. Therefore, the Plan information herein is reported as of December 31, 2015.

Benefits Provided

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

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

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

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

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

Employees covered by benefit terms

As of the most recent measurement date, December 31, 2015, the membership consisted of the following:

	2015	2014
Inactive employees or beneficiaries currently receiving benefits	137	132
Inactive employees entitled to but not yet receiving benefits	1	-
Active employees	175	176
Total	313	308

Contributions

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

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Schedule of Contributions

Reporting Period	September 30, 2016	
Measurement Date	December 31, 2015	
Contractually required contribution:		
City	2,073,574	16%
Members	1,838,268	15%
Contribution made during measurement period		
City	2,073,574	16%
Members	1,838,268	15%
Contribution Deficiency (Excess)	\$ -	

Net Pension Liability

The Net Pension Liability (NPL) is the difference between the Total Pension Liability (TPL) and the plan's Fiduciary Net Position (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by the entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The FNP is determined on the same basis used by the pension plan. The City's Net Pension Liability was measured as of December 31, 2015 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Net Pension Liability

Measurement Date	December 31, 2015
Total Pension Liability	\$ 86,844,626
Fiduciary Net Position	(41,812,699)
Net Pension Liability	\$ 45,031,927

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of December 31, 2015 using the following actuarial assumptions applied to all measurement periods:

	2015	2014
Inflation	3.00%	3.00%
Salary increases	3.00%	3.00%
Discount rate	8.00%	5.76%
Investment rate of return	8.00%	8.00%

Mortality Rates - Healthy Lives: RP2000 projected 10 years for blue collar members

Mortality Rates - Disables Lives: RP2000 Disability Mortality Table set forward 10 years

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These rates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and the best estimates of arithmetic real rates of return for each major asset class as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	30.00%	2.30%
Equities	45.00%	8.00%
Alternative Investments	25.00%	7.13%
	100.00%	

Discount Rate

The projection of cash flows used to determine the discount rate assumes that current plan member and employer contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The expected rate of return on pension plan investments is 8%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measure date of the bond buyer 20-bond index as published by the Federal Reserve); and the resulting single discount rate is 8%.

Schedules of Changes in Net Pension Liability

Changes in the City's Net Pension Liability presented below are calculated on the same basis as the plan. The Change in Net Pension Liability for the fiscal year ended September 30, 2016 is as follows:

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Changes in Net Pension Liability

	Increase (Decrease)		Net Pension Liability (a)-(b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balance 12/31/14	\$107,253,642	\$ 45,427,695	\$61,825,947
Changes for the year:			
Service costs	2,562,618	-	2,562,618
Interest	6,180,033	-	6,180,033
Changes of benefit terms	34,875	-	34,875
			-
Difference between expected and actual experience	867,622	-	867,622
			-
Changes of assumptions	(24,936,371)	-	(24,936,371)
Contributions - employer	-	2,073,574	(2,073,574)
Contributions - employee	-	1,838,268	(1,838,268)
Net investment income	-	(2,517,145)	2,517,145
Benefit payments, including refunds of employee contributions	(5,117,793)	(5,117,793)	-
Administrative expense	-	(118,575)	118,575
			-
Other changes	-	226,675	(226,675)
Net changes	(20,409,016)	(3,614,996)	(16,794,020)
Balance at 12/31/15	<u>\$ 86,844,626</u>	<u>\$ 41,812,699</u>	<u>\$ 45,031,927</u>

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

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
City Net Pension	\$ 54,945,531	\$ 45,031,927	\$ 36,688,378

The Plan's Fiduciary Net Position is reported in the Fiduciary Fund Financial Statements beginning on page 37. Detailed information about the Plan is available in a separately-issued Longview Firemen's Relief and Retirement Fund financial report, which can be obtained by writing the City of Longview Finance Department.

Pension expense and deferred outflows of resources related to pensions

For the year ended September 30, 2016, the city recognized pension expense of \$997,731 for the LFRRF.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

At September 30, 2016, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in assumption changes	\$ -	\$ 20,780,310
Differences between expected and actual economic experience	723,019	-
Difference between projected and actual investment earnings	6,497,474	-
Contributions subsequent to the measurement date	1,527,953	-
Total	<u>\$ 8,748,446</u>	<u>\$ 20,780,310</u>

The outcome of the deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended December 31:		
2017	\$ 1,903,869	\$ (2,252,193)
2018	1,903,870	(2,252,192)
2019	1,903,870	(2,252,192)
2020	1,364,280	(2,791,782)
2021	144,604	(4,011,458)
Thereafter	<u>-</u>	<u>-</u>
	\$ 7,220,493	\$ (13,559,817)

Change in plan provisions subsequent to year-end

Effective January 1, 2016 the member contribution rate increased from 15% to 16% of earnings and then again, effective October 1, 2016, the member contribution rate increased from 16% to 17% of earnings.

Also effective January 1, 2016, all future new hires accrue benefits under a Tier 2 benefit structure. Key provisions of the approved Tier 2 benefit structure are listed on the table below:

Benefit	Tier 2
Normal retirement age	55/20
AFC period	5 years
Benefit accrual rate	3% per year
Maximum accrual rate	75% of AFC
Longevity supplement	\$80/month after 25 years
Member contribution rate	15%
Vesting requirement	20 years
Maximum DROP Period	3 years

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6: DEFERRED COMPENSATION

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

NOTE 7: POST EMPLOYMENT BENEFITS

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

Expenses for postretirement health care benefits are recognized on a pay-as-you-go basis. The cost of retiree health care incurred by the City amounted to \$1,698,531 for the year ended September 30, 2016.

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

	OPEB
Annual required contribution	\$ 1,977,424
Interest on net OPEB obligation	197,034
Adjustments to annual required contribution	(434,405)
Annual OPEB cost	1,740,053
Employer contribution	(1,698,531)
Increase in net OPEB obligation	41,522
Net OPEB obligation, beginning of year	4,925,857
Net OPEB obligation, end of year	\$ 4,967,379

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
2014	1,571,569	1,297,475	83%	4,885,821
2015	1,563,292	1,523,256	97%	4,925,857
2016	1,740,053	1,698,531	98%	4,967,379

Funded Status

The funded status as of September 30, 2016, 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)
2016	\$ -	\$20,675,859	0.0%	\$ 20,675,859	\$ 43,730,288	55.6%

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 7: POST EMPLOYMENT BENEFITS (Cont'd)

Actuarial Methods and Assumptions

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

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

Inflation rate	3% per annum
Investment rate of return	4.5%, net of expenses
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Amortization period	15 - year closed amortization
Salary Growth	NA
Healthcare cost trend rate	Initial rate of 7.5% declining to an ultimate rate of 5.25% after 11 years

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

NOTE 8: LEASE OBLIGATIONS

Governmental Activities

The City has entered into lease agreements, as lessee, for financing the acquisition of fire trucks, E911 consoles, and Motorola radio equipment. These leases qualify as capital leases for accounting purposes and, therefore have been recorded as such in the government-wide financial statements. The equipment acquired through capital lease, \$4,272,873 net of accumulated depreciation, is included within Note 4.

Future minimum lease payments are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 620,264	\$ 135,034	\$ 755,298
2018	637,681	117,617	755,298
2019	655,640	99,658	755,298
2020	674,158	81,140	755,298
2021	591,535	62,044	653,579
2022-2026	1,196,149	89,489	1,285,638
2027-2031	-	-	-
	<u>\$ 4,375,427</u>	<u>\$ 584,982</u>	<u>\$ 4,960,409</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 8: LEASE OBLIGATIONS (Cont'd)

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, \$3,562,589 net of accumulated depreciation, is included within Note 4.

Future minimum lease payments are as follows:

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2017	\$ 563,005	\$ 43,645	\$ 606,650
2018	572,494	34,156	606,650
2019	582,173	24,477	606,650
2020	73,396	14,604	88,000
2021	76,108	11,891	87,999
2022-2026	245,622	18,376	263,998
Total	<u>\$ 2,112,798</u>	<u>\$ 147,149</u>	<u>\$ 2,259,947</u>

NOTE 9: LONG-TERM DEBT

Governmental activities:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2016 are as follows:

	Balance September 30, 2015	Additions	Retirements	Balance September 30, 2016	Amounts Due Within One Year
<u>Governmental activities</u>					
General obligation and certificates of obligation	\$ 72,440,000	\$24,535,000	\$(22,890,000)	\$ 74,085,000	\$ 4,945,000
Less: bond premiums	534,080	2,926,736	(227,681)	3,233,135	411,137
Total bonds payable	72,974,080	27,461,736	(23,117,681)	77,318,135	5,356,137
Capital lease obligation	3,717,212	1,064,637	(406,422)	4,375,427	620,264
Accrued Compensated Absences	5,047,428	4,345,972	(4,066,907)	5,326,493	798,974
Claims payable	1,266,016	12,125,481	(11,710,018)	1,681,479	1,681,479
Net pension liability - TMRS	6,584,633	12,576,259	(2,598,777)	16,562,115	-
Net pension liability - LFRRF	61,825,947	12,280,868	(29,074,888)	45,031,927	-
Other post-employment benefits obligation	4,113,485	91,970	(84,566)	4,120,889	-
Total governmental activities	<u>\$ 155,528,801</u>	<u>\$69,946,923</u>	<u>\$(71,059,259)</u>	<u>\$ 154,416,465</u>	<u>\$ 8,456,854</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Governmental activities (Cont'd)

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

The principal and interest requirements at September 30, 2016 of the general obligation debt for the next five years and thereafter are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 4,945,000	\$ 2,308,573	\$ 7,253,573
2018	4,930,000	2,325,450	7,255,450
2019	5,060,000	2,195,579	7,255,579
2020	5,185,000	2,069,043	7,254,043
2021	5,370,000	1,882,313	7,252,313
2022-2026	24,005,000	6,888,755	30,893,755
2027-2031	20,490,000	2,905,510	23,395,510
2032-2036	4,100,000	247,600	4,347,600
Total	\$ 74,085,000	\$ 20,822,823	\$ 94,907,823

Long-term debt at September 30, 2016, includes the following individual issues (not including unamortized premiums of \$3,233,135):

General Long-Term Debt:	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2016
General Obligation Bonds:				
Issue of 2004/Maturing 2015	2.00-3.75	\$ 11,810,000	\$ 435,000	-
Issue of 2005/Maturing 2018	3.30-4.625	13,500,000	-	-
Issue of 2005A/ Maturing 2016	3.00-5.00	13,680,000	695,000	-
Issue of 2007/maturing 2022	4.00-5.00	14,790,000	9,750,000	1,250,000
Issue of 2009/maturing 2025	3.50-4.15	11,250,000	9,090,000	1,760,000
Issue of 2011/maturing 2030	2.7	22,400,000	630,000	19,900,000
Issue of 2013/maturing 2033	0.360-4.100	23,170,000	155,000	22,915,000
Issue of 2014/maturing 2019	1.4	5,975,000	1,340,000	4,520,000
Issue of 2015/maturing 2022	2.00-5.00	9,660,000	795,000	8,865,000
Issue of 2016/maturing 2031	2.00-5.00	14,875,000	-	14,875,000
Total general obligation		\$ 141,110,000	\$ 22,890,000	\$ 74,085,000

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

Business Type Activities:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2016 are as follows:

	Balance September 30, 2015	Additions	Retirements	Balance September 30, 2016	Amounts Due Within One Year
<u>Business-type activities</u>					
Waterworks and Sewer System -					
Revenue bonds	\$ 56,860,000	\$ 9,025,000	\$ (15,220,000)	\$ 50,665,000	\$ 4,685,000
Less: bond premiums	<u>2,054,959</u>	<u>1,085,077</u>	<u>(252,019)</u>	<u>2,888,017</u>	<u>360,526</u>
Total bonds payable	58,914,959	10,110,077	(15,472,019)	53,553,017	5,045,526
Capital lease obligation	2,666,500	-	(553,702)	2,112,798	563,005
Accrued Compensated Absences	1,060,366	805,810	(750,367)	1,115,809	167,372
Net Pension Liability - TMRS	1,610,433	3,074,230	(635,263)	4,049,400	-
Other post-employment benefits obligation	<u>812,373</u>	<u>62,302</u>	<u>(28,185)</u>	<u>846,490</u>	<u>-</u>
Total business-type activities	<u>\$ 65,064,631</u>	<u>\$14,052,419</u>	<u>\$ (17,439,536)</u>	<u>\$ 61,677,514</u>	<u>\$ 5,775,903</u>

The principal and interest requirements at September 30, 2016 of the revenue bond debt for the next five years and thereafter are as follows:

Fiscal Year Ending September 30,	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,685,000	\$ 1,539,969	\$ 6,224,969
2018	3,830,000	1,396,625	5,226,625
2019	3,925,000	1,290,350	5,215,350
2020	3,985,000	1,197,175	5,182,175
2021	4,035,000	1,101,025	5,136,025
2022-2026	20,000,000	3,745,087	23,745,087
2027-2031	<u>10,205,000</u>	<u>541,200</u>	<u>10,746,200</u>
Total	<u>\$50,665,000</u>	<u>\$ 10,811,431</u>	<u>\$ 61,476,431</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Long-term debt at September 30, 2016, includes the following individual issues (not including unamortized premiums of \$2,888,017):

Water Utilities Debt:

	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2016
Revenue Bonds:				
Issue of 2007/Maturing 2028	4.00-4.375	12,540,000	9,675,000	1,575,000
Issue of 2010/Maturing 2017	2.50-3.00	4,185,000	975,000	170,000
Issue of 2011/Maturing 2028	3.00-4.00	6,000,000	175,000	5,470,000
Issue of 2012/Maturing 2024	2.00-2.75	8,300,000	595,000	7,050,000
Issue of 2015/Maturing 2029	2.00-4.00	31,950,000	3,800,000	27,375,000
Issue of 2016/Maturing 2028	2.00-5.00	9,025,000	-	9,025,000
Total revenue bonds		<u>\$ 72,000,000</u>	<u>\$ 15,220,000</u>	<u>\$ 50,665,000</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, 2016 are as follows:

	Balance September 30, 2015	Additions	Retirements	Balance September 30, 2016	Amounts Due Within One Year
Sales tax revenue bonds	\$ 7,060,000	\$ -	\$ 670,000	\$ 6,390,000	\$ 695,000
Net premium(discount) on bonds	(9,698)	-	(4,952)	(4,746)	(4,746)
	<u>7,050,302</u>	<u>-</u>	<u>665,048</u>	<u>6,385,254</u>	<u>690,254</u>
Accrued Compensated absences	22,716	-	10,822	11,894	9,394
Economic incentives payable	<u>8,290,732</u>	<u>910,000</u>	<u>2,219,266</u>	<u>6,981,466</u>	<u>3,525,066</u>
Total governmental activities	<u>\$15,363,750</u>	<u>\$ 910,000</u>	<u>\$2,895,136</u>	<u>\$13,378,614</u>	<u>\$ 4,224,714</u>

The principal and interest requirements at September 30, 2016, for the component unit debt for the next five years and, thereafter, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2017	\$ 695,000	\$ 272,425	\$ 967,425
2018	720,000	246,363	966,363
2019	745,000	217,563	962,563
2020	775,000	187,762	962,762
2021	810,000	155,794	965,794
2022-2025	<u>2,645,000</u>	<u>249,469</u>	<u>2,894,469</u>
	<u>\$ 6,390,000</u>	<u>\$ 1,329,376</u>	<u>\$ 7,719,376</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

Long-term debt at September 30, 2016, includes the following individual issues:

Longview Economic Development Corporation:	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2016
Sales Tax Revenue Bond:				
Issue of 2009/Maturing 2024	2.50-4.75	\$ 10,570,000	\$ 4,180,000	\$ 6,390,000
Total Sales Tax Revenue Bond - LEDCO		<u>\$ 10,570,000</u>	<u>\$ 4,180,000</u>	<u>\$ 6,390,000</u>

Pledged Revenues

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

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

NOTE 10: CURRENT YEAR DEBT ISSUANCE

In December 2015, the City issued \$9,660,000 of General Obligation Refunding Bonds, Series 2015. The proceeds from the sale of the bonds were used to refund \$9,330,000 of the City's outstanding general obligation bonds to achieve debt service savings and to pay the costs related to the issuance of the bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$467,136. This amount is included in deferred outflows of resources and is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 7 years by \$550,769 and resulted in an economic gain of \$525,735. The bonds are scheduled to mature in 2022 and are included in the detailed maturity schedules in Note 9.

In September 2016, the City issued \$14,875,000 of General Obligation Improvement and Refunding Bonds, Series 2016. \$7,905,000 of the proceeds from the sale of the bonds was used to refund \$8,390,000 of the City's outstanding general obligation bonds to achieve debt service savings, and to pay the costs related to the issuance of the bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$552,732. This amount is included in deferred outflows of resources and is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 9 years by \$708,750 and resulted in an economic gain of \$661,138. \$6,970,000 of the proceeds from the sale of the bonds will be used for constructing and improving streets and bridges in the City, including sidewalks, drainage and other incidental improvements, and to pay the costs related to the issuance of the bonds. The bonds are scheduled to mature in 2031 and are included in the detailed maturity schedules in Note 9.

In September 2016, the City issued \$9,025,000 of Waterworks & Sewer System Revenue Refunding Bonds, Series 2016. The proceeds from the sale of the bonds were used to refund \$9,400,000 of the City's outstanding revenue bonds to achieve debt service savings and to pay the costs related to the issuance of the bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$509,361. This amount is included in deferred outflows of resources and is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$1,123,199 and resulted in an economic gain of \$1,022,301. The bonds are scheduled to mature in 2022 and are included in the detailed maturity schedules in Note 9.

In prior years, the government defeased \$27,420,000 of general obligation and revenue bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2016, \$27,321,078 of defeased bonds remain outstanding.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 11: INTERFUND TRANSACTIONS

The composition of interfund balances as of September 30, 2016, is as follows:

	Due from		
	General	Other Non-Major	Total
Due to:			
General	\$ -	\$ 209,637	\$ 209,637
Debt Service	13,431	-	13,431
Other Nonmajor	-	245,527	245,527
	<u>\$ 13,431</u>	<u>\$ 455,164</u>	<u>\$ 468,595</u>

Significant interfund balances relate to the following:

- (1) An interfund balance was created to offset negative cash balances in the other non-major funds, as they wait for their grant reimbursements, of:
 - \$37,745 Grants Fund
 - \$171,889 Community Development Block Grant Fund
- (2) Interfund balances exist among the non-major funds to account for grant funds due to the City from the Housing fund in the amount of \$91,027 and to account for \$154,500 owed to the Hotel Occupancy tax fund from the Convention and Visitors Bureau (CVB) fund for initial startup cash of the CVB fund.

During fiscal year ending September 30, 2014, the Water Utilities Fund loaned \$2,370,244 to the Sanitation Fund, payable over five years, for the purchase of recycling bins to be used in the new Simplified Collection Program. This interfund loan is recorded as an advance payable/receivable in the proprietary funds statement of net position. At September 30, 2016 the outstanding balance is \$1,580,163.

Transfers between funds during the year were as follows:

	Transfers In				Total
	General	Capital Projects	Nonmajor Governmental	Internal Service	
Transfers Out:					
General	\$ -	\$ -	\$ 525,000	\$500,000	\$ 1,025,000
Capital Projects	429,238	-	-	-	429,238
Nonmajor governmental	95,610	1,000,000	-	-	1,095,610
Totals	<u>\$ 524,848</u>	<u>\$ 1,000,000</u>	<u>\$ 525,000</u>	<u>\$500,000</u>	<u>\$ 2,549,848</u>

Significant amounts transferred between funds related to the following activities:

- (1) \$429,238 was transferred from the Capital Projects fund to the General fund for park and other projects qualifying for economic development funds.
- (2) \$95,610 was transferred from the Tax Increment Reinvestment Zone fund to the General fund upon dissolution of the fund.
- (3) \$1,000,000 was transferred from the Drainage fund to the Capital Projects fund for funds allocated from the ¼ cent sales tax for capital projects.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 11: INTERFUND TRANSACTIONS (Cont'd)

- (4) \$525,000 was transferred from the General fund to the Nonmajor Funds for the following purposes:
- \$50,000 to the Convention and Visitor's Bureau fund for operational expenditures
 - \$150,000 to the Grants fund for the Arboretum and The Green projects
 - \$325,000 to the Transit fund for the City's match on federal and state transit funding
- (5) \$500,000 from the General fund to the Health fund for as a one-time transfer to help cover rising health claim costs.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Grant Audits

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

Construction Commitments

The City has active construction projects as of September 30, 2016. The projects include street construction, park construction, drainage construction, and the construction of water and sewer facilities. At year-end the City's commitments with contractors are as follows:

Project	Spent to-Date	Remaining Commitment
Streets/Traffic	\$ 10,019,620	\$ 15,879,203
Parks/Facilities	4,171,476	951,364
Water & Wastewater	4,995,262	1,419,104
Drainage	783,790	278,537
	<u>\$ 19,970,148</u>	<u>\$ 18,528,208</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.

Water Purchase Contracts

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

Provider	Minimal amount purchases (before escalation clauses)	Contract Expiration Date
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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 12: COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Non Major</u>
Streets Projects	\$ -	\$ 15,762,441	\$ -
Animal Shelter	50,196	633,532	-
Public Safety	1,502,794		97,936
Traffic Projects	4,040	112,722	2,500
Drainage Projects	-	278,537	35,101
Transit Projects	-	-	339,178
Rec and Parks Projects	11,826	317,832	142,560
Development Projects	455,200	-	100,808
Other	9,850	-	103,502
Net changes	<u>\$ 2,033,906</u>	<u>\$ 17,105,064</u>	<u>\$ 821,584</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 13: CHANGE IN ACCOUNTING ESTIMATE

During the year, Texas Municipal League (TML), the Plan administrator for General Liability and Workers Compensation Plans, reviewed the estimates related to open claims and made changes to the estimates based on their professional judgment of the circumstances surrounding those claims. The change in estimate for the General Liability Fund and Workers Compensation Fund amounted to a \$163,291 decrease in liability. It is management's opinion that the liability recorded for these funds as of September 30, 2016 is adequate to cover insurance deductibles and potential claims outside of the insurance coverage.

During the year, the City reviewed the methodology for calculating the allowance for uncollectible accounts related to water and sanitation billings and determined that new and better information was available to estimate the uncollectible billings. As a result, the City revised its allowance for uncollectible accounts resulting in an increase in net accounts receivable in the amounts of \$664,842 and \$135,837 in the Water Utilities and Sanitation funds, respectively.

NOTE 14: RISK MANAGEMENT

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

Worker's Compensation

The City uses the Workers Compensation Fund to account for contributions from departments for coverage and payment of premiums, claims and administration costs. The City's workers' compensation insurance is purchased through participation in the TML Intergovernmental Risk Pool. The City pays an annual contribution to the plan, in annual installments, in advance for coverage. TML is responsible for the administration of the plan. The City was self-insured for worker's compensation prior to October 1, 1999 and still has claims pending from the self-insured period. TML was contracted to handle the administration of these claims, but the City is required to pay for any distributions related to these claims. The City has accrued a liability of \$67,760 for the payment of future claims related to the self-insurance period.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 14: RISK MANAGEMENT (Cont'd)

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 \$10,124,881 in the aggregate at September 30, 2016. The City has accrued a liability of \$1,580,544 for estimated unreported claims at September 30, 2016.

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, and real and personal property coverage. The TML is responsible for all fund business on behalf of TML members and shall maintain adequate protection from catastrophic losses to protect its financial integrity. The City has agreed to adopt and accept the coverages, provisions, terms, conditions, exclusions and limitations as provided for in the TML Self-Insurance Plan. The City also agrees to pay the annual contribution to the fund, in annual installments, in advance.

Both parties have a right to terminate this agreement. The City maintains an accrued liability for general liability claims to cover insurance deductibles and potential claims outside of the insurance coverage. The liability accrued for these items was \$33,175 at September 30, 2016. Settlements have not exceeded coverages for the past 3 years.

Changes in the balance of claims liabilities during fiscal 2015 and 2016 are as follows:

Fund	Liability Beginning of Year	Claims and Changes in Estimates	Claim payments and Changes in Estimates	Liability End of Year
<u>2016</u>				
General Liability	\$ 150,000	\$ 276,280	\$ 393,105	\$ 33,175
Workers' Compensation	74,706	558,616	565,562	67,760
Group Health	<u>1,041,310</u>	<u>11,290,585</u>	<u>10,751,351</u>	<u>1,580,544</u>
Total	<u>\$ 1,266,016</u>	<u>\$ 12,125,481</u>	<u>\$ 11,710,018</u>	<u>\$ 1,681,479</u>
<u>2015</u>				
General Liability	\$ 139,000	\$ 433,932	\$ 422,932	\$ 150,000
Workers' Compensation	81,882	401,968	409,144	74,706
Group Health	<u>650,669</u>	<u>9,422,439</u>	<u>9,031,798</u>	<u>1,041,310</u>
Total	<u>\$ 871,551</u>	<u>\$ 10,258,339</u>	<u>\$ 9,863,874</u>	<u>\$ 1,266,016</u>

NOTE 15: PRIOR PERIOD ADJUSTMENT – DISCRETELY PRESENTED COMPONENT UNIT

LEDSCO, a discretely presented component unit of the City, recorded a prior period adjustment in their financial statements for the year ended September 30, 2016. Costs related to the Estes Parkway Investment in Property were inadvertently expensed in prior years. For this adjustment, costs related to the improvement of the property were accumulated and appropriately capitalized and recorded as an adjustment to beginning net position and fund balance in the amount of \$635,887.

**REQUIRED
SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CITY OF LONGVIEW, TEXAS

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

LAST 10 FISCAL YEARS*

(UNAUDITED)

	<u>12/31/2014</u>	<u>12/31/2015</u>
Total Pension Liability		
Service Cost	\$ 3,778,731	\$ 4,103,003
Interest (on the Total Pension Liability)	10,103,220	10,620,763
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	948,510	(11,718)
Changes of Assumptions	-	2,950,991
Benefit Payments, Including Refunds of Employee Contributions	<u>(7,126,894)</u>	<u>(8,071,359)</u>
Net Change in Total Pension Liability	7,703,567	9,591,680
Total Pension Liability - Beginning	<u>146,005,790</u>	<u>153,709,357</u>
Total Pension Liability - Ending (a)	<u><u>\$ 153,709,357</u></u>	<u><u>\$163,301,037</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 3,193,102	\$ 3,050,893
Contributions - Employee	2,145,523	2,118,246
Net Investment Income	7,975,023	214,693
Benefit Payments, Including Refunds of Employee Contributions	(7,126,894)	(8,071,359)
Administrative Expense	(83,268)	(130,783)
Other	<u>(6,846)</u>	<u>(6,459)</u>
Net Change in Plan Fiduciary Net Position	6,096,640	(2,824,769)
Plan Fiduciary Net Position - Beginning	<u>139,417,651</u>	<u>145,514,291</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 145,514,291</u></u>	<u><u>\$142,689,522</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 8,195,066</u></u>	<u><u>\$ 20,611,515</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.67%	87.38%
Covered Employee Payroll	\$ 30,650,330	\$ 30,235,839
Net Pension Liability as a Percentage of covered Employee Payroll	26.74%	68.17%

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

CITY OF LONGVIEW, TEXAS

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

(UNAUDITED)

	<u>12/31/2014</u>	<u>12/31/2015</u>
Total Pension Liability		
Service Cost	\$ 2,461,547	\$ 2,562,618
Interest	5,985,503	6,180,033
Changes of Benefit Terms	(2,623,533)	34,875
Differences Between Expected and Actual Experience	-	867,622
Changes of Assumptions	-	(24,936,371)
Contributions - Buy Back	71,784	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(5,437,240)</u>	<u>(5,117,793)</u>
Net Change in Total Pension Liability	458,061	(20,409,016)
Total Pension Liability - Beginning	<u>106,795,581</u>	<u>107,253,642</u>
Total Pension Liability - Ending (a)	<u><u>\$ 107,253,642</u></u>	<u><u>\$ 86,844,626</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,887,320	\$ 2,073,574
Contributions - Employee	1,769,363	1,838,268
Contributions - Buy Back	71,784	-
Net Investment Income	926,866	(2,517,145)
Benefit Payments, Including Refunds of Employee Contributions	(5,437,240)	(5,117,793)
Administrative Expense	(116,460)	(118,575)
Other	<u>103,261</u>	<u>226,675</u>
Net Change in Plan Fiduciary Net Position	(795,106)	(3,614,996)
Plan Fiduciary Net Position - Beginning	<u>46,222,801</u>	<u>45,427,695</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 45,427,695</u></u>	<u><u>\$ 41,812,699</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 61,825,947</u></u>	<u><u>\$ 45,031,927</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.36%	48.15%
Covered Employee Payroll	\$ 11,767,235	\$ 12,224,779
Net Pension Liability as a Percentage of covered Employee Payroll	525.41%	368.37%

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

CITY OF LONGVIEW, TEXAS

**TEXAS MUNICIPAL RETIREMENT SYSTEM
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS***

(UNAUDITED)

	<u>9/30/2015</u>	<u>9/30/2016</u>
Actuarially Determined Contribution	\$ 2,819,998	\$ 3,170,744
Contributions in relation to the actuarially determined contribution	2,819,998	3,170,744
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 27,976,170	\$ 31,967,618
Contributions as a percentage of covered employee payroll	10.08%	9.92%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 205 valuation pursuant to an experienced study of the period 2010-2014
Mortality	RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generation basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

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

CITY OF LONGVIEW, TEXAS

**LONGVIEW FIREMEN'S RELIEF AND RETIREMENT FUND
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS***

(UNAUDITED)

	12/31/2014	12/31/2015
Actuarially Determined Contribution	\$ 1,887,320	\$ 2,073,574
Contributions in relation to the actuarially determined contribution	1,887,320	2,073,574
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 11,767,235	\$ 12,224,779
Contributions as a percentage of covered employee payroll	16.04%	16.96%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: 12/31/2014
Notes: Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Funding method: Entry age normal actuarial cost method
 Actuarial asset method: Fair market value, net of investment-related expenses
 Salary increases: 3.0% per year
 Inflation (payroll growth): 3.0% per year for amortization of the unfunded actuarial accrued liability
 Interest rate: 8.0% per year, compounded annually, net of investment related expenses
 Retirement age: Members are assumed to retire at the later of age 52 or 20 years of service
 Marital status: 90% of actives are assumed to be married at the time of benefit commencement
 Termination dates: See table below
 Disability rates: See table below
 Mortality rates - healthy lives: RP2000 projected 10 years for blue collar members - sex distinct
 Mortality rates - disables lives: RP2000 disability mortality table set forward 10 years
 Other information: Termination and disability rate table

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

CITY OF LONGVIEW, TEXAS

**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)
9/30/2016	\$ -	\$ 20,675,859	\$ 20,675,859	0%	\$ 43,730,288	47.3%
9/30/2014	-	20,217,880	20,217,880	0%	36,361,030	55.6%
9/30/2012	-	24,343,781	24,343,781	0%	33,843,871	71.9%
9/30/2010	-	26,199,626	26,199,626	0%	34,143,079	76.7%
9/30/2009	-	24,486,623	24,486,623	0%	30,077,414	81.4%

**COMBINING FUND FINANCIAL STATEMENTS
AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

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

- **Municipal Court** - To account for the special revenue collected on all misdemeanors used to provide security at the municipal court building.
- **Community Development Block Grant** - To account for the operations of projects utilizing Community Development Block Grant Funds. Such revenue is restricted to expenditures for specified projects by the U. S. Department of Housing and Urban Development.
- **Housing Assistance Fund** - To account for the City's operations of the Housing Assistance program, which is sponsored by the U. S. Department of Housing and Urban Development.
- **Transit System** - To account for City receipts and expenditures related to the City's mass transit bus system.
- **Police Department Special** - To account for the special revenue from forfeited property seized in connection with violations of the Controlled Substances Act and for the disposition of such revenue.
- **E – 911** - To account for the special revenue received and expended to operate the City's emergency response system.
- **Hotel Occupancy Tax** - To account for the special revenue assessed on hotel/motel occupancy. The special assessment is provided by State statute, which restricts expenditures to specific uses.
- **Maude Cobb Activity Fund** - This fund accounts for the activities associated with the Maude Cobb Activity Center. This center is funded by the hotel occupancy tax, an interfund transfer by the General Fund and by user fees.
- **Drainage Sales Tax** - To account for a portion of the City's sales tax to be used on various drainage projects.
- **School Crossing Guard** - To account for court fees collected when a person is convicted of an offense within a school crossing zone. In a municipal court case these funds are required to be used for a school crossing guard program.
- **Special Revenue Grants** - To account for special revenue funds which are individually insignificant to the Special Revenue Funds assets, liabilities, revenues, expenditures and fund balance as a whole. These funds are the Home Investment Partnership grant, Shelter Plus Care grant, Metropolitan Planning Organization grant, State Homeland Security grant, Child Sexual Predator Program, Children of Prisoners grant, Department of Energy Block Grant, Rural Generator grant, Longview Train Station & Multimodal Center grant, ICAC V and VII grants, STEP Tobacco grant, Crisis Response grant, Lone Star Libraries, Bulletproof vests grant, Sexual Assault Nurse Exam grant, Mentoring Program grant, Highland Village Homeownership grant, and Miscellaneous grants.
- **Donations** - To account for restricted donations made to the City.
- **Federal Motor Carrier Violations** – To account for fines collected under the Federal Motor Carrier Safety Assistance Program.
- **Tax Increment Fund** - To account for the property taxes collected within the Tax Incremental Reinvestment Zone.
- **Photo Enforcement Program - Red Flex** – To account for fines collected as a result of the traffic light cameras.
- **Cable Franchise Fee Agreement** - To account for the State-Issued Cable and Video Franchise Agreement which provides a 1% "Public Educational and Government" or PEG assessment on local cable bills through local cable television providers. The Cable Franchise Funds can only be used for specific equipment and resources related to providing quality television programming to the citizens of Longview.
- **Convention & Visitors Bureau** – To account for the activities of promoting the City of Longview to visitors and potential travelers to generate economic benefit through travel and tourism.
- **Animal Shelter Donations** – To account for donations received by the City that are restricted for use by the Animal Shelter.

CITY OF LONGVIEW, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Municipal Court	Community Development Block Grant	Housing Assistance	Transit System	Police Department Special
ASSETS					
Cash and cash equivalents	\$ 23,454	\$ -	\$ 1,256,584	\$ -	\$ 20,362
Investments	119,790	-	-	-	103,996
Accounts receivable, net	-	-	23,003	-	-
Due from other funds	-	-	-	-	-
Intergovernmental receivables	-	228,006	-	95,242	-
Total assets	<u>\$ 143,244</u>	<u>\$ 228,006</u>	<u>\$ 1,279,587</u>	<u>\$ 95,242</u>	<u>\$ 124,358</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 858	\$ 52,213	\$ 1,305	\$ 90,673	\$ -
Accrued liabilities	2,557	3,904	-	-	-
Due to other funds	-	171,889	91,027	37,748	-
Other payables	-	-	2,156	-	15,409
Family self-sufficiency escrow	-	-	68,557	-	-
Total liabilities	<u>3,415</u>	<u>228,006</u>	<u>163,045</u>	<u>128,421</u>	<u>15,409</u>
DEFERRED INFLOWS OF RESOURCES					
Advance of grant funds	-	-	-	-	-
Unavailable revenue	-	-	21,466	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>21,466</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted for:					
Municipal court facilities	139,829	-	-	-	-
Purposes of grantors and donors	-	-	1,095,076	-	-
911 Emergency operations	-	-	-	-	-
Tourism and convention facilities	-	-	-	-	-
PEG access channels	-	-	-	-	-
Other public safety	-	-	-	-	108,949
Committed to:					
Drainage improvements	-	-	-	-	-
Unassigned:	-	-	-	(33,179)	-
Total fund balances	<u>139,829</u>	<u>-</u>	<u>1,095,076</u>	<u>(33,179)</u>	<u>108,949</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 143,244</u>	<u>\$ 228,006</u>	<u>\$ 1,279,587</u>	<u>\$ 95,242</u>	<u>\$ 124,358</u>

E-911	Hotel Occupancy Tax	Maude Cobb Activity Fund	Drainage Sales Tax	School Crossing Guard	Grants	Donations	Federal Motor Carrier Violations
\$ 112,508	\$ 215,167	\$ 79,282	\$ 919,064	\$ 6,943	\$ 45,468	\$ 11,826	\$ 28,716
574,614	1,098,929	404,404	-	35,458	232,217	60,397	146,663
104,020	259,334	-	846,890	-	-	-	-
-	154,500	-	-	-	91,027	-	-
-	-	-	-	-	721,613	-	-
<u>\$ 791,142</u>	<u>\$ 1,727,930</u>	<u>\$ 483,686</u>	<u>\$ 1,765,954</u>	<u>\$ 42,401</u>	<u>\$ 1,090,325</u>	<u>\$ 72,223</u>	<u>\$ 175,379</u>
\$ 2,363	\$ 20,569	\$ 57,388	\$ 39,422	\$ -	\$ 79,560	\$ 5,031	\$ -
18,851	6,751	12,931	32,384	2,043	19,254	-	-
-	-	-	-	-	-	-	-
-	-	9,412	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>21,214</u>	<u>27,320</u>	<u>79,731</u>	<u>71,806</u>	<u>2,043</u>	<u>98,814</u>	<u>5,031</u>	<u>-</u>
-	-	-	-	-	762,033	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	<u>762,033</u>	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	229,478	67,192	-
769,928	-	-	-	-	-	-	-
-	1,700,610	403,955	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	40,358	-	-	175,379
-	-	-	1,694,148	-	-	-	-
-	-	-	-	-	-	-	-
<u>769,928</u>	<u>1,700,610</u>	<u>403,955</u>	<u>1,694,148</u>	<u>40,358</u>	<u>229,478</u>	<u>67,192</u>	<u>175,379</u>
<u>\$ 791,142</u>	<u>\$ 1,727,930</u>	<u>\$ 483,686</u>	<u>\$ 1,765,954</u>	<u>\$ 42,401</u>	<u>\$ 1,090,325</u>	<u>\$ 72,223</u>	<u>\$ 175,379</u>

(continued)

CITY OF LONGVIEW, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2016

	Tax Increment District	Red Flex	Cable Franchise	Convention & Visitors Bureau	Animal Shelter Donations	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ 55,020	\$ 16,267	\$ 69,629	\$ 384	\$ 2,860,674
Investments	-	281,008	83,081	355,615	1,966	3,498,138
Accounts receivable, net	-	-	22,548	-	-	1,255,795
Due from other funds	-	-	-	-	-	245,527
Intergovernmental receivables	-	-	-	-	-	1,044,861
Total assets	<u>\$ -</u>	<u>\$ 336,028</u>	<u>\$ 121,896</u>	<u>\$ 425,244</u>	<u>\$ 2,350</u>	<u>\$ 8,904,995</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 4,572	\$ 14,694	\$ -	\$ 368,648
Accrued liabilities	-	-	-	6,107	-	104,782
Due to other funds	-	-	-	154,500	-	455,164
Other payables	-	986	-	-	-	27,963
Family self-sufficiency escrow	-	-	-	-	-	68,557
Total liabilities	-	986	4,572	175,301	-	1,025,114
DEFERRED INFLOWS OF RESOURCES						
Advances of grant funds	-	-	-	-	-	762,033
Unavailable revenue	-	-	-	-	-	21,466
	-	-	-	-	-	783,499
Fund balances:						
Restricted for:						
Municipal court facilities	-	-	-	-	-	139,829
Purposes of grantors and donors	-	-	-	-	2,350	1,394,096
911 Emergency operations	-	-	-	-	-	769,928
Tourism and convention facilities	-	-	-	249,943	-	2,354,508
PEG access channels	-	-	117,324	-	-	117,324
Other public safety	-	335,042	-	-	-	659,728
Committed to:						
Drainage improvements	-	-	-	-	-	1,694,148
Unassigned:	-	-	-	-	-	(33,179)
Total fund balances	-	335,042	117,324	249,943	2,350	7,096,382
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 336,028</u>	<u>\$ 121,896</u>	<u>\$ 425,244</u>	<u>\$ 2,350</u>	<u>\$ 8,904,995</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Municipal Court	Community Development Block Grant	Housing Assistance	Transit System	Police Department Special	E-911
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	540,622	6,505,128	1,807,858	-	-
Fines and forfeitures	110,840	-	-	-	27,516	-
Charges for services	-	-	-	283,205	-	790,857
Investment earnings	861	-	3,495	-	570	3,754
Miscellaneous	-	-	227,853	-	-	-
Total revenues	<u>111,701</u>	<u>540,622</u>	<u>6,736,476</u>	<u>2,091,063</u>	<u>28,086</u>	<u>794,611</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	173,971	-	-	-	11,382	849,603
Public works	-	-	-	-	-	-
Developmental services	-	372,343	-	-	-	-
Public welfare	-	-	6,429,114	-	-	-
Culture and recreation	-	-	-	-	-	-
Public transit	-	-	-	1,797,773	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	-	168,279	-	590,200	-	-
Total expenditures	<u>173,971</u>	<u>540,622</u>	<u>6,429,114</u>	<u>2,387,973</u>	<u>11,382</u>	<u>849,603</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(62,270)	-	307,362	(296,910)	16,704	(54,992)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	325,000	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(62,270)	-	307,362	28,090	16,704	(54,992)
FUND BALANCES, BEGINNING	<u>202,099</u>	<u>-</u>	<u>787,714</u>	<u>(61,269)</u>	<u>92,245</u>	<u>824,920</u>
FUND BALANCES, ENDING	<u>\$ 139,829</u>	<u>\$ -</u>	<u>\$ 1,095,076</u>	<u>\$ (33,179)</u>	<u>\$ 108,949</u>	<u>\$ 769,928</u>

Hotel Occupancy Tax	Maude Cobb Activity Fund	Drainage Sales Tax	School Crossing Guard	Grants	Donations	Federal Motor Carrier Violations
\$ 739,856	\$ 933,902	\$ 4,962,921	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,164,217	-	-
-	-	-	-	-	-	82,562
-	420,423	-	45,373	-	-	-
1,412	2,799	6,138	189	-	-	692
-	11,482	-	-	-	102,324	-
<u>741,268</u>	<u>1,368,606</u>	<u>4,969,059</u>	<u>45,562</u>	<u>1,164,217</u>	<u>102,324</u>	<u>83,254</u>
-	-	-	-	-	176	-
-	-	-	50,062	334,698	13,680	23,765
-	-	4,435,360	-	155,774	-	-
-	-	-	-	282,246	-	-
-	-	-	-	-	-	-
626,495	1,161,443	-	-	6,627	24,241	-
-	-	-	-	4,000	-	-
-	3,507	7,392	-	-	-	-
-	1,355	2,855	-	-	-	-
30,936	187,919	35,312	-	433,112	18,931	-
<u>657,431</u>	<u>1,354,224</u>	<u>4,480,919</u>	<u>50,062</u>	<u>1,216,457</u>	<u>57,028</u>	<u>23,765</u>
83,837	14,382	488,140	(4,500)	(52,240)	45,296	59,489
-	-	-	-	150,000	-	-
-	-	(1,000,000)	-	-	-	-
<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
83,837	14,382	(511,860)	(4,500)	97,760	45,296	59,489
<u>1,616,773</u>	<u>389,573</u>	<u>2,206,008</u>	<u>44,858</u>	<u>131,718</u>	<u>21,896</u>	<u>115,890</u>
<u>\$ 1,700,610</u>	<u>\$ 403,955</u>	<u>\$ 1,694,148</u>	<u>\$ 40,358</u>	<u>\$ 229,478</u>	<u>\$ 67,192</u>	<u>\$ 175,379</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, 2016

	Tax Increment District	Red Flex	Cable Franchise	Convention & Visitors Bureau	Animal Shelter Donations	Totals
REVENUES						
Taxes	\$ 4,116	\$ -	\$ 92,632	\$ 596,407	\$ -	\$ 7,329,834
Intergovernmental	-	-	-	-	-	10,017,825
Fines and forfeitures	-	18	-	-	-	220,936
Charges for services	-	-	-	-	-	1,539,858
Investment earnings	432	1,841	465	1,442	-	24,090
Miscellaneous	-	-	-	-	2,350	344,009
Total revenues	4,548	1,859	93,097	597,849	2,350	19,476,552
EXPENDITURES						
Current:						
General government	-	-	57,765	-	-	57,941
Public safety	-	13,391	-	-	-	1,470,552
Public works	-	-	-	-	-	4,591,134
Developmental services	11,061	-	-	-	-	665,650
Public welfare	-	-	-	-	-	6,429,114
Culture and recreation	-	-	-	397,906	-	2,216,712
Public transit	-	-	-	-	-	1,801,773
Debt service:						
Principal	-	-	-	-	-	10,899
Interest and other charges	-	-	-	-	-	4,210
Capital outlay	-	18,326	5,140	-	-	1,488,155
Total expenditures	11,061	31,717	62,905	397,906	-	18,736,140
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,513)	(29,858)	30,192	199,943	2,350	740,412
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	50,000	-	525,000
Transfers out	(95,610)	-	-	-	-	(1,095,610)
Total other financing sources and uses	(95,610)	-	-	50,000	-	(570,610)
NET CHANGE IN FUND BALANCES	(102,123)	(29,858)	30,192	249,943	2,350	169,802
FUND BALANCES, BEGINNING	102,123	364,900	87,132	-	-	6,926,580
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 335,042</u>	<u>\$ 117,324</u>	<u>\$ 249,943</u>	<u>\$ 2,350</u>	<u>\$ 7,096,382</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, 2016

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Property taxes	\$ 7,144,994	\$ 7,144,994	\$ 7,260,083	\$ 45,657	\$ 7,305,740	\$ 160,746
Interest revenue	20,000	20,000	36,190	-	36,190	16,190
Total revenue	7,164,994	7,164,994	7,296,273	45,657	7,341,930	176,936
EXPENDITURES						
Debt Service:						
Paying agent	6,000	6,000	4,084	-	4,084	1,916
Principal retirement	4,855,000	4,855,000	4,870,000	-	4,870,000	(15,000)
Interest and other charges	2,503,994	2,503,994	2,426,711	-	2,426,711	77,283
Total expenditures	7,364,994	7,364,994	7,300,795	-	7,300,795	64,199
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(200,000)	(200,000)	(4,522)	45,657	41,135	241,135
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	-	19,345,112	-	19,345,112	19,345,112
Transfers in	-	-	(19,345,112)	-	(19,345,112)	(19,345,112)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(200,000)	(200,000)	(4,522)	45,657	41,135	241,135
FUND BALANCE - BEGINNING	2,328,153	2,328,153	2,328,153	-	2,328,153	-
FUND BALANCE - END	2,128,153	2,128,153	2,323,631	45,657	2,369,288	241,135

**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, 2016**

	Budgeted Amounts					
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
REVENUE						
Intergovernmental	\$ 545,922	\$ 545,922	\$ 545,921	-	\$ 545,921	-
Investment earnings	86,430	86,430	86,430	-	86,430	-
Miscellaneous	592,545	592,545	592,545	-	592,545	-
Total revenue	1,224,896	1,224,896	1,224,896	-	1,224,896	-
EXPENDITURES						
Current:						
General government	980,386	980,386	10,457	-	10,457	969,929
Public works	-	-	18,232	-	18,232	(18,232)
Debt service:						
Interest and other fiscal charges	-	-	126,875	-	126,875	(126,875)
Capital outlay	32,702,997	32,702,997	14,469,351	-	14,469,351	18,233,646
Total expenditures	33,683,383	33,683,383	14,624,915	-	14,624,915	19,058,468
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(32,458,487)	(32,458,487)	(13,400,019)	-	(13,400,019)	19,058,468
OTHER FINANCING SOURCES (USES)						
Premium on bonds issued	-	-	1,143,925	-	1,143,925	1,143,925
Proceeds from long-term debt	8,117,103	8,117,103	6,970,000	-	6,970,000	(1,147,103)
Transfers in	1,000,000	1,000,000	1,000,000	-	1,000,000	-
Transfers out	(710,000)	(710,000)	(429,238)	-	(429,238)	280,762
Total other financing sources (uses)	8,407,103	8,407,103	8,684,687	-	8,684,687	277,584
NET CHANGE IN FUND BALANCE	(24,051,384)	(24,051,384)	(4,715,332)	-	(4,715,332)	19,336,052
FUND BALANCE - BEGINNING	23,918,361	23,918,361	23,918,361	-	23,918,361	-
FUND BALANCE - END	\$ (133,023)	\$ (133,023)	\$ 19,203,029	\$ -	\$ 19,203,029	\$ 19,336,052

**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, 2016**

	<u>Budgeted Amounts</u>					Variance with Final Budget
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
REVENUE						
Fines and forfeitures	\$ 110,200	\$ 110,200	\$ 110,840	-	\$ 110,840	\$ 640
Investment earnings	-	600	861	-	861	261
Total revenue	110,200	110,800	111,701	-	111,701	901
EXPENDITURES						
Current:						
Public safety	212,411	212,411	173,971	89	174,060	38,351
Capital outlay	-	-	-	-	-	-
Total expenditures	212,411	212,411	173,971	89	174,060	38,351
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(102,211)	(101,611)	(62,270)	(89)	(62,359)	39,252
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(102,211)	(101,611)	(62,270)	(89)	(62,359)	39,252
FUND BALANCE - BEGINNING	202,099	202,099	202,099	-	202,099	-
FUND BALANCE - END	\$ 99,888	\$ 100,488	\$ 139,829	\$ (89)	\$ 139,740	\$ 39,252

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, 2016

	Budgeted Amounts					
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
REVENUE						
Intergovernmental	\$ 884,933	\$ 884,933	\$ 540,622	-	\$ 540,622	\$ (344,311)
Total revenue	884,933	884,933	540,622	-	540,622	(344,311)
EXPENDITURES						
Current:						
Developmental services	524,253	524,253	372,343	-	372,343	151,910
Capital outlay	360,680	360,680	168,279	-	168,279	192,401
Total expenditures	884,933	884,933	540,622	-	540,622	344,311
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE						
FUND BALANCE - BEGINNING						
FUND BALANCE - END	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

	Budgeted Amounts				Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final						
REVENUE								
Intergovernmental	\$ 1,677,878	\$ 2,012,543	\$ 1,807,858	-	\$ 1,807,858	-	\$ 1,807,858	\$ (204,685)
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenue	1,677,878	2,012,543	1,807,858	-	1,807,858	-	1,807,858	(204,685)
EXPENDITURES								
Current:								
Public transit	1,736,843	1,736,843	1,514,568	-	1,514,568	-	1,514,568	222,275
Capital outlay	266,035	600,700	590,200	-	590,200	-	590,200	10,500
Total expenditures	2,002,878	2,337,543	2,104,768	-	2,104,768	-	2,104,768	232,775
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(325,000)	(325,000)	(296,910)	-	(296,910)	-	(296,910)	28,090
OTHER FINANCING SOURCES (USES)								
Insurance Proceeds - Capital Asset	-	-	-	-	-	-	-	-
Transfers in	325,000	325,000	325,000	-	325,000	-	325,000	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	325,000	325,000	325,000	-	325,000	-	325,000	-
NET CHANGE IN FUND BALANCE	-	-	28,090	-	28,090	-	28,090	28,090
FUND BALANCE - BEGINNING	(61,269)	(61,269)	(61,269)	-	(61,269)	-	(61,269)	-
FUND BALANCE - END	(61,269)	(61,269)	(33,179)	\$	(33,179)	\$	(33,179)	\$ 28,090

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, 2016

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 27,516	-	\$ 27,516	\$ 12,516
Investment earnings	500	500	569	-	569	69
Total revenue	15,500	15,500	28,086	-	28,086	12,586
EXPENDITURES						
Current:						
Public transit	15,055	15,055	11,382	-	11,382	3,673
Capital outlay	-	-	-	-	-	-
Total expenditures	15,055	15,055	11,382	-	11,382	3,673
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	445	445	16,704	-	16,704	16,259
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	445	445	16,704	-	16,704	16,259
FUND BALANCE - BEGINNING	92,245	92,245	92,245	-	92,245	-
FUND BALANCE - END	\$ 92,690	\$ 92,690	\$ 108,949	\$ -	\$ 108,949	\$ 16,259

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, 2016

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ 780,000	\$ 780,000	\$ 790,857	\$ 997	\$ 791,854	\$ 11,854
Investment earnings	2,000	2,000	3,754	-	3,754	1,754
Total revenue	782,000	782,000	794,611	997	795,608	13,608
EXPENDITURES						
Current:						
Culture and recreation	882,779	882,779	849,603	(3,099)	846,504	36,275
Capital outlay	47,500	47,500	-	-	-	47,500
Total expenditures	930,279	930,279	849,603	(3,099)	846,504	83,775
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(148,279)	(148,279)	(54,992)	4,096	(50,896)	97,383
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(148,279)	(148,279)	(54,992)	4,096	(50,896)	97,383
FUND BALANCE - BEGINNING	824,920	824,920	824,920	-	824,920	-
FUND BALANCE - END	\$ 676,641	\$ 676,641	\$ 769,928	\$ 4,096	\$ 774,024	\$ 97,383

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, 2016

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ 876,291	\$ 876,291	\$ 739,855	\$ (16,437)	\$ 723,418	\$ (152,873)
Investment earnings	3,000	3,000	1,412	-	1,412	(1,588)
Total revenue	879,291	879,291	741,267	(16,437)	724,830	(154,461)
EXPENDITURES						
Current:						
Culture and recreation	800,584	800,584	626,494	(6,751)	619,743	180,841
Capital outlay	213,500	213,500	30,936		30,936	182,564
Total expenditures	1,014,084	1,014,084	657,430	(6,751)	650,679	363,405
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(134,793)	(134,793)	83,837	(9,686)	74,151	208,944
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(134,793)	(134,793)	83,837	(9,686)	74,151	208,944
FUND BALANCE - BEGINNING	1,616,773	1,616,773	1,616,773	-	1,616,773	-
FUND BALANCE - END	1,481,980	1,481,980	1,700,610	(9,686)	1,690,924	208,944

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, 2016

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ 933,902	\$ 933,902	\$ 933,902	-	\$ 933,902	-
Charges for services	415,000	415,000	420,423	-	420,423	5,423
Investment earnings	2,500	2,500	2,799	-	2,799	299
Miscellaneous revenue	3,350	3,350	11,482	-	11,482	8,132
Miscellaneous						
Total revenue	1,354,752	1,354,752	1,368,607	-	1,368,607	13,855
EXPENDITURES						
Current:						
Culture and recreation	1,266,876	1,266,876	1,166,307	(827)	1,165,479	101,397
Capital outlay	155,410	155,410	187,918	-	187,918	(32,508)
Total expenditures	1,422,286	1,422,286	1,354,225	(827)	1,353,398	68,888
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(67,534)	(67,534)	14,382	827	15,209	82,743
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(67,534)	(67,534)	14,382	827	15,209	82,743
FUND BALANCE - BEGINNING	389,573	389,573	389,573	-	389,573	-
FUND BALANCE - END	322,039	322,039	403,955	827	404,782	82,743

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, 2016

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ 5,436,005	\$ 5,436,005	\$ 4,962,921	\$ 7,735	\$ 4,970,655	\$ (465,349)
Investment earnings	-	-	6,138	89	6,227	\$ 6,227
Miscellaneous revenue	-	-	-	-	-	-
Total revenue	5,436,005	5,436,005	4,969,059	7,824	4,976,882	(459,122)
EXPENDITURES						
Current:						
Public works	4,735,758	4,749,896	4,435,361	(2,332)	4,433,030	316,866
Debt service:						
Principal	2,855	2,855	2,855	-	2,855	(0)
Interest and other charges	7,391	7,391	7,391	-	7,391	(0)
Capital outlay	-	26,812	35,312	-	35,312	(8,500)
Total expenditures	4,746,004	4,786,954	4,480,919	(2,332)	4,478,588	308,366
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	690,001	649,051	488,140	10,156	498,294	(150,756)
OTHER FINANCING SOURCES (USES)						
Proceeds from capital lease	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-	(1,000,000)	-
Total other financing sources (uses)	(1,000,000)	(1,000,000)	(1,000,000)	-	(1,000,000)	-
NET CHANGE IN FUND BALANCE	(309,999)	(350,949)	(511,860)	10,156	(501,706)	(150,756)
FUND BALANCE - BEGINNING	2,206,008	2,206,008	2,206,008	-	2,206,008	-
FUND BALANCE - END	\$ 1,896,009	\$ 1,855,059	\$ 1,694,148	\$ 10,156	\$ 1,704,302	\$ (150,756)

CITY OF LONGVIEW, TEXAS
 SCHOOL CROSSING GUARD SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Fines and forfeitures	\$ 58,518	\$ 58,518	\$ 45,373	\$ -	\$ 45,373	\$ (13,145)
Investment earnings	-	-	189	-	189	189
Total revenue	58,518	58,518	45,562	-	45,562	(12,956)
EXPENDITURES						
Current:						
Public safety	58,521	58,521	50,063	(2,043)	48,020	10,501
Total expenditures	58,521	58,521	50,063	(2,043)	48,020	10,501
	(3)	(3)	(4,500)	2,043	(2,457)	(2,454)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES						
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(3)	(3)	(4,500)	2,043	(2,457)	(2,454)
FUND BALANCE - BEGINNING	44,858	44,858	44,858	-	44,858	-
FUND BALANCE - END	44,855	44,855	40,358	2,043	42,401	(2,454)

**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, 2016**

	Budgeted Amounts							
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget		
REVENUE								
Intergovernmental	\$ 3,544,615	\$ 3,544,615	\$ 1,164,217	\$ -	\$ 1,164,214	\$ (2,380,401)		
Total revenue	3,544,615	3,544,615	1,164,217	-	1,164,214	(2,380,401)		
EXPENDITURES								
Current:								
Public safety	1,146,927	1,146,927	250,565	-	250,563	896,364		
Public works	336,724	336,724	155,773	(2,535)	153,238	183,486		
Community Development	455,367	455,367	282,245	-	282,245	173,122		
Developmental services	100,184	100,184	84,136	(359)	83,777	16,407		
Culture and recreation	3,000	3,000	6,626	-	6,626	(3,626)		
Public transit	6,500	6,500	4,000	-	4,000	2,500		
Capital outlay	1,595,913	1,595,913	433,112	-	433,112	1,162,801		
Total expenditures	3,644,615	3,644,615	1,216,457	(2,895)	1,213,561	2,431,054		
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(100,000)	(100,000)	(52,240)	2,895	(49,347)	50,653		
OTHER FINANCING SOURCES (USES)								
Transfers in	100,000	100,000	150,000	-	150,000	50,000		
Transfers out	-	-	-	-	-	-		
Total other financing sources (uses)	100,000	100,000	150,000	-	150,000	50,000		
SPECIAL ITEM								
Change in accounting estimate	-	-	97,760	2,895	100,653	100,653		
NET CHANGE IN FUND BALANCE								
FUND BALANCE - BEGINNING	131,718	131,718	131,718	-	131,718	-		
FUND BALANCE - END	131,718	131,718	229,478	2,895	232,371	100,653		

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, 2016

	Budgeted Amounts					Actual on Budgetary Basis	Adjustments to Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis			
REVENUE								
Miscellaneous revenue	\$ 105,000	\$ 105,000	\$ 102,324	\$ -	\$ 102,324	\$ -	\$ (2,676)	
Total revenue	105,000	105,000	102,324	-	102,324	-	(2,676)	
EXPENDITURES								
Current:								
General government	100,000	100,000	177	-	177	-	99,823	
Public safety	-	-	13,680	-	13,680	-	(13,680)	
Development services	-	-	-	-	-	-	-	
Culture and recreation	-	-	24,241	-	24,241	-	(24,241)	
Capital outlay	-	-	18,931	-	18,931	-	(18,931)	
Total expenditures	100,000	100,000	57,028	-	57,028	-	42,972	
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	5,000	5,000	45,296	-	45,296	-	40,296	
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	-	-	-	
NET CHANGE IN FUND BALANCE	5,000	5,000	45,296	-	45,296	-	40,296	
FUND BALANCE - BEGINNING	21,896	21,896	21,896	-	21,896	-	-	
FUND BALANCE - END	\$ 26,896	\$ 26,896	\$ 67,192	\$ -	\$ 67,192	\$ -	\$ 40,296	

CITY OF LONGVIEW, TEXAS
FEDERAL MOTOR CARRIER VIOLATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Fines and forfeitures	\$ -	\$ -	\$ 18	\$ 1,953	\$ 1,971	\$ 1,971
Investment earnings	-	-	1,841	-	1,841	1,841
Total revenue	-	-	1,859	1,953	3,812	3,812
EXPENDITURES						
Current:						
Public safety	33,799	33,799	13,391	(986)	12,404	21,395
Capital outlay	279,622	279,622	18,326	-	18,326	261,296
Total expenditures	313,421	313,421	31,717	(986)	30,730	282,691
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(313,421)	(313,421)	(29,858)	2,939	(26,918)	286,503
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(313,421)	(313,421)	(29,858)	2,939	(26,918)	286,503
FUND BALANCE - BEGINNING	364,900	364,900	364,900	-	364,900	-
FUND BALANCE - END	\$ 51,479	\$ 51,479	\$ 335,042	\$ 2,939	\$ 337,982	\$ 286,503

CITY OF LONGVIEW, TEXAS
 RED FLEX SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts						
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget	
REVENUE							
Fines and forfeitures	\$ 42,000	\$ 42,000	\$ 82,562	\$ -	\$ 82,562	\$ 40,562	
Investment earnings	-	-	692	-	692	692	
Total revenue	42,000	42,000	83,254	-	83,254	41,254	
EXPENDITURES							
Current:							
Public safety	34,994	34,994	23,765	-	23,765	11,229	
Capital outlay	12,000	12,000	-	-	-	12,000	
Total expenditures	46,994	46,994	23,765	-	23,765	23,229	
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(4,994)	(4,994)	59,489	-	59,489	64,483	
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	-	-	
NET CHANGE IN FUND BALANCE	(4,994)	(4,994)	59,489	-	59,489	64,483	
FUND BALANCE - BEGINNING	115,890	115,890	115,890	-	115,890	-	
FUND BALANCE - END	\$ 110,896	\$ 110,896	\$ 175,379	\$ -	\$ 175,379	\$ 64,483	

CITY OF LONGVIEW, TEXAS
CABLE FRANCHISE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ 101,604	\$ 101,604	\$ 92,632	\$ 1,952	\$ 94,584	\$ (7,020)
Investment earnings	-	-	465	-	465	465
Total revenue	101,604	101,604	93,097	1,952	95,049	(6,555)
EXPENDITURES						
Current:						
General government	61,320	61,320	57,766	-	57,766	3,554
Capital outlay	15,000	15,000	5,140	-	5,140	9,860
Total expenditures	76,320	76,320	62,907	-	62,907	13,413
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	25,284	25,284	30,191	1,952	32,143	6,859
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	25,284	25,284	30,191	1,952	32,143	6,859
FUND BALANCE - BEGINNING	87,133	87,133	87,133	-	87,133	-
FUND BALANCE - END	\$ 112,417	\$ 112,417	\$ 117,324	\$ 1,952	\$ 119,276	\$ 6,859

CITY OF LONGVIEW, TEXAS
CONVENTION AND VISITORS BUREAU SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts					
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
REVENUE						
Taxes	\$ -	\$ 596,407	\$ 596,407	\$ -	\$ 596,407	\$ -
Investment earnings	-	-	1,442	-	1,442	1,442
Total revenue	-	596,407	597,849	-	597,849	1,442
EXPENDITURES						
Current:						
Culture and Recreation	-	646,407	397,906	(6,107)	391,799	254,608
Capital Outlay	-	-	-	-	-	-
Total expenditures	-	646,407	397,906	(6,107)	391,799	254,608
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	(50,000)	199,943	6,107	206,050	256,050
OTHER FINANCING SOURCES (USES)						
Transfers in	-	50,000	50,000	-	50,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	50,000	50,000	-	50,000	-
NET CHANGE IN FUND BALANCE	-	-	249,943	6,107	256,050	256,050
FUND BALANCE - BEGINNING	-	-	-	-	-	-
FUND BALANCE - END	\$ -	\$ -	\$ 249,943	\$ 6,107	\$ 256,050	\$ 256,050

CITY OF LONGVIEW, TEXAS
ANIMAL SHELTER DONATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts				Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final						
REVENUE								
Miscellaneous revenue	-	150,000	2,350	-	2,350	-	2,350	(147,650)
Total revenue	-	150,000	2,350	-	2,350	-	2,350	(147,650)
EXPENDITURES								
Current:								
General government	-	150,000	-	-	-	-	-	150,000
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	-	150,000	-	-	-	-	-	150,000
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	-	2,350	-	2,350	-	2,350	2,350
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	2,350	-	2,350	-	2,350	2,350
FUND BALANCE - BEGINNING	-	-	-	-	-	-	-	-
FUND BALANCE - END	-	-	2,350	-	2,350	-	2,350	2,350

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, 2016

	Budgeted Amounts						Variance with Final Budget
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis		
REVENUE							
Taxes	\$ -	\$ -	\$ 4,116	\$ -	\$ 4,116	\$ 4,116	\$ 4,116
Investment earnings	-	-	432	-	432	432	432
Total revenue	-	-	4,548	-	4,548	4,548	4,548
EXPENDITURES							
Current:							
Development services	75,000	75,000	11,061	-	11,061	63,939	63,939
Total expenditures	75,000	75,000	11,061	-	11,061	63,939	63,939
	(75,000)	(75,000)	(6,513)	-	(6,513)	68,487	68,487
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES							
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(95,610)	-	(95,610)	(95,610)	(95,610)
Total other financing sources (uses)	-	-	(95,610)	-	(95,610)	(95,610)	(95,610)
NET CHANGE IN FUND BALANCE	(75,000)	(75,000)	(102,123)	-	(102,123)	(27,123)	(27,123)
FUND BALANCE - BEGINNING	102,123	102,123	102,123	-	102,123	-	-
FUND BALANCE - END	\$ 27,123	\$ 27,123	\$ -	\$ -	\$ -	\$ -	\$ (27,123)

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/IT Services Fund** - To account for the city's charges to various funds for information technology services and to account for the City's geographic information system department which is responsible for creating and maintaining an intricate mapping system of the City.
- **Fleet Services Fund** - To account for the activities of the City's fleet management garage which is responsible for maintaining the City's vehicle fleet.
- **Vehicle Replacement Fund** - To account for the City's charges to various funds for the purchase of vehicles. This fund is utilized to maintain an inventory of vehicles for use by City departments.
- **Media Development Fund** - To account for the City's charges to various funds for administration and maintenance of the City's website, internet presence, social media outlets and other communication and advertising efforts. In addition, this fund operates the City's two 24 hour television channels.

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2016

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 134,742	\$ 1,038,429	\$ 79,848
Investments	688,168	507,056	407,805
Accounts receivable, net	-	552,913	-
Inventories	-	-	-
Accrued interest	-	410	-
Total current assets	<u>822,910</u>	<u>2,098,808</u>	<u>487,653</u>
Non-current assets:			
Capital assets:			
Buildings	-	-	-
Machinery and equipment	35,216	-	-
Less accumulated depreciation	(20,683)	-	-
Total non-current assets	<u>14,533</u>	<u>-</u>	<u>-</u>
Total assets	<u>837,443</u>	<u>2,098,808</u>	<u>487,653</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>117,254</u>	<u>-</u>	<u>-</u>
Total deferred outflows or resources	<u>117,254</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	19,108	115,365	420
Accrued liabilities	8,592	838	-
Claims and judgments	33,175	1,580,544	67,760
Compensated absences	2,678	-	-
Capital lease obligation	-	-	-
Total current liabilities	<u>63,553</u>	<u>1,696,747</u>	<u>68,180</u>
Non-current liabilities:			
Compensated absences	15,177	-	-
Capital lease obligation	-	-	-
Net pension liability	171,596	-	-
Other post-employment benefits	10,454	-	-
Total non-current liabilities	<u>197,227</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>260,780</u>	<u>1,696,747</u>	<u>68,180</u>
NET POSITION			
Net investment in capital assets	14,533	-	-
Unrestricted	<u>679,384</u>	<u>402,061</u>	<u>419,473</u>
Total net position	<u>\$ 693,917</u>	<u>\$ 402,061</u>	<u>\$ 419,473</u>

<u>GIS/IT Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ 23,086	\$ 76,250	\$ 102,608	\$ 21,855	\$ 1,476,818
117,906	389,427	2,547,089	111,623	4,769,074
-	-	-	-	552,913
-	195,336	-	-	195,336
-	-	1,397	-	1,807
<u>140,992</u>	<u>661,013</u>	<u>2,651,094</u>	<u>133,478</u>	<u>6,995,948</u>
16,573	390,123	-	-	406,696
1,175,574	258,745	17,110,012	-	18,579,547
(944,289)	(549,885)	(12,040,869)	-	(13,555,726)
<u>247,858</u>	<u>98,983</u>	<u>5,069,143</u>	<u>-</u>	<u>5,430,517</u>
<u>388,850</u>	<u>759,996</u>	<u>7,720,237</u>	<u>133,478</u>	<u>12,426,465</u>
<u>149,181</u>	<u>227,776</u>	<u>-</u>	<u>31,764</u>	<u>525,975</u>
<u>149,181</u>	<u>227,776</u>	<u>-</u>	<u>31,764</u>	<u>525,975</u>
5,193	61,671	-	1,091	202,848
30,168	18,917	-	7,019	65,534
-	-	-	-	1,681,479
6,840	6,996	-	3,085	19,599
-	2,254	-	-	2,254
<u>42,201</u>	<u>89,838</u>	<u>-</u>	<u>11,195</u>	<u>1,971,714</u>
38,758	39,648	-	17,488	111,071
-	18,294	-	-	18,294
214,420	333,339	-	46,485	765,840
75,943	60,088	-	1,362	147,847
<u>329,121</u>	<u>451,369</u>	<u>-</u>	<u>65,335</u>	<u>1,043,052</u>
<u>371,322</u>	<u>541,207</u>	<u>-</u>	<u>76,530</u>	<u>3,014,766</u>
247,858	78,435	5,069,143	-	5,409,969
(81,149)	368,130	2,651,094	88,712	4,527,705
<u>\$ 166,709</u>	<u>\$ 446,565</u>	<u>\$ 7,720,237</u>	<u>\$ 88,712</u>	<u>\$ 9,937,674</u>

CITY OF LONGVIEW, TEXAS

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
OPERATING REVENUES			
Premiums	\$ 489,735	\$ 8,937,352	\$ 526,071
Vehicle revenue	-	-	-
GIS/IT revenue	-	-	-
Media development revenue	-	-	-
Miscellaneous	-	53,772	-
Total operating revenues	<u>489,735</u>	<u>8,991,124</u>	<u>526,071</u>
OPERATING EXPENSES			
Personnel services	238,898	22,632	-
Supplies	15,448	25,106	-
Maintenance	1,894	2,742	-
Contractual services	105,481	637,139	46,004
Employee benefits	102,425	623	-
Claims and premiums, net of reimbursements	393,105	10,751,351	565,562
Depreciation	4,473	-	-
Total operating expenses	<u>861,724</u>	<u>11,439,593</u>	<u>611,566</u>
OPERATING INCOME (LOSS)	(371,989)	(2,448,469)	(85,495)
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	4,644	14,597	1,959
Gain (loss) on sale of fixed assets	-	-	-
Miscellaneous	-	-	-
Total non-operating revenue (expenses)	<u>4,644</u>	<u>14,597</u>	<u>1,959</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(367,345)	(2,433,872)	(83,536)
Capital contribution from governmental activities	-	-	-
Transfers in	-	500,000	-
Transfers out	-	-	-
SPECIAL ITEM			
Change in accounting estimate	<u>156,345</u>	<u>-</u>	<u>6,946</u>
CHANGE IN NET POSITION	(211,000)	(1,933,872)	(76,590)
TOTAL NET POSITION, BEGINNING	<u>904,917</u>	<u>2,335,933</u>	<u>496,063</u>
TOTAL NET POSITION, ENDING	<u>\$ 693,917</u>	<u>\$ 402,061</u>	<u>\$ 419,473</u>

<u>GIS/IT Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,953,158
-	2,190,810	638,107	-	2,828,917
2,098,511	-	-	-	2,098,511
-	-	-	299,945	299,945
-	-	-	-	53,772
<u>2,098,511</u>	<u>2,190,810</u>	<u>638,107</u>	<u>299,945</u>	<u>15,234,303</u>
968,111	472,518	-	155,552	1,857,711
143,160	1,356,844	-	863	1,541,421
1,700	11,751	43,985	679	62,751
767,607	82,020	8,064	34,706	1,681,021
152,338	238,613	-	66,033	560,032
-	-	-	-	11,710,018
131,859	10,716	1,396,621	-	1,543,669
<u>2,164,775</u>	<u>2,172,462</u>	<u>1,448,670</u>	<u>257,833</u>	<u>18,956,623</u>
(66,264)	18,348	(810,563)	42,112	(3,722,320)
1,135	2,187	29,535	338	54,395
(7,079)	4,600	51,806	-	49,327
-	27,233	95,349	28,565	151,147
<u>(5,944)</u>	<u>34,020</u>	<u>176,690</u>	<u>28,903</u>	<u>254,869</u>
(72,208)	52,368	(633,873)	71,015	(3,467,451)
193,510	-	-	-	193,510
-	22,000	-	-	522,000
-	-	(22,000)	-	(22,000)
-	-	-	-	163,291
121,302	74,368	(655,873)	71,015	(2,610,650)
45,407	372,197	8,376,110	17,697	12,548,324
<u>\$ 166,709</u>	<u>\$ 446,565</u>	<u>\$ 7,720,237</u>	<u>\$ 88,712</u>	<u>\$ 9,937,674</u>

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from City departments	\$ -	\$ -	\$ -
Cash received from premiums/contributions	489,735	8,981,741	526,071
Cash payments for claims and premiums	(353,585)	(10,097,774)	(570,888)
Cash payments for goods and services	(115,849)	(769,054)	(65,464)
Cash payments to employees/retirees	<u>(322,585)</u>	<u>(23,211)</u>	<u>(110,281)</u>
Net cash provided (used) by operating activities	(302,284)	(1,908,298)	(110,281)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received for miscellaneous items	-	-	-
Transfers in	-	500,000	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>500,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds for sale of assets	-	-	-
Insurance recoveries	-	-	-
Acquisition and construction of capital assets	-	-	-
Principal payments on long term debt	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	495,047	-
Purchase of investments	(688,168)	-	(407,805)
Interest on investments	4,644	15,077	1,959
Net cash provided by investing activities	<u>(683,524)</u>	<u>510,124</u>	<u>(405,846)</u>
NET INCREASE (DECREASE) IN CASH	(985,808)	(898,174)	(516,127)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,120,550</u>	<u>1,936,603</u>	<u>595,975</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 134,742</u></u>	<u><u>\$ 1,038,429</u></u>	<u><u>\$ 79,848</u></u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ 2,098,511	\$ 2,174,018	\$ 695,070	\$ 299,944	\$ 5,267,543
-	-	-	-	9,997,547
-	-	-	-	(11,022,247)
(1,112,033)	(1,395,111)	(26,006)	(36,133)	(3,519,650)
(836,172)	(705,172)	-	(200,878)	(2,088,018)
<u>150,306</u>	<u>73,735</u>	<u>669,064</u>	<u>62,933</u>	<u>(1,364,825)</u>
-	-	-	28,565	28,565
-	-	-	-	500,000
-	-	-	<u>28,565</u>	<u>528,565</u>
-	-	89,952	-	89,952
-	-	55,059	-	55,059
(153,692)	(5,400)	(1,542,312)	-	(1,701,404)
-	(2,174)	-	-	(2,174)
(153,692)	(7,574)	(1,397,301)	-	(1,558,567)
-	-	-	-	495,047
(117,906)	(389,427)	(546,226)	(111,623)	(2,261,155)
1,135	2,187	28,541	338	53,881
<u>(116,771)</u>	<u>(387,240)</u>	<u>(517,685)</u>	<u>(111,285)</u>	<u>(1,712,227)</u>
(120,157)	(321,079)	(1,245,922)	(19,787)	(4,107,054)
<u>143,243</u>	<u>397,329</u>	<u>1,348,530</u>	<u>41,642</u>	<u>5,583,872</u>
<u>\$ 23,086</u>	<u>\$ 76,250</u>	<u>\$ 102,608</u>	<u>\$ 21,855</u>	<u>\$ 1,476,818</u>

(Continued)

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (371,989)	\$ (2,448,469)	\$ (85,495)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	4,473	-	-
Miscellaneous non-operating revenue	-	-	-
Change in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	-	(9,384)	-
Inventories	-	-	-
Deferred outflows of resources	(82,830)	-	-
Increase (decrease) in liabilities:			
Accounts payable	6,973	10,277	(24,786)
Due to other funds	-	-	-
Accrued liabilities	(1,589)	44	-
Claims payable	39,520	539,234	-
Compensated absences payable	(537)	-	-
Net pension liability	103,353	-	-
Other post employment benefits	342	-	-
Total adjustments	<u>69,705</u>	<u>540,171</u>	<u>(24,786)</u>
Net cash provided (used) by operating activities	<u>\$ (302,284)</u>	<u>\$ (1,908,298)</u>	<u>\$ (110,281)</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Transfer of capital assets with other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Donated capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ (66,264)	\$ 18,348	\$ (810,563)	\$ 42,112	\$ (3,722,320)
131,859	10,716	1,396,621	-	1,543,669
-	27,233	-	-	27,233
-	-	-	-	(9,384)
-	(16,775)	-	-	(16,775)
(110,689)	(160,903)	-	(31,764)	(386,186)
(2,691)	14,229	(26,043)	115	(21,926)
-	-	109,049	-	109,049
17,304	4,178	-	1,335	21,272
-	-	-	-	578,754
19,292	(20,647)	-	4,650	2,758
138,113	200,771	-	46,485	488,722
23,382	(3,415)	-	-	20,309
<u>216,570</u>	<u>55,387</u>	<u>1,479,627</u>	<u>20,821</u>	<u>2,357,495</u>
<u>\$ 150,306</u>	<u>\$ 73,735</u>	<u>\$ 669,064</u>	<u>\$ 62,933</u>	<u>\$ (1,364,825)</u>
<u>\$ 193,510</u>	<u>\$ 22,000</u>	<u>\$ (22,000)</u>	<u>\$ -</u>	<u>\$ 193,510</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,290</u>	<u>\$ -</u>	<u>\$ 40,290</u>

STATISTICAL SECTION (UNAUDITED)

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	119
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	127
Debt Capacity 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.	131
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	136
Operating Information 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.	139

CITY OF LONGVIEW, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Invested in capital assets, net of related debt	\$ 39,130,985	\$ 51,234,856	\$ 51,131,067	\$ 50,526,891	\$ 51,682,767	\$ 53,447,645	\$ 57,302,882	\$ 54,393,324	\$ 56,970,760	\$ 60,872,475
Restricted	26,520,556	2,285,330	2,415,255	3,025,079	6,762,094	9,286,870	7,635,957	11,391,150	15,942,630	10,102,718
Unrestricted	4,249,027	18,699,690	20,121,625	22,702,632	22,534,886	19,416,012	21,454,125	18,925,277	(43,259,873)	(45,755,377)
Total governmental activities net position	\$ 69,900,568	\$ 72,219,876	\$ 73,667,947	\$ 76,254,602	\$ 80,979,747	\$ 82,150,527	\$ 86,392,964	\$ 84,709,751	\$ 29,653,517	\$ 25,219,816
Business-type activities:										
Invested in capital assets, net of related debt	\$ 48,251,955	\$ 44,909,638	\$ 44,187,739	\$ 41,554,130	\$ 40,333,213	\$ 39,397,519	\$ 39,074,801	\$ 44,463,455	\$ 43,777,934	\$ 46,414,194
Restricted	18,387,798	9,374,956	9,512,913	9,945,196	9,709,561	9,585,508	9,584,155	9,614,389	9,106,223	8,456,200
Unrestricted	5,341,065	16,062,001	14,360,944	13,260,494	16,980,547	20,042,784	25,341,219	21,604,043	24,050,096	25,163,252
Total business-type activities net position	\$ 71,980,818	\$ 70,346,595	\$ 68,061,596	\$ 64,759,820	\$ 67,023,321	\$ 69,025,811	\$ 74,000,175	\$ 75,681,887	\$ 76,934,253	\$ 80,033,646
Primary government:										
Invested in capital assets, net of related debt	87,382,940	96,144,494	95,318,806	92,081,021	92,015,980	92,845,164	96,377,683	98,856,779	100,748,694	107,286,669
Restricted	44,908,354	11,660,286	11,928,168	12,970,275	16,471,655	18,872,378	17,220,112	21,005,539	25,048,853	18,558,918
Unrestricted	9,590,092	34,761,691	34,482,569	35,963,126	39,515,433	39,458,796	46,795,344	40,529,320	(19,209,777)	(20,592,125)
Total primary government net position	141,881,386	142,566,471	141,729,543	141,014,422	148,003,068	151,176,338	160,393,139	160,391,638	106,587,770	105,253,462

Sources: City of Longview Finance Department

CITY OF LONGVIEW, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2007	2008	2009	2010
EXPENSES				
Governmental activities:				
General government	\$ 5,866,548	\$ 4,708,108	\$ 5,256,629	\$ 5,543,250
Public safety	31,458,698	36,122,785	38,920,999	38,313,379
Public works	10,378,876	10,741,787	10,652,928	10,159,012
Developmental services	2,830,925	3,911,298	3,251,860	3,214,619
Culture and recreation	6,716,245	8,853,686	10,969,680	10,659,666
Public transit	1,604,858	1,788,654	1,495,264	2,324,776
Public welfare	5,098,096	6,083,443	6,764,496	6,792,308
Arts and culture	724,881	110,828		
Interest and fiscal charges	2,146,908	2,265,612	2,585,889	2,600,824
Total governmental activities expenses	<u>66,826,035</u>	<u>74,586,201</u>	<u>79,897,745</u>	<u>79,607,834</u>
Business-type activities:				
Water utilities	26,634,188	28,459,810	28,930,376	28,607,186
Sanitation	3,577,080	4,117,830	3,956,751	3,826,428
Nonmajor funds - Longview Recreation Association	483,389	521,971	468,459	674,814
Total business-type activities expenses	<u>30,694,657</u>	<u>33,099,611</u>	<u>33,355,586</u>	<u>33,108,428</u>
Total primary government program expenses	<u>\$ 97,520,692</u>	<u>\$ 107,685,812</u>	<u>\$ 113,253,331</u>	<u>\$ 112,716,262</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 2,070,727	\$ 2,465,835	\$ 435,850	\$ 428,146
Public safety	3,215,011	3,677,262	6,304,084	6,939,023
Public works	-	-	-	-
Developmental services	1,349,396	1,301,989	759,251	931,644
Culture and recreation	697,135	700,742	123,422	99,511
Public transit	-	-	-	136,655
Public welfare	36,399	28,459	171,546	164,556
Operating grants and contributions	8,699,604	8,427,419	9,288,470	9,221,403
Capital grants and contributions	1,226,470	774,938	1,031,458	2,089,708
Total governmental activities program revenues	<u>17,294,742</u>	<u>17,376,644</u>	<u>18,114,081</u>	<u>20,010,646</u>
Business-type activities:				
Charges for services:				
Water utilities	25,532,292	27,179,895	26,331,157	26,420,522
Sanitation	4,048,155	4,240,543	4,495,352	4,705,396
Operating grants and contributions		207,172	82,716	
Capital grants and contributions				
Nonmajor funds - Longview Recreation Association	510,695	561,158	516,957	602,889
Total business-type activities program revenues	<u>30,091,142</u>	<u>32,188,768</u>	<u>31,426,182</u>	<u>31,728,807</u>
Total primary government program revenues	<u>\$ 47,385,884</u>	<u>\$ 49,565,412</u>	<u>\$ 49,540,263</u>	<u>\$ 51,739,453</u>

(continued)

TABLE 2

2011	2012	2013	2014	2015	2016
\$ 5,192,734	\$ 3,224,548	\$ 3,825,493	\$ 3,370,092	\$ 3,370,755	\$ 3,147,319
38,627,890	39,454,022	39,463,863	42,433,989	40,531,515	45,840,775
10,191,221	11,097,787	11,430,457	10,733,392	13,091,128	13,701,429
3,481,048	3,194,264	2,645,444	2,779,375	2,894,415	2,968,115
8,708,583	11,774,530	12,010,715	12,585,476	11,074,028	11,390,434
1,520,519	2,110,537	2,341,016	2,482,593	2,426,635	2,035,785
9,673,465	7,020,452	7,178,751	6,633,691	7,178,549	7,480,963
<u>2,289,521</u>	<u>2,695,573</u>	<u>2,457,093</u>	<u>3,323,942</u>	<u>2,950,051</u>	<u>2,958,756</u>
<u>79,684,981</u>	<u>80,571,713</u>	<u>81,352,832</u>	<u>84,342,550</u>	<u>83,517,075</u>	<u>89,523,576</u>
27,971,548	30,054,555	30,245,272	30,405,509	31,636,175	31,528,822
4,264,198	4,781,169	4,881,272	5,222,130	5,190,423	5,590,040
738,962	758,580	697,719	767,919	508,908	297,312
<u>32,974,708</u>	<u>35,594,304</u>	<u>35,824,263</u>	<u>36,395,558</u>	<u>37,335,506</u>	<u>37,416,174</u>
<u>\$ 112,659,689</u>	<u>\$ 116,166,017</u>	<u>\$ 117,177,095</u>	<u>\$ 120,738,108</u>	<u>\$ 120,852,581</u>	<u>\$ 126,939,750</u>
\$ 71,172	\$ 93,667	\$ 82,127	\$ 87,507	\$ 77,636	\$ 154,426
6,518,457	7,574,304	7,587,266	7,962,114	7,556,235	7,331,879
781,783	1,007,281	1,151,373	1,076,074	994,771	1,019,927
575,771	658,334	690,640	783,514	786,874	901,112
168,359	381,502	432,345	348,037	334,574	283,205
160,861	162,078	161,673	163,467	131,888	180,603
9,476,691	9,305,395	8,588,290	9,452,460	11,664,955	8,902,098
3,102,336	510,059	1,518,166	1,397,447	1,078,988	1,661,646
<u>20,855,430</u>	<u>19,692,620</u>	<u>20,211,880</u>	<u>21,270,620</u>	<u>22,625,921</u>	<u>20,434,896</u>
32,288,707	31,805,126	34,758,190	32,637,964	33,630,824	33,829,860
4,803,324	4,922,633	4,990,505	5,019,873	5,027,157	5,260,006
714,995	700,378	708,131	646,023	516,140	2,101
<u>37,807,026</u>	<u>37,428,137</u>	<u>40,456,826</u>	<u>38,303,860</u>	<u>39,174,121</u>	<u>39,490,874</u>
<u>\$ 58,662,456</u>	<u>\$ 57,120,757</u>	<u>\$ 60,668,706</u>	<u>\$ 59,574,480</u>	<u>\$ 61,800,042</u>	<u>\$ 59,925,770</u>

CITY OF LONGVIEW, TEXAS

CHANGES IN NET POSITION (Continued) LAST TEN FISCAL YEARS

	2007	2008	2009	2010
NET (EXPENSE) REVENUES				
Governmental activities	\$(49,531,293)	\$(57,209,557)	\$(61,783,664)	\$(59,597,188)
Business-type activities	(603,515)	(910,843)	(1,929,404)	(1,379,621)
Total primary government net expense	\$(50,134,808)	\$(58,120,400)	\$(63,713,068)	\$(60,976,809)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	\$ 21,198,592	\$ 22,703,305	\$ 24,876,171	\$ 26,076,326
Franchise	5,352,814	5,102,319	5,555,973	5,673,335
Sales	22,210,092	23,423,732	23,894,746	23,155,083
Other	2,505,697	2,748,784	1,708,834	1,629,808
Interest	2,382,476	1,609,669	794,468	257,225
Miscellaneous		1,924,964	1,923,797	2,164,371
Gain (loss) on disposition of assets	60,404	176,720	144,708	79,463
Transfers	1,956,123	1,989,968	2,515,045	2,439,902
Other	1,550,249			
Industrial agreements				
Special items:				
Total governmental activities	57,216,447	59,679,461	61,413,742	61,475,513
Business-type activities:				
Interest	1,465,065	1,270,297	888,340	172,081
Gain (loss) on disposition of assets	-	(3,709)		97,102
Transfers	(1,956,123)	(1,989,968)	(2,515,045)	(2,439,902)
Other	(63,400)			85,806
Special items				
Total business-type activities	(554,458)	(723,380)	(1,626,705)	(2,084,913)
Total primary government	\$ 56,661,989	\$ 58,956,081	\$ 59,787,037	\$ 59,390,600
CHANGE IN NET POSITION				
Governmental activities	\$ 7,685,154	\$ 2,469,904	\$(369,922)	\$ 1,878,325
Business-type activities	(1,157,973)	(1,634,223)	(3,556,109)	(3,464,534)
Total primary government	\$ 6,527,181	\$ 835,681	\$(3,926,031)	\$(1,586,209)

Sources: City of Longview Finance Department

TABLE 2

2011	2012	2013	2014	2015	2016
\$(58,829,551)	\$(60,879,093)	\$(61,140,952)	\$(63,071,930)	\$(60,891,154)	\$(69,088,680)
<u>4,832,318</u>	<u>1,833,833</u>	<u>4,632,563</u>	<u>1,908,302</u>	<u>1,838,615</u>	<u>2,074,700</u>
\$(<u>53,997,233</u>)	\$(<u>59,045,260</u>)	\$(<u>56,508,389</u>)	\$(<u>61,163,628</u>)	\$(<u>59,052,539</u>)	\$(<u>67,013,980</u>)
\$ 24,878,943	\$ 26,463,213	\$ 27,074,366	\$ 27,235,966	\$ 28,070,142	\$ 28,810,561
5,891,397	5,316,765	5,562,605	5,859,967	5,733,174	5,446,446
25,605,652	24,922,597	26,398,630	27,081,436	25,934,933	24,814,607
1,675,448	2,201,424	2,307,403	2,331,543	2,529,276	2,270,164
257,970	235,883	271,565	392,452	397,049	399,602
2,562,942	820,760	1,810,133	917,424	1,070,355	1,539,373
293,517	(99,144)	30,525	14,705	27,200	-
2,346,927	1,733,971	1,743,330	1,503,063	1,813,557	302,465
				1,513,186	1,523,713
			(3,714,105)	(1,322,772)	(451,954)
<u>63,512,796</u>	<u>61,595,469</u>	<u>65,198,557</u>	<u>61,622,451</u>	<u>65,766,100</u>	<u>64,654,977</u>
130,876	113,934	114,948	157,225	186,161	169,752
5,955	-	2,650	5,031	58,659	-
(2,346,927)	54,723	224,203	1,228	10,232	54,262
-	-	-	-	1,771	800,679
(<u>2,210,096</u>)	<u>168,657</u>	<u>341,801</u>	<u>163,484</u>	<u>256,823</u>	<u>1,024,693</u>
\$ <u>61,302,700</u>	\$ <u>61,764,126</u>	\$ <u>65,540,358</u>	\$ <u>61,785,935</u>	\$ <u>66,022,923</u>	\$ <u>65,679,670</u>
\$ 4,683,245	\$ 716,376	\$ 4,057,605	\$(1,449,479)	\$ 4,874,946	\$(4,433,703)
<u>2,622,222</u>	<u>2,002,490</u>	<u>4,974,364</u>	<u>2,071,786</u>	<u>2,095,438</u>	<u>3,099,393</u>
\$ <u>7,305,467</u>	\$ <u>2,718,866</u>	\$ <u>9,031,969</u>	\$ <u>622,307</u>	\$ <u>6,970,384</u>	\$(<u>1,334,310</u>)

CITY OF LONGVIEW, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 942,735	\$ 1,303,835	\$ 606,186	\$ 131,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	14,967,077	14,366,291	14,675,839	16,992,517	-	-	-	-	-	-
Nonspendable					155,600	141,623	101,242	181,214	206,026	186,913
Restricted					71,183	75,884	55,046	61,289	61,408	51,590
Committed										
Assigned					3,805,751	4,692,239	7,288,899	7,053,130	3,489,064	2,033,906
Unassigned					17,415,534	14,659,946	15,938,054	13,544,591	13,857,357	15,826,082
Total general fund	\$ 15,909,812	\$ 15,670,126	\$ 15,282,025	\$ 17,123,608	\$ 21,448,068	\$ 19,569,692	\$ 23,383,241	\$ 20,840,224	\$ 17,613,855	\$ 18,098,491
All other governmental funds										
Reserved	\$ 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	5,144,028	5,559,614	4,011,235	4,653,079	-	-	-	-	-	-
Nonspendable										
Restricted					30,159,407	28,326,422	18,368,349	35,849,541	29,272,927	24,946,417
Committed					4,153,961	3,702,598	3,364,010	3,855,300	3,961,436	3,709,804
Assigned					50,000	-	-	-	-	-
Unassigned					(316,480)	(201,248)	(153,269)	(108,269)	(61,269)	(33,179)
Total all other governmental funds	\$ 31,933,871	\$ 22,990,367	\$ 23,654,783	\$ 17,341,004	\$ 34,046,888	\$ 31,827,772	\$ 21,579,090	\$ 39,596,572	\$ 33,173,094	\$ 28,623,042
Total Governmental Funds	\$ 47,843,683	\$ 38,660,493	\$ 38,936,808	\$ 34,464,612	\$ 55,494,956	\$ 51,397,464	\$ 44,962,331	\$ 60,436,796	\$ 50,786,949	\$ 46,721,533

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

Sources: City of Longview Finance Department

TABLE 4

CITY OF LONGVIEW, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes	\$ 51,151,530	\$ 54,242,619	\$ 55,791,115	\$ 56,169,174	\$ 58,463,767	\$ 58,936,599	\$ 61,371,121	\$ 62,485,487	\$ 62,429,517	\$ 61,050,566
Licenses and permits	1,426,042	1,379,603	1,041,044	1,165,887	1,014,188	1,272,516	1,404,451	1,321,450	1,257,368	1,288,693
Fines and forfeitures	2,174,181	2,225,890	2,185,603	2,449,613	2,771,417	3,309,089	3,530,271	3,500,988	2,999,647	2,817,223
Charges for services	3,566,134	3,993,768	4,403,744	4,809,119	4,767,098	5,093,076	5,323,460	5,317,503	5,646,314	5,695,764
Intergovernmental	10,387,272	10,396,979	10,319,928	11,311,111	12,379,027	9,815,454	10,106,457	10,849,907	12,483,259	10,563,746
Investment income	2,382,476	1,609,669	778,702	231,266	208,071	211,732	243,056	351,198	357,935	345,205
Contractual fees	900,000	1,100,000	1,158,000	1,166,320	1,724,972	1,733,971	1,743,330	1,503,063	1,513,186	1,523,713
Developer participation agreements										
Miscellaneous	384,797	915,092	765,797	988,656	1,106,831	812,143	745,711	780,773	1,813,557	302,465
Total revenues	72,372,432	75,863,620	76,443,933	78,291,146	82,635,371	81,184,580	84,467,837	86,110,369	89,556,352	85,099,788
EXPENDITURES										
General government	5,783,900	4,538,139	5,045,923	5,343,613	5,075,012	2,973,445	3,418,541	3,007,509	3,056,582	2,431,245
Public safety	30,336,154	34,296,990	35,684,092	36,184,465	36,396,690	36,515,337	36,710,992	39,442,504	39,991,983	42,240,962
Public works	5,874,124	6,045,967	6,384,244	6,009,023	6,105,838	6,900,308	7,782,228	7,462,934	9,161,707	8,532,578
Culture and recreation	6,293,196	8,312,921	8,893,765	8,110,382	8,671,942	8,949,232	9,091,496	9,601,739	7,891,913	7,714,340
Developmental services	2,867,298	3,901,766	3,171,102	3,171,665	3,476,516	3,201,941	2,618,860	2,719,098	2,884,193	2,534,402
Public welfare	5,165,454	6,073,466	6,672,434	6,719,784	6,949,009	6,868,627	6,985,537	6,409,229	7,068,815	7,289,195
Public transit	1,420,489	1,580,378	1,391,198	2,122,742	1,222,924	1,834,871	2,035,601	2,152,887	2,092,936	1,801,773
Arts and culture	619,248									
Capital outlay	15,720,346	15,253,541	20,272,572	9,628,842	9,677,027	9,685,498	15,027,252	15,613,833	19,693,189	17,371,310
Debt service:										
Principal	5,293,592	5,499,659	5,546,307	5,585,952	5,304,445	5,897,682	5,023,213	4,934,075	5,011,017	5,274,251
Interest and fiscal charges	1,790,967	2,153,682	2,634,963	2,397,814	2,455,848	2,498,075	2,441,226	3,193,385	2,806,329	4,008,485
Bond issue expenses										
Total expenditures	81,164,768	87,656,509	95,696,600	85,272,282	85,335,251	85,325,216	91,134,946	94,537,193	99,658,664	99,198,541

(continued)

TABLE 4

CITY OF LONGVIEW, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (8,792,336)	\$ (11,792,889)	\$ (19,252,667)	\$ (6,981,136)	\$ (2,699,880)	\$ (4,140,636)	\$ (6,667,089)	\$ (8,426,824)	\$ (10,102,312)	\$ (14,098,753)
OTHER FINANCING SOURCES (USES)										
Issuance of bonds	14,790,000		11,250,000		21,303,620			23,166,362		6,970,000
Capital lease								486,229		
Payments to escrow account								(5,685,000)		(18,020,000)
Refunding bonds issued			140,190					5,978,639		17,565,000
Premium on refunded bonds			5,724,939					590,622		2,926,737
Proceeds from lease	373,699	404,374								1,064,637
Discount on refunding bonds								(224,900)		
Sale of capital assets	60,404	143,260	3,793	67,055	67,660	32,042	62,193	39,980	41,986	26,963
Proceeds from insurance	6,565					18,876		35,386		
Transfers in	11,519,782	7,601,787	7,464,161	6,701,596	8,759,908	7,826,891	4,051,065	7,365,310	4,990,991	2,049,848
Transfers out	(9,563,659)	(5,539,722)	(5,061,181)	(4,259,711)	(6,428,356)	(7,826,891)	(4,051,065)	(7,365,310)	(4,954,569)	(2,549,848)
Total other financing sources (uses)	17,186,791	2,609,699	19,521,902	2,508,940	23,702,832	50,918	62,193	23,901,289	564,637	10,033,337
Special Item									(28,832)	
NET CHANGE IN FUND BALANCES	\$ 8,394,455	\$ (9,183,190)	\$ 269,235	\$ (4,472,196)	\$ 21,002,952	\$ (4,089,718)	\$ (6,604,896)	\$ 15,474,465	\$ (9,566,507)	\$ (4,065,416)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	10.8%	10.6%	10.8%	10.6%	10.3%	11.1%	9.8%	10.3%	9.8%	11.3%

Sources: City of Longview Finance Department

CITY OF LONGVIEW, TEXAS

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

Fiscal Year	Assessed Value		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
	Real Property	Personal Property			
2007	3,161,628,873	1,366,616,901	4,528,245,774	0.48340	4,528,245,774
2008	3,417,163,747	1,515,933,570	4,933,097,317	0.48400	4,933,097,317
2009	3,685,792,742	1,495,960,970	5,181,753,712	0.48400	5,181,753,712
2010	3,736,170,685	1,558,420,210	5,294,590,895	0.48400	5,294,590,895
2011	3,835,216,003	1,449,800,503	5,285,016,506	0.48400	5,285,016,506
2012	3,930,112,873	1,448,683,398	5,378,796,271	0.50090	5,378,796,271
2013	4,016,546,856	1,499,949,228	5,516,496,084	0.50090	5,516,496,084
2014	4,089,780,995	1,409,296,781	5,499,077,776	0.50990	5,499,077,776
2015	4,214,158,752	1,398,711,341	5,612,870,093	0.50990	5,612,870,093
2016	4,334,364,463	1,376,311,435	5,710,675,898	0.50990	5,710,675,898

Source: Gregg County Appraisal District & Harrison County Appraisal District

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

Fiscal Year	City Direct Rates			Gregg County	Overlapping Rates			
	Operating Rate	Debt Service Rate	Total Direct Rate		Longview ISD	Spring Hill ISD	Pine Tree ISD	Hallsville ISD
2007	0.36580	0.11760	0.48340	0.28000	1.13805	1.51500	1.61390	1.44000
2008	0.36580	0.11820	0.48400	0.27000	1.13805	1.18500	1.34690	1.35900
2009	0.37070	0.11330	0.48400	0.26750	1.29795	1.54000	1.34850	1.30000
2010	0.37070	0.11330	0.48400	0.26750	1.43800	1.58000	1.37850	1.35300
2011	0.36620	0.11780	0.48400	0.26500	1.51300	1.54000	1.37850	1.42300
2012	0.36620	0.13470	0.50090	0.26250	1.51300	1.54000	1.51100	1.42300
2013	0.37220	0.12870	0.50090	0.26250	1.51300	1.67000	1.51100	1.39300
2014	0.38000	0.12090	0.50090	0.26250	1.51300	1.67000	1.55500	1.38300
2015	0.38000	0.12990	0.50990	0.26250	1.51300	1.67000	1.55500	1.37000
2016	0.38000	0.12990	0.50990	0.26250	1.51300	1.67000	1.55500	1.37000

Source: Tax departments of respective entities

TABLE 7

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

Taxpayer	2016	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
Joy Global Longview Operations LLC	\$ 78,023,350	1.37%
Longview Medical/Longview Regional	75,902,110	1.33%
Wal-Mart/Sam's	59,975,930	1.05%
GSHS Inc./Good Shepherd Hospital/GAHC3 Longview	53,264,720	0.93%
Rexam Beverage Can Company	46,929,230	0.82%
AEP Southwestern Electric Power Co/Southwestern	46,357,000	0.81%
Trinity Tank Car/Trinity Industries Inc.	45,411,980	0.80%
Halliburton Energy Services	30,534,530	0.53%
OHI Asset (TX) Longview LLC	27,782,790	0.49%
Flint Hills Resources LP	22,428,750	0.39%
Total	\$ 486,610,390	8.52%

Taxpayer	2007	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
LeTourneau, Inc.	\$ 127,166,540	2.81%
Longview Regional Medical Center	67,992,490	1.50%
Wal-Mart/Sam's	58,679,180	1.30%
AE Southwestern Electric	50,130,250	1.11%
Dana Corporation	43,807,210	0.97%
Dowell Schlumberger	42,713,370	0.94%
Trinity Industries	39,125,450	0.86%
General Motors Corporation	39,016,100	0.86%
Southwestern Bell Telephone	35,254,960	0.78%
GSHS Inc./Good Shepherd Hospital	29,024,520	0.64%
Total	\$ 532,910,070	11.77%

Sources:

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

TABLE 8

CITY OF LONGVIEW, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
2007	21,019,890	20,484,010	97.45%	484,395	20,968,406	99.76%
2008	22,626,702	22,262,087	98.39%	310,675	22,572,763	99.76%
2009	24,520,685	24,094,184	98.26%	373,457	24,467,641	99.78%
2010	25,358,256	25,015,899	98.65%	338,299	25,354,198	99.98%
2011	24,999,971	24,649,525	98.60%	285,051	24,934,576	99.74%
2012	26,295,306	25,889,469	98.46%	308,989	26,198,458	99.63%
2013	27,121,455	26,478,068	97.63%	528,855	27,006,924	99.58%
2014	26,925,880	26,465,379	98.29%	314,549	26,779,928	99.46%
2015	27,866,408	27,449,497	98.50%	207,098	27,656,595	99.25%
2016	28,371,765	27,945,789	98.50%	-	27,945,789	98.50%

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

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	Per Capita
	General Obligation Bonds	Capital Leases	Water Revenue Bonds	Capital Leases			
2007	54,406,135	1,219,332	84,259,448	233,088	140,118,003	4.79%	1,822
2008	49,581,206	1,289,048	92,455,689	118,768	143,444,711	4.32%	1,809
2009	56,070,802	6,322,680	87,231,558	1,018,575	150,643,615	9.16%	1,961
2010	51,357,487	5,543,675	81,773,347	2,527,377	141,201,885	7.18%	1,803
2011	67,987,132	4,994,900	82,294,567	2,223,862	157,500,461	7.76%	1,939
2012	62,726,778	4,390,340	76,512,297	1,942,695	145,572,110	7.55%	1,788
2013	58,186,423	3,940,178	74,061,356	1,651,015	137,838,972	7.16%	1,671
2014	77,805,593	3,563,837	65,181,400	3,176,335	149,727,165	7.62%	1,791
2015	72,974,080	3,717,212	58,914,959	2,666,500	138,272,751	6.80%	1,636
2016	77,318,135	4,375,427	53,553,017	2,112,798	137,359,377	6.79%	1,659

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

CITY OF LONGVIEW, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
	Gross General Bonded Debt	Less Debt Service Fund	Net General Bonded Debt		
2007	54,406,135	2,381,291	52,024,844	1.1489%	685
2008	49,581,206	2,285,332	47,295,875	0.9587%	601
2009	56,070,802	2,290,255	53,780,547	1.0379%	704
2010	51,357,487	2,369,331	48,988,156	0.9252%	628
2011	67,987,132	2,529,887	65,457,245	1.2385%	807
2012	62,726,778	2,857,328	59,869,450	1.1131%	737
2013	58,186,423	2,987,721	55,198,702	1.0006%	670
2014	77,805,593	2,504,151	75,301,442	1.3693%	893
2015	72,974,080	2,328,153	70,645,927	1.2586%	836
2016	77,318,135	2,323,631	74,994,504	1.3132%	906

CITY OF LONGVIEW, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2016

Government Unit	Debt Outstanding	Estimated Percentage Applicable	(1)	Estimated Share of Direct and Overlapping Debt
Total Direct Bonded Debt				
City of Longview	\$ 77,318,135	100.00%		\$ 77,318,135
Total Overlapping Debt				
Gregg County	-	58.03%		-
Harrison County	2,830,000	03.60%		101,880
Longview Independent School District	223,042,163	72.64%		162,017,827
Pine Tree Independent School District	64,275,000	95.24%		61,215,510
Spring Hill Independent School District	39,606,000	100.00%		39,606,000
Hallsville Independent School District	77,700,000	09.88%		7,676,760
Total Overlapping Debt				<u>270,617,977</u>
City direct debt				<u>77,318,135</u>
Total direct and overlapping debt				<u>\$ 347,936,112</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, 2016
(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 2016 was established at \$.5099 per \$100 of assessed valuation based on 100% of appraised value.

CITY OF LONGVIEW, TEXAS

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds					Coverage
	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2007	26,934,946	14,258,856	12,676,090	4,815,000	3,910,544	1.45
2008	28,629,169	15,553,522	13,075,647	5,130,000	4,165,043	1.41
2009	27,300,073	16,078,269	11,221,804	5,345,000	4,038,268	1.20
2010	26,601,574	15,882,851	10,718,724	5,680,000	3,688,494	1.14
2011	32,417,302	16,425,569	15,991,733	6,005,000	3,291,675	1.72
2012	31,967,160	18,577,748	13,389,412	6,120,000	3,633,906	1.37
2013	34,864,257	17,288,393	17,575,864	5,860,000	3,361,288	1.91
2014	32,782,345	19,223,840	13,558,505	6,090,000	3,003,869	1.49
2015	33,808,414	19,280,197	14,528,217	6,225,000	2,137,217	1.74
2016	33,993,303	19,380,671	14,612,632	5,820,000	1,852,413	1.90

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

<u>Calendar Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	76,918	20,322	2,928,191,342	38,069	4.4%
2008	79,294	18,542	3,323,608,010	41,915	4.4%
2009	76,816	19,018	1,645,091,456	21,416	8.8%
2010	78,318	19,453	1,966,408,344	25,108	7.9%
2011	81,238	19,717	2,029,650,192	24,984	7.4%
2012	81,407	19,656	1,928,043,388	23,684	5.7%
2013	82,483	19,769	1,925,813,084	23,348	5.0%
2014	83,584	20,063	1,964,558,336	23,504	3.5%
2015	84,544	20,225	2,032,184,128	24,037	4.8%
2016	82,781	20,205	2,022,919,297	24,437	5.3%

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.

TABLE 15

CITY OF LONGVIEW, TEXAS

PRINCIPAL EMPLOYERS
Current and Five years ago

Employer	2016	
	Employees	Percentage of Total City Employment
Good Shepherd Medical Center	2,630	2.59%
Trinity Rail, LLC	1,553	1.53%
Eastman Chemical	1,502	1.48%
Longview Independent School District	1,348	1.33%
Wal-Mart	1,086	1.07%
Longview Regional Medical Center	987	0.97%
City of Longview	866	0.85%
Pine Tree Independent School District	694	0.68%
Diagnostic Clinic of Longview	644	0.63%
Gregg County	615	0.61%
Total	11,925	11.74%
Employer	2011	
	Employees	Percentage of Total City Employment
Good Shepherd Medical Center	3,200	2.83%
Eastman Chemical	1,492	1.32%
Longview ISD	1,205	1.07%
Wal-Mart Supercenters	1,150	1.02%
LeTourneau Technologies	1,100	0.97%
Trinity Rail, LLC	1,100	0.97%
City of Longview	848	0.75%
Gregg Industrial Insulators	747	0.66%
Longview Regional Medical Center	730	0.65%
Diagnostic Clinic of Longview	706	0.63%
Total	12,278	10.88%

Note 1: Percentage of City Employment based on Longview MSA employment of 101,560

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	2007	2008	2009	2009	2009	2011	2012	2013	2014	2015	2016
General government											
Administrative services	73	73	73	73	73	73	73	80	84	88	90
Human resources	11	11	10	10	10	10	11	11	11	11	11
Finance	3	5	6	6	7	7	7	7	7	8	7
Purchasing	5	2	2	2	2	2	2	2	2	2	2
Planning and zoning	3	3	3	3	3	3	3	3	3	3	3
MPO	3	3	3	3	3	3	3	3	2	2	2
Building inspection	10	9	9	9	9	9	9	9	9	7	7
Environmental health	24	24	24	24	24	24	18	18	18	11	7
Developmental service	2	2	2	2	3	3	3	3	3	16	15
Animal Services	-	-	-	-	-	-	-	-	-	-	19
Other	27	27	27	27	27	27	34	30	32	33	33
Police											
Officers	173	173	173	173	177	177	175	175	172	172	172
Civilians	21	21	21	21	18	18	18	18	18	18	18
Fire											
Firefighters and officers	161	161	161	161	160	160	159	159	162	163	169
Civilians	7	7	7	7	7	7	9	9	9	9	9
Sanitation											
Sanitation	29	29	29	29	29	29	31	31	31	24	29
Other public works											
Engineering	6	6	6	6	6	6	6	6	6	3	3
Administration	2	2	4	4	3	3	4	4	4	4	4
Utility services	12	13	13	13	13	13	14	14	14	14	14
Streets	24	25	24	24	23	23	20	18	18	17	17
Drainage	15	15	15	15	15	15	18	21	23	23	24
Fleet services	12	13	13	13	13	13	13	13	13	13	13
Traffic maintenance	8	6	6	6	6	6	7	7	7	7	7
Facility Services	-	-	-	-	-	-	-	-	-	-	15
Beautification	-	-	-	-	-	-	-	-	-	-	8
Parks and recreation	54	54	52	52	52	52	53	56	56	41	41
Library	19	19	17	17	18	18	18	18	18	18	18
Water services											
Water purification	31	29	29	29	29	29	29	29	29	29	29
Water supply	3	3	3	3	3	3	3	3	3	3	3
Water distribution	31	31	31	31	31	31	31	30	30	29	29
Wastewater collection	22	22	22	22	22	22	22	23	23	23	23
Wastewater treatment	23	22	22	22	21	21	21	21	22	22	22
Plant Automation	-	4	4	4	4	4	4	4	4	4	4
Transit	1	-	-	-	-	-	-	-	-	-	-
Total	815	814	811	811	811	811	815	821	830	834	861

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

Function/Program	2007	2008	2009	2010
General government				
Building permits issued	1,500	2,220	3,696	4,518
Police				
Physical arrests	6,914	4,957	4,675	4,653
Parking violations	159	284	312	211
Traffic violations	20,970	24,719	20,032	15,133
Fire				
Emergency responses	14,418	15,565	15,471	15,767
Fires extinguished	380	418	516	443
Inspections	5,337	4,338	3,709	3,984
Refuse collection				
Refuse collected (tons per day)	118	118	161	182
Recyclables collected (tons per day)	25	14	4	27
Other public works				
Street resurfacing (miles)	6	3	2	16
Potholes repaired	1,169	1,232	1,009	985
Parks and recreation				
Park programs (# participants)	39,368	41,506	183,109	149,570
Facility/field/pavilion rentals	7,450	6,286	3,259	2,505
Recreation centers (# members)	1,828	791	856	739
Recreation programs (#classes)	69	45	163	324
Library				
Volumes in collection	158,899	162,823	141,170	151,467
Water				
Service connections	27,859	28,148	28,278	28,555
Water main breaks	-	-	-	
Average daily consumption (thousands of gallons)	16	15	15	16
Wastewater				
Service connections	25,294	25,575	25,681	25,921
Average daily sewage treatment (thousands of gallons)	12	12	11	12
Transit***				
Total route miles	379,988	358,649	345,426	337,770
Passengers	170,315	184,853	198,113	187,026

Source:

Various City departments

Notes:

*** City of Longview Transit system began

TABLE 17

2011	2012	2013	2014	2015	2016
3,981	3,826	4,063	4,998	5,891	5,068
4,689	5,481	4,994	4,607	4,259	4,735
217	81	32	11	3,624	419
11,988	21,169	16,837	17,880	13,754	12,777
16,538	15,654	16,320	16,653	17,197	17,759
592	389	446	352	372	385
3,179	1,483	912	2,214	3,978	2,739
119	118	114	112	126	126
27	30	36	27	18	21
15	15	29	18	17	10
927	869	1,183	1,434	1,866	1,853
153,904	97,702	101,324	639,983	316,178	160,225
8,751	5,268	7,000	7,109	1,589	1,770
752	1,602	1,009	976	1,230	3,225
379	264	280	1,903	404	339
138,512	123,754	158,818	143,111	113,836	168,105
28,802	28,828	29,018	29,008	29,532	29,311
	-			-	
18	16	17	15	15	15
26,018	26,084	26,236	28,494	26,511	29,328
10	11	11	12	14	13
184,925	294,958	387,757	374,188	304,068	312,973
334,935	214,803	244,150	257,341	252,232	242,356

TABLE 18

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	-	-	-	-	-	-	-	-	-	-
Community offices	6	6	6	6	6	6	7	7	7	7
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Hydrants	3,289	3,361	3,373	3,515	3,618	3,655	3,741	3,801	3,858	3,831
Refuse collection										
Collection trucks	12	12	15	21	21	21	21	21	15	16
Other public works										
Asphalt streets (miles)	374	376	494	378	379	384	384.4	482	392	392
Concrete, oil dirt, brick streets (miles)	54	54	45	61	62	57	57.6	60	53.3	53
Asphalt, oil dirt alleys (miles)	9	9	1	9	9	9	9	1	9	9
Traffic signals	-	132	133	136	137	131	134	134	130	134
Parks and recreation										
Acreage developed	535	612	612	651	651	651	651.2	651.2	651.2	651.2
Acreage undeveloped	114	129	129	129	138	138	138.06	138.06	138.06	138.06
Playgrounds	23	23	23	23	24	24	24	24	24	24
Libraries										
Number of libraries (public)	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	650	663	700	657	674	757	642.93	739	746	756
Plant capacity										
millions of gallons daily	52	52	52	52	52	52	52	52	52	52
Wastewater										
Sanitary sewers (miles)	645	624	624	628	643	725	636.82	658	629	651
Number of lift stations	18	18	21	21	21	22	22	29	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	10	10	8	8	8	8

Source: Various City departments

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

Table 19

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other</u>	<u>Total</u>
2007	21,198,592	22,210,092	6,318,036	1,540,476	51,267,195
2008	22,703,305	23,423,732	6,064,237	1,786,966	53,978,240
2009	24,631,563	23,894,746	5,555,973	1,708,834	55,791,116
2010	26,076,326	23,155,083	5,673,335	1,629,808	56,534,552
2011	24,878,943	25,605,652	5,891,397	1,675,448	58,051,440
2012	26,463,213	24,922,597	5,316,765	2,201,424	58,903,999
2013	27,074,366	26,398,630	5,562,605	2,307,403	61,343,004
2014	27,235,966	27,081,436	5,859,967	2,331,543	62,508,912
2015	28,070,142	25,934,933	5,733,174	2,529,276	62,267,525
2016	28,810,561	24,814,607	5,446,446	2,270,164	61,341,778

Sources: City of Longview Finance Department

**GOVERNMENTAL
COMPLIANCE SECTION**



HENRY & PETERS

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**INDEPENDENT AUDITOR'S 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Longview, Texas' basic financial statements, and have issued our report thereon dated March 20, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Longview, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Longview, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Longview, Texas' 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Longview, Texas' financial statements are free from 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.

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More than Accounting.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henry E. Peters, PC

Longview, Texas
March 20, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

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 City of Longview, Texas' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Longview, Texas' major federal programs for the year ended September 30, 2016. City of Longview, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Longview, Texas' 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 of Longview, Texas' 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 of Longview, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Longview, Texas, 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, 2016.

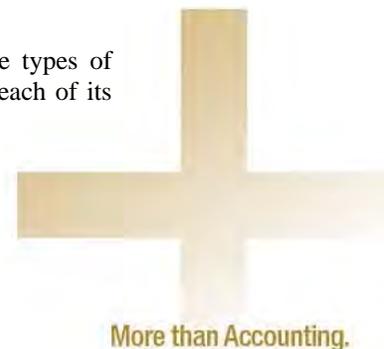
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Report on Internal Control Over Compliance

Management of the City of Longview, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Longview, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Longview, Texas' 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Henry E. Peters, PC

Longview, Texas
March 20, 2017



CITY OF LONGVIEW, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS				
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Program:				
<u>CDBG - Entitlement Grants Cluster:</u>				
Community Development Block Grants/ Entitlement Grants	+ 14.218	B-15-MC-0032	540,622	372,141
<u>Housing Voucher Cluster:</u>				
Section 8 Housing Choice Voucher Program	14.871	TX459VO	6,187,611	-
Resident Opportunity and Supportive Service - Service Coordinators	14.870	N/A	1,839	-
HOME Investment Partnerships Program	14.239	M15-MC480227	261,888	9,789
Shelter Plus Care	14.238	TX0157L6T071407	315,678	-
Total U. S. Department of Housing and Urban Development			7,307,638	381,930
<u>U. S. DEPARTMENT OF JUSTICE</u>				
Direct Program:				
<u>JAG Program Cluster</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0878 2014-DJ-BX-1014 2015-DJ-BX-0928	34,496	-
Bulletproof Vest Partnership Program	16.607	N/A	23,718	-
Total Direct Programs			58,214	-
Pass-Through Texas Office of the Governor, Criminal Justice Division:				
<u>JAG Program Cluster</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0016	25,000	-
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	2016-SF-ST-0015	15,022	-
Total passed through Texas Office of the Governor, Criminal Justice Division			40,022	-
Pass-Through City of Dallas, Texas:				
Missing Children's Assistance	16.543	2013-MC-FX-K036	14,558	-
Total U. S. Department of Justice			112,794	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Texas Office of the Governor, Homeland Security Grant Division:				
Homeland Security Grant Program	97.067	EMW-2015-SS-00080	83,290	-
Total U.S. Department of Homeland Security			83,290	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Texas Department of State Health Services:				
Block Grant for Treatment of Substance Abuse	93.959	2016-047883	74,491	-
Total U.S Department of Health and Human Services			74,491	-
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES (IMLS)</u>				
Pass-Through TX State Library & Archives Commission:				
Texas Reads Grant Program	45.310	451-16007	3,000	-
Total Institute of Museum and Library Services (IMLS)			3,000	-

CITY OF LONGVIEW, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(CONTINUED)

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Program:				
<u>Federal Transit Cluster:</u>				
Bus and Bus Facilities Program	+ 20.526	TXDOT-VCR 1403 (19) 03	186,556	-
Federal Transit Formula Grants	+ 20.507	TX-8056	1,176,805	-
		TX-0094		
		TX-90-4056-00		
		TX-90-2056-00		
		TX-90-0056-00		
		TX-90-0140-00		
		TX-90-4140-00		
		TX-90-2140-00		
		TX-90-8140-00		
Total Federal Transit Cluster			1,363,361	-
Total Direct Programs			1,363,361	-
Pass-Through Texas Department of Transportation:				
<u>Highway Planning and Construction Cluster:</u>				
Highway Planning and Construction	20.205	0910-07-062	192,966	-
<u>Highway Safety Cluster:</u>				
State and Community Highway Safety - STEP	20.600	2016-LONGVIPD-S-1YG-0030	78,594	-
<u>Transit Services Programs Cluster:</u>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	ED 1502 (19) 15	14,628	-
Metropolitan Planning Organization	20.225	50216112470	150,556	-
Inter City Bus Funds	20.509	ICB 1301 (10) 35	182,439	-
		ICB 1501 (19) 35		
Total passed through Texas Department of Transportation			619,183	-
Total U. S. Department of Transportation			1,982,544	-
<u>U.S. DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE</u>				
Pass-Through Texas Historic Commission				
Historic Preservation	15.904	TX-15-026	19,857	-
Total Institute of Museum and Library Services (IMLS)			19,857	-
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u>				
Pass-Through Texas Department of Public Safety				
Public Assistance Grant	97.036	PA-06-TX4266-PW-00074(0)	44,118	-
		PA-06-TX4266-PW-00089(0)		
		PA-06-TX4266-PW-00085(0)		
		PA-06-TX4266-PW-00140(0)		
Total Institute of Museum and Library Services (IMLS)			44,118	-
Total Expenditures of Federal Awards			\$ 9,627,732	\$ 381,930

+ Denotes Major Program

CITY OF LONGVIEW, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all applicable federal and financial assistance programs of the City of Longview (City). 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 inflows of resources until earned.

The accompanying Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the City, it is not intended to and does not present the basic financial statements of the City.

For indirect costs, the amounts expended are claimed as an indirect cost recovery using an approved cost allocation plan. The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF LONGVIEW, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

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

Federal and State Awards

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

Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	___ Yes <u>X</u> No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Major Programs:</u>
14.218	Community Development Block Grants/ Entitlement Grants
20.526	Bus and Bus Facilities Program
20.507	Federal Transit Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	___ Yes <u>X</u> No

Section II - Financial Statement Findings

No matters requiring reporting were noted.

Section III - Federal Award Findings and Questioned Costs

No matters requiring reporting were noted.