



**CITY OF  
LONGVIEW, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

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## **INTRODUCTORY SECTION**



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1952  
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March 28, 2019

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, 2018, is submitted herewith. We believe the information, as presented, is accurate in all material respects, that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included. It is the responsibility of the management of the City to prepare the CAFR.

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

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

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

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

### **ECONOMIC CONDITION AND OUTLOOK**

The City of Longview is located in Northeast Texas approximately 60 miles west of Shreveport, Louisiana, 120 miles east of Dallas, and 210 miles north of Houston. Longview serves as the county seat of Gregg County. The Home Rule charter adopted in January 1979 established the Council-Manager form of government with six City Council districts. The Mayor is elected at-large. Longview once was one of the largest known oil fields in the world and the East Texas area continues to have a significant business community that services the energy sector. However, the Longview economy is diversifying with major businesses other than oil and gas whom are contributors to the Longview economy. In fiscal year 1995, mineral values represented 13.7% of the assessed values, while in fiscal year 2018; 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 2019 *Texas Economic Update*, "The Texas economy experienced a downshift in growth over the last two months, although the level of activity remains strong. Job growth decelerated slightly in the fourth quarter, and the Dallas Fed's Texas Business Outlook Surveys (TBOS) suggest a slowing in output growth in December and January. Texas added jobs at a moderate 2.5 percent pace in the fourth quarter, slightly slower than the third-quarter growth of 2.7 percent. The Texas manufacturing sector remains strong, although production growth appears to be moderating for both durables and nondurables."

Recently, the City issued general obligation debt and obtained a credit rating from Fitch Ratings. The City received a “AA” Stable, which “reflects a robust financial cushion, moderate fixed-costs supporting solid expenditure flexibility and moderate long-term liability burden” according to rating report. The press release associated with the rating states “The City of Longview has realized revenue growth over the past 10 years, periodically slowing down during dips in the energy sector. Fitch’s expectation of future solid growth incorporates the local economy’s energy concentration and associated revenue-base volatility. The revenue framework assessment is also supported by the city’s high independent legal ability to raise operating revenues via their sizable ad valorem tax rate capacity. The city maintains solid expenditure flexibility as a result of its strong workforce control and moderate carrying costs.”

## **MAJOR INITIATIVES**

### **For the Year**

The story of the FY 2017-2018 budget really began a couple years ago. During the FY 2015-2016, the City of Longview experienced significant reductions in sales tax and other operating revenues. In response, we began implementing cost cutting by revisiting the budget of every department. In total, we cut approximately \$3 million from the general fund budget in FY 2015-2016 and then maintained most of those cuts in the FY 2016-2017 budget.

The FY 2017-2018 budget replaces some of the previous spending cuts, provided for an employee pay increase, and implemented a new pay plan for our fire department employees that mirrors the 2015 police department pay plan. The FY 2017-2018 budget did not contain a tax rate increase, did not increase rates for water and wastewater, and did not increase sanitation rates. This budget did include a modest use of surplus reserves to accomplish desired goals; however, the City believes it has sufficient funds available due to savings from previous years.

As usual, the largest portion of general fund expenditures was allocated to personnel with over 70% of the budget in salaries and benefits. Among the highlights of the general fund for the FY 2017-2018 year is the implementation of the pay increases mentioned above, a 1% increase to the Fire Pension city contribution, along with progress on the Comprehensive Plan where possible. Adjustments to our staff in development services was made in order to provide better service to our development community.

Much of the focus this past year has been on the development of a \$104 million bond proposal to address several of the priorities of the Comprehensive Plan. The bond was approved to sale in November 2018. The proposal included three propositions: \$52.41 million for public safety facilities, \$27.09 million for streets and infrastructure, and \$24.71 million for parks.

### **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 FY 2018-2019 Budget. The document details the City’s long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City’s capital improvement program. You can find this document conveniently located on the City’s website at [www.longviewtexas.gov](http://www.longviewtexas.gov).

Similar to the last few years, the message of the FY 2018-2019 budget is that the City of Longview is weathering the storm of a still recovering economy, and we remain financially strong. The budget does not contain a tax rate increase, nor does it increase rates for water, wastewater, or sanitation rates.

The City had experienced a negative trend in sales tax revenue for the last several years, but after a positive FY 2017-2018, we are optimistic about continued growth for the FY 2018–2019 fiscal year. Sales tax collections had decreased nearly \$2 million to the general fund from their peak in 2014, but we are projecting to return near that earlier peak in this year. The FY 2018-19 budget projects \$21,935,822, which is an increase of approximately 3.6% from our FY 2017-2018 end-of-year estimated collections.

As usual, the largest portion of the general fund expenditures is allocated to personnel with over 70% of the budget in salaries and benefits. In FY 2017-2018, the City implemented mid-year across-the-board raises for all employees as well as mid-year adjustments to our fire department pay plan. The FY 2018-2019 budget includes the second-half of those mid-year raises at an additional cost of over \$900,000.

Unfortunately, medical costs continue to rise, resulting in increased expenditures for the City’s self-funded health insurance plan. The Health Trustee Board has taken recent steps to reduce costs including increases to employee contributions and the

creation of optional high-deductible plans with health savings accounts. The city's budgeted contribution to the health fund increased by just over \$1.4 million in the FY 2018-2019 budget.

The FY 2018-2019 budget also includes an increase to the city's contribution to the Fire Pension. Over the last several years, the city and the firefighters have taken collaborative steps to reduce the unfunded liability of the Fire Pension. Beginning October 2018, the City will increase the contribution towards the pension from 18% to 19%, resulting in an additional cost of \$133,000.

This budget also includes money to fund maintenance staff for the Longview Arboretum, which is currently under construction with an anticipated opening sometime in 2019. The park project is being done in collaboration with the nonprofit board of the Longview Arboretum and Nature Center.

In addition, the FY 2018-2019 budget uses reserve funds to make a \$1 million contribution for vehicle replacement. The regular vehicle replacement contributions were removed a few years ago, but it is important to continue to fund the replacement of the city's vehicle fleet. Reserves are being utilized to provide a one-time incentive for employees to switch to Health Savings Accounts, which should save the city money in the long-run. Reserves are also being utilized to replace roofs at the Broughton Recreation Center and the Fire Training Center at Teague Park. These funds are also being used to purchase an "enterprise resource planning software" which is the backbone system for our human resources, finance, and utility billing software. At \$433,000, this is just the first of three years of expenditures to replace the current financial system that is outdated and cumbersome.

The FY 2018-2019 budget meets the short-term and long-term goals established by City Council and City Management, continuing to give special attention to maintaining core services while remaining fiscally responsible.

### **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](http://www.longviewtexas.gov).

### **FINANCIAL INFORMATION MANAGEMENT AND CONTROL**

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

## **Basis of Accounting**

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

## **Accounting Systems and Budgetary Control**

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

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

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

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

In accordance with the State Law of Texas, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the departmental level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Purchase orders that result in an overrun of departmental balances are not released until additional appropriations are made available through transfer from other accounts, either by ordinance of City Council or by administrative transfer. Open encumbrances are reported as reservations of fund balances at September 30, 2017.

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**

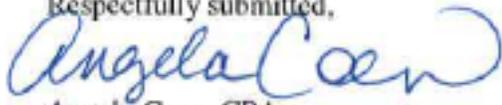
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the twenty-second consecutive year that the City has received 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, 2018**

**PRINCIPAL OFFICIALS**

**MAYOR**

Andy Mack

**CITY COUNCIL**

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

**CITY MANAGER**

Keith Bonds

**FINANCE DIRECTOR**

Angela Coen, CPA

**WEBSITE**

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



Government Finance Officers Association

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

Presented to

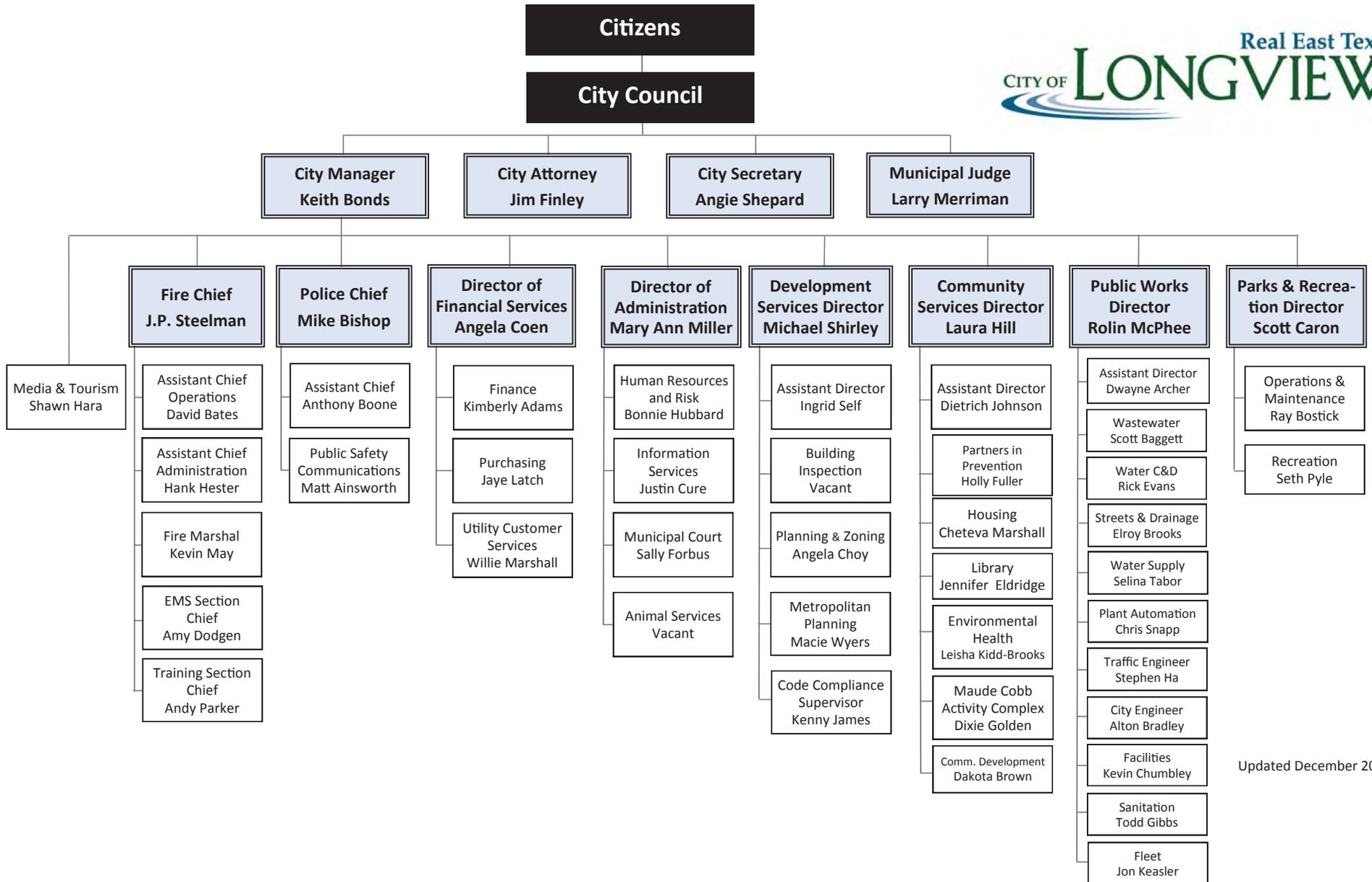
**City of Longview  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



## **FINANCIAL SECTION**



## 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of and for the year ended September 30, 2018, 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of September 30, 2018, 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 schedules of changes in net pension and other post-employment liabilities and related ratios and schedules of contributions on pages 4-13 and 82-87 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 and individual nonmajor 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 and individual nonmajor 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 and individual nonmajor 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 introductory and statistical section have 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 April 10, 2019, 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  
April 10, 2019



**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, 2018. 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, 2018, by \$99,617,279 (net position).
- The City's total net position decreased by \$7,399,229 for the year ended September 30, 2018. The decrease in net position can be attributed to several factors.
  - Postemployment Benefit Plan Other than Pension Plans liability increased:
    - Net increase of \$16,248,515
  - Pension Plans liability decreased:
    - Net decrease of \$20,158,672
      - Fire Pension decrease of \$8,809,801
      - TMRS Pension decrease of \$11,348,871
  - An increase in tax revenue of \$2,967,441 over the prior year collections was realized.
  - An increase in industrial agreements of \$200,000 due to a recent contract with Sysco Food Services of East Texas, L.L.C.
  - An increase in Business-type activities revenues of \$1,988,384
  - An increase in other revenue sources was recognized in governmental type activities, such as building permits, interest earnings, and building inspection fees.
  - Increased cost for fire pay initiatives, comprehensive plan projects, and the addition of two new positions for additional responsibilities in Development Services.
  - Increased health claims of approximately 2,000,000.
  - Construction of projects in the Capital Projects fund using prior year receipt of funds.
  - Prior period adjustment of \$(14,199,040) of which the majority is the new OPEB reporting requirements. See further explanation in Notes to the Financial Statement pg. 81.
- As of September 30, 2018, the City's governmental funds reported combined ending fund balances of \$32,864,964, a total decrease of \$4,515,054 in comparison with the prior fiscal year. This increase was mainly due to the following:
  - Use of fund balance in the General Fund of \$578,876 for vehicle replacement, comprehensive plan projects, and a few one-time projects.
  - Increase in sales tax revenues of \$1,979,654.
  - Increase in property tax revenues of \$300,866.
  - An increase in industrial agreements of \$200,000 due to a recent contract with Sysco Food Services of East Texas, L.L.C.
  - An increase in other revenue sources was recognized in governmental type activities, such as building permits, interest earnings, and building inspection fees.
  - Completion of Street projects funded through general obligation bonds.
  - A fire pay initiative was implemented at mid-year in FY 2016-17 and fully funded in FY 2017-18.
  - A 3% half-year across-the-board pay raise.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 14-17 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 20 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Projects Fund and Debt Service Fund, which are considered to be major funds. Data for the other 15 governmental funds are combined into a single, aggregated non-major fund presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

The City's basic governmental and proprietary fund financial statements can be found on pages 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 39-81 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 82-87 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 88-117 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$99,617,279 as of September 30, 2018. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is \$86,660,393 and the governmental net position is \$12,956,886. 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 (123%) 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 51,455,874	\$ 50,926,717	\$ 39,828,233	\$ 42,565,776	\$ 91,284,107	\$ 93,492,493
Capital assets	129,441,289	132,168,946	102,109,316	96,144,268	231,550,605	228,313,214
Total assets	<u>180,897,163</u>	<u>183,095,663</u>	<u>141,937,549</u>	<u>138,710,044</u>	<u>322,834,712</u>	<u>321,805,707</u>
Total Deferred outflows of of resources	<u>12,899,920</u>	<u>23,823,446</u>	<u>1,586,623</u>	<u>2,403,766</u>	<u>14,486,543</u>	<u>26,227,212</u>
Long-Term liabilities	149,931,943	158,314,548	52,590,956	56,229,339	202,522,899	214,543,887
Other liabilities	6,518,756	6,891,830	2,387,949	2,252,752	8,906,705	9,144,582
Total liabilities	<u>156,450,699</u>	<u>165,206,378</u>	<u>54,978,905</u>	<u>58,482,091</u>	<u>211,429,604</u>	<u>223,688,469</u>
Total Deferred inflows of of resources	<u>24,389,500</u>	<u>17,327,932</u>	<u>1,884,874</u>	<u>-</u>	<u>26,274,374</u>	<u>17,327,932</u>
Net Position						
Net investment in capital assets	67,506,088	65,413,522	55,168,156	45,165,662	122,674,244	110,579,184
Restricted	8,590,805	9,183,088	7,631,782	8,405,875	16,222,587	17,588,963
Unrestricted	<u>(63,140,007)</u>	<u>(50,211,811)</u>	<u>23,860,455</u>	<u>29,060,182</u>	<u>(39,279,552)</u>	<u>(21,151,629)</u>
Total net position	<u>\$ 12,956,886</u>	<u>\$ 24,384,799</u>	<u>\$ 86,660,393</u>	<u>\$ 82,631,719</u>	<u>\$ 99,617,279</u>	<u>\$ 107,016,518</u>

**Governmental Activities**

The City’s general revenues increase by approximately 5.48% or \$3,588,462 when compared to the prior year’s revenues. The primary reason for this increase was a combination of factors. Sales tax revenue collections saw an increase of \$1,973,654 for 2018 while property taxes realized a \$300,866 increase of funds. Other revenue increase were in franchise taxes, industrial agreements, and interest earnings.

**TABLE 2**

**CITY OF LONGVIEW'S GENERAL REVENUES**

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Taxes	\$ 64,107,800	\$ 61,150,202	\$ -	\$ -	\$ 64,107,800	\$ 61,150,202
Other	3,345,599	4,041,582	1,404,571	291,569	4,750,170	4,333,151
<b>Total</b>	<b>\$ 67,453,399</b>	<b>\$ 65,191,784</b>	<b>\$ 1,404,571</b>	<b>\$ 291,569</b>	<b>\$ 68,857,970</b>	<b>\$ 65,483,353</b>

Governmental and business-type activities decreased the City’s net position by \$7,399,229, with the governmental resulting in a decrease of \$11,427,903 combined with an increase to business of \$4,028,674. The key elements in this net change are as follows:

**Governmental-type Activities**

- Sales tax revenues were higher than anticipated due to the effects of the oil and gas industry to the city’s economic recovery, as well as franchise revenues, property tax revenues.
- Development Services has assumed additional responsibilities associated with fire code administration and fire plans examination creating two new positions in this department.
- At mid-year of 2017, four new positions were added to the animal services departments, the full cost was realized in 2018.
- A fire pay initiative to improve fire personnel recruitment and retention.
- Increase health claims costs.
- Comprehensive plan initiative of the removal of sub-standard structures throughout the city increased demolition cost from \$100,000 to \$180,000.
- Comprehensive plan initiative to improve existing parks and increase park maintenance funding.
- Prior period adjustment of \$(12,670,554) of which the majority is the new OPEB reporting requirements. See further explanation in Notes to the Financial Statement page 81.

**Business-type Activities**

- The net gain to the business-type activities is due to unanticipated increases in revenues due to average rainfall and in consumption.
- 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.
- Increased health claims costs.
- The most significant expenses for Solid Waste Disposal were \$1,423,853 for salaries and benefits and \$1,294,189 for contractual obligations such as landfill charges.
- Prior period adjustment of \$(1,528,486) of which the majority is the newly required OPEB reporting requirements. See further explanation in Notes to the Financial Statement page 81.

TABLE 3

CITY OF LONGVIEW'S STATEMENT OF ACTIVITIES

	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 9,614,866	\$ 9,277,412	\$ 41,246,827	\$ 39,258,443	\$ 50,861,693	\$ 48,535,855
Operating grants and contributions	9,689,044	9,540,496	-	-	9,689,044	9,540,496
Capital grants and contributions	3,051,330	2,563,848	-	-	3,051,330	2,563,848
General revenues:						
Taxes	64,107,800	61,150,202	-	-	64,107,800	61,150,202
Other	3,558,744	4,041,582	1,404,571	291,569	4,963,315	4,333,151
Total revenues	<u>90,021,784</u>	<u>86,573,540</u>	<u>42,651,398</u>	<u>39,550,012</u>	<u>132,673,182</u>	<u>126,123,552</u>
Expenses:						
General government	4,792,693	3,137,756	-	-	4,792,693	3,137,756
Public safety	46,175,956	47,161,033	-	-	46,175,956	47,161,033
Public works	13,706,076	14,716,963	-	-	13,706,076	14,716,963
Development services	1,840,100	3,150,995	-	-	1,840,100	3,150,995
Culture and recreation	10,559,038	10,978,736	-	-	10,559,038	10,978,736
Public transit	1,890,804	2,166,843	-	-	1,890,804	2,166,843
Public welfare	7,251,846	7,174,784	-	-	7,251,846	7,174,784
Arts and culture	-	-	-	-	-	-
Interest and fiscal	2,299,379	2,619,993	-	-	2,299,379	2,619,993
Water utilities	-	-	31,753,093	31,597,150	31,753,093	31,597,150
Sanitation	-	-	5,265,908	5,622,492	5,265,908	5,622,492
Nonmajor - Longview	-	-	-	-	-	-
Recreation	-	-	349,186	357,501	349,186	357,501
Total expenses	<u>88,515,892</u>	<u>91,107,103</u>	<u>37,368,187</u>	<u>37,577,143</u>	<u>125,884,079</u>	<u>128,684,246</u>
Increases in net assets						
before transfers	1,505,892	(4,533,563)	5,283,211	1,972,869	6,789,103	(2,560,694)
Transfers	<u>(273,949)</u>	<u>-</u>	<u>273,949</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	1,231,943	(4,533,563)	5,557,160	1,972,869	6,789,103	(2,560,694)
Net position- beginning	24,384,799	25,219,816	82,631,719	80,033,646	107,016,518	105,253,462
Special items	10,708	(424,026)	-	-	10,708	(424,026)
Prior period adjustment	<u>(12,670,554)</u>	<u>4,122,572</u>	<u>(1,528,486)</u>	<u>625,204</u>	<u>(14,199,040)</u>	<u>4,747,776</u>
Total net position	<u>\$ 12,956,896</u>	<u>\$ 24,384,799</u>	<u>\$ 86,660,393</u>	<u>\$ 82,631,719</u>	<u>\$ 99,617,289</u>	<u>\$ 107,016,518</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2018, the City had \$231,550,605 (net of accumulated depreciation) invested in a broad range of capital assets, a net increase (including additions and disposals) of \$3,237,387 from prior year. This increase is largely due to a higher volume of construction project completions. The capital assets are comprised of police and fire equipment, buildings, park facilities, public transit, roads, water and sewer lines, and drainage improvements.

TABLE 4

#### CITY OF LONGVIEW'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$5,810,639	\$5,528,824	\$765,576	\$765,576	\$6,576,215	\$6,294,400
Buildings	97,035,626	98,648,633	21,616,360	21,616,360	118,651,986	120,264,993
Equipment	54,025,727	52,724,095	34,089,469	33,849,445	88,115,196	86,573,540
Infrastructure	164,126,232	161,913,512	212,156,860	203,212,920	376,283,092	365,126,432
Construction in progress	17,043,718	12,437,642	7,230,920	2,280,007	24,274,638	14,717,649
Accumulated depreciation	(208,600,653)	(199,083,760)	(173,749,869)	(165,580,037)	(382,350,522)	(364,663,797)
Total	<u>\$129,441,289</u>	<u>\$132,168,946</u>	<u>\$102,109,316</u>	<u>\$96,144,271</u>	<u>\$231,550,605</u>	<u>\$228,313,217</u>

### Current Year Major Additions:

	<u>2018</u>
Cotton Street Improvements	3,167,623
Cherokee WTP Clarifier/Filterer Replacement	1,419,400
Downtown Improvements - Center Street	1,166,205
Guthri Creek Hike & Bike Trail	738,888
High Street Sewer Line Replacement	707,990
2015 Water System Improvements	697,753
2016 Bridge & Culvert Improvements	682,530
The Green	478,833
2016 Water System Improvements	385,644
Maude Cobb Parking Lot Rehabilitation	356,607
	<u>\$9,801,473</u>

The City's 2017-2018 Five-Year Capital Improvements Program has approximately \$127,681,513 in projects, of which \$4,400,000 has been adopted for completion in the current year. The projects are as follows: Drainage - \$400,000, Water - \$2,500,000 and Wastewater - \$900,000, Streets, and Municipal Facilities - \$600,000.

Completing these programs will result in drainage improvements to mitigate repetitive house flooding and/or storm sewer problems at Eden Drive. These programs will also replace two corrugated metal culvert pipes on Meadowview Road. It will also help to repair erosion damage to the Lake O' Pines Water Pump Station intake structure and to clean, sandblast and paint the elevated storage tank at White Cemetery. These programs will help to replace waterlines on Whaley, Second, Fourth and Magrill, and also to replace sewer lines at Lake Ninth and Shelly Streets. The City will do

a planning study for plans for new Police and Fire Facilities. The program will help to finish up the Maude Cobb Activity Center parking lot rehabilitation.

Additional information regarding the City’s capital assets can be found in Note 4 on pages 55-57

**Debt Administration**

At the end of the current fiscal year, the City had \$106,360,000 in general obligation and certificates of obligation, and revenue bonds outstanding. This represents a decrease of \$8,760,000 compared to the prior year. The following table shows the debt outstanding at September 30, 2018:

**TABLE 5**

**CITY OF LONGVIEW'S OUTSTANDING DEBT**

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General and certificates of obligatin bonds	\$64,210,000	\$69,140,000	\$ -	\$ -	\$64,210,000	\$69,140,000
Revenue bonds	-	-	42,150,000	45,980,000	42,150,000	45,980,000
<b>Total</b>	<b>\$64,210,000</b>	<b>\$69,140,000</b>	<b>\$42,150,000</b>	<b>\$45,980,000</b>	<b>\$106,360,000</b>	<b>\$115,120,000</b>

As of September 30, 2018, the City had \$64,210,000 of General Obligation Bonds and no Certificate of Obligation bonds for a total of \$64,210,000 of outstanding tax supported debt. The current debt service requirement on existing tax-supported debt is \$7,255,579.

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.

Much of the focus for this year has been on the development of a \$104,000,000 bond proposal to address several of the priorities of the Comprehensive Plan. This bond proposal will be sold three series. The first amount was voted on and approved in a November 2018 ballot. The sale that passed included three propositions: \$25,757,200 for public safety, 17,561,467 for parks, and 7,211,333 for streets.

As of September 30, 2018, the City had \$29,022,473 water and \$13,127,527 sewer for a total of \$42,150,000 of Water and Sewer Revenue Bonds outstanding. The current debt service requirement is \$5,215,350. 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 FY17-18 was not required.

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

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.

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, 2018, the City had a total of \$4,765,357 of outstanding obligations. The increase is due to the lease purchase of a new fire truck.

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

**TABLE 6**

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Capital Lease obligations	\$3,091,700	\$2,689,428	\$1,673,657	\$1,461,667	\$4,765,357	\$4,151,095
Total	\$3,091,700	\$2,689,428	\$1,673,657	\$1,461,667	\$4,765,357	\$4,151,095

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

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

For additional information regarding the City's outstanding debt or capital lease obligations, refer to Notes 8 and 9 on page 72-76 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 \$32,864,964 a decrease of \$4,515,054 in comparison to the prior year. Approximately 50% of this amount, \$16,439,313, 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 44-45.

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 \$16,439,313 while total fund balance was \$19,184,004. 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 \$1,633,685 during the current fiscal year. Key factors in this increase are as follows:

- An increase in sales tax revenue due to economic conditions
- Along with an increase in property taxes and
- Use of fund balance for major projects
- 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

The Debt Service Fund has a total fund balance of \$2,053,862, 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 \$299,807 the decrease is attributed the use of fund balance for debt service.

The Capital Projects Fund has a total fund balance of \$3,106,247 all of which is either restricted or committed for the capital project funding. The net decrease in fund balance during the current year in the Capital Projects Fund was \$6,546,403. This decrease is due to the continued construction projects. For additional information regarding these commitments see page 78.

### **Proprietary Funds**

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water Utilities Fund at the end of the year amounted to \$21,029,840 and those for the Solid Waste Disposal Fund amounted to \$626,253.

The Water Utilities Fund experienced an increase in net position of \$5,279,356 during the current year the net gain is due to unanticipated increases in revenues due to average rainfall, 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 two budget amendments. Total amendments were in the amounts of \$1,695,694. The amendments were for \$1,095,694 funded from the General Fund for the funding unanticipated health claims expenses, \$600,000 for funding a portion of the purchase of the downtown's historic Petroleum Building and the renovation of this building into a residential development to be called Alton Plaza.

Total revenue was above budget by \$1,841,869. The details of the more significant variances of budget to actual collections are detailed below:

- \$1,679,845 increase in anticipated sales taxes
- \$191,789 increase in anticipated property taxes
- \$99,964 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
- \$181,404 decrease in municipal court fines
- \$10,986 decrease in franchise fees.
- \$336,056 increase in charges for services, such as ambulance services, animal services, and park and recreational services

Total expenditures for the General Fund were \$840,484 under the final expenditure budget. The details of the more significant variances of budget to actual expenditures are detailed below:

- \$537,430 decrease in police due to vacancies in personnel
- \$312,090 decrease in fire due to vacancies in personnel
- \$229,003 decrease in street maintenance
- \$34,566 decrease in city attorney due to savings in litigation costs
- \$250,506 decrease in public safety communications due to vacancies in personnel
- \$196,088 decrease in traffic maintenance supplies
- \$82,552 decrease in grounds maintenance

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

- Estimates a 2.03% increase in overall appraised property values, resulting in an estimated \$300,866 increase in property tax collections
- Estimates a 9.89% increase in sales tax collection, which is an estimated increase of \$1,973,654
- Includes a property tax rate of \$0.5099
- Includes mid-year 3% increases in employee salaries
- Include no increase in residential sanitation rates
- Does not include water and sewer rate change
- Continue 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 STATEMENTS**

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business Activities	Total	Longview Economic Development Corporation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,077,069	\$ 3,155,052	\$ 8,232,121	\$ 98,753
Investments	18,149,649	25,250,567	43,400,216	11,423,061
Receivables (net of allowances for uncollectibles)				
Taxes	8,054,132	-	8,054,132	959,492
Accounts	1,027,305	5,607,638	6,634,943	-
Other	1,952,608	-	1,952,608	-
Internal balances	(1,931,510)	1,931,510	-	-
Intergovernmental receivable	972,100	-	972,100	-
Accrued interest	16,916	13,949	30,865	-
Inventories	406,846	1,314,813	1,721,659	-
Prepaid and other assets	-	3,182	3,182	4,025
Notes receivable	340,000	-	340,000	8,531,900
Advance receivable	5,638,714	(5,638,714)	-	-
Investment in property	-	-	-	2,105,935
Restricted assets:				
Cash and cash equivalents	5,746,307	1,599,514	7,345,821	3,074,523
Investments	6,005,738	6,590,722	12,596,460	640,912
Capital assets:				
Land	5,810,639	765,576	6,576,215	4,653,174
Buildings and improvements	97,035,626	21,616,360	118,651,986	185,149
Machinery and equipment	54,056,385	34,089,469	88,145,854	148,038
Infrastructure	164,095,574	212,156,860	376,252,434	4,135,782
Construction in progress	17,043,718	7,230,920	24,274,638	-
Less: accumulated depreciation	(208,600,653)	(173,749,869)	(382,350,522)	(2,252,837)
Total capital assets	<u>129,441,289</u>	<u>102,109,316</u>	<u>231,550,605</u>	<u>6,869,306</u>
Total assets	<u>180,897,163</u>	<u>141,937,549</u>	<u>322,834,712</u>	<u>33,707,907</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	12,621,653	1,530,710	14,152,363	-
Deferred outflows related to OPEB	278,267	55,913	334,180	-
Total deferred outflows of resources	<u>12,899,920</u>	<u>1,586,623</u>	<u>14,486,543</u>	<u>-</u>

(Continued)

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

	Primary Government			Component Unit
	Governmental Activities	Business Activities	Total	Longview Economic Development Corporation
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	3,521,562	1,148,062	4,669,624	-
Payables from restricted assets:				
Accounts payable and accrued expenses	2,553,333	960,415	3,513,748	34,963
Meter deposits	-	279,472	279,472	-
Family self-sufficiency escrow	14,577	-	14,577	-
Unearned grant funds	155,766	-	155,766	-
Other liabilities	63,271	-	63,271	-
Other payables	210,245	-	210,245	-
Noncurrent liabilities:				
Due within one year	7,986,689	5,498,235	13,484,924	1,943,541
Due in more than one year	141,945,254	47,092,721	189,037,975	17,784,608
Total liabilities	<u>156,450,697</u>	<u>54,978,905</u>	<u>211,429,602</u>	<u>19,763,112</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	23,704,645	1,840,622	25,545,267	-
Deferred inflows related to OPEB	223,946	44,252	268,198	-
Advance of grant funds	460,909	-	460,909	-
Total deferred inflows of resources	<u>24,389,500</u>	<u>1,884,874</u>	<u>26,274,374</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	67,506,088	55,168,156	122,674,244	1,851,306
Restricted for:				
Grant requirements	1,977,899	-	1,977,899	-
Capital projects	216,607	-	216,607	3,059,610
Debt service	2,053,862	7,631,782	9,685,644	640,912
Municipal court facilities	18,527	-	18,527	-
911 Emergency operations	361,945	-	361,945	-
Tourism/convention facilities	3,041,335	-	3,041,335	-
Other purposes	239,221	-	239,221	14,913
Other public safety	681,409	-	681,409	-
Unrestricted	(63,140,007)	23,860,455	(39,279,552)	8,378,054
Total net position	<u>\$ 12,956,886</u>	<u>\$ 86,660,393</u>	<u>\$ 99,617,279</u>	<u>\$ 13,944,795</u>

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 4,792,693	\$ 365,386	\$ -	\$ -
Public safety	46,175,956	7,047,147	553,367	72,415
Public works	13,706,076	-	457,555	1,155,168
Developmental services	1,840,100	1,019,833	630,810	-
Culture and recreation	10,559,038	799,858	57,968	1,339,600
Public transit	1,890,804	225,144	1,314,557	484,147
Public welfare	7,251,846	157,498	6,674,787	-
Interest and fiscal charges	2,299,379	-	-	-
Total governmental activities	<u>88,515,892</u>	<u>9,614,866</u>	<u>9,689,044</u>	<u>3,051,330</u>
Business-type activities:				
Water utilities	31,753,093	35,477,699	-	-
Sanitation	5,265,908	5,429,565	-	-
Nonmajor funds - Longview Recreation Association	349,186	339,563	-	-
Total business-type activities	<u>37,368,187</u>	<u>41,246,827</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 125,884,079</u>	<u>\$ 50,861,693</u>	<u>\$ 9,689,044</u>	<u>\$ 3,051,330</u>
<b>Component unit</b>				
Longview Economic Development Corporation	<u>\$ 11,788,499</u>	<u>\$ 956,250</u>	<u>\$ -</u>	<u>\$ -</u>
Total component unit				

**General revenues:**

Taxes:

- Property taxes
- Sales taxes
- Franchise taxes
- Other taxes

Industrial agreements

Investment earnings

Miscellaneous

**Gain on sale of asset**

**Special items:**

Change in accounting estimate

**Transfers:**

Total general revenues and special items

Change in net position

Net position - beginning

Prior Period Adjustment (Note 16 & 17)

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
\$ (4,427,307)	\$ -	\$ (4,427,307)	\$ -
(38,503,027)	-	(38,503,027)	-
(12,093,353)	-	(12,093,353)	-
(189,457)	-	(189,457)	-
(8,361,612)	-	(8,361,612)	-
133,044	-	133,044	-
(419,561)	-	(419,561)	-
(2,299,379)	-	(2,299,379)	-
<u>(66,160,652)</u>	<u>-</u>	<u>(66,160,652)</u>	<u>-</u>
-	3,724,606	3,724,606	-
-	163,657	163,657	-
-	(9,623)	(9,623)	-
<u>-</u>	<u>3,878,640</u>	<u>3,878,640</u>	<u>-</u>
<u>\$ (66,160,652)</u>	<u>\$ 3,878,640</u>	<u>\$ (62,282,012)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,832,249)</u>
28,959,221	-	28,959,221	-
27,052,515	-	27,052,515	5,410,502
5,695,277	-	5,695,277	-
2,400,787	-	2,400,787	-
1,735,000	-	1,735,000	-
637,660	508,670	1,146,330	158,807
972,939	705,900	1,678,839	118,775
213,145	190,001	403,146	3,363,125
10,708	-	10,708	-
(273,949)	273,949	-	-
<u>67,403,303</u>	<u>1,678,520</u>	<u>69,081,823</u>	<u>9,051,209</u>
1,242,651	5,557,160	6,799,811	(1,781,040)
24,384,789	82,631,719	107,016,508	15,725,835
<u>(12,670,554)</u>	<u>(1,528,486)</u>	<u>(14,199,040)</u>	<u>-</u>
<u>\$ 12,956,886</u>	<u>\$ 86,660,393</u>	<u>\$ 99,617,279</u>	<u>\$ 13,944,795</u>

## **FUND FINANCIAL STATEMENTS**

**CITY OF LONGVIEW, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,091,964	\$ 2,014,400	\$ 6,137
Investments	13,590,558	-	3,781,599
Accounts receivable, net	7,416,566	697,893	216,404
Intergovernmental receivable	-	-	-
Inventory	251,386	-	-
Due from other funds	156,313	8,472	-
Accrued interest	16,192	-	-
Total assets	<u>\$ 24,522,979</u>	<u>\$ 2,720,765</u>	<u>\$ 4,004,140</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 785,730	\$ -	\$ 897,893
Accrued payroll and benefits	2,238,901	-	-
Due to other funds	295,093	-	-
Other payables	224,822	-	-
Unearned grant funds	-	-	-
Family self-sufficiency escrow	-	-	-
Total liabilities	<u>3,544,546</u>	<u>-</u>	<u>897,893</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	741,676	666,903	-
Unavailable revenue - other	1,052,753	-	-
Advance of grant funds	-	-	-
Total deferred inflows of resources	<u>1,794,429</u>	<u>666,903</u>	<u>-</u>
Fund balances:			
Nonspendable	251,386	-	-
Restricted	111,478	2,053,862	2,408,527
Committed	-	-	697,720
Assigned	2,381,827	-	-
Unassigned	16,439,313	-	-
Total fund balances	<u>19,184,004</u>	<u>2,053,862</u>	<u>3,106,247</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,522,979</u>	<u>\$ 2,720,765</u>	<u>\$ 4,004,140</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
\$ 3,968,873	\$ 9,081,374
4,064,143	21,436,300
1,391,729	9,722,592
972,100	972,100
-	251,386
67,264	232,049
-	16,192
<u>\$ 10,464,109</u>	<u>\$ 41,711,993</u>

\$ 899,640	\$ 2,583,263
143,699	2,382,600
211,785	506,878
48,694	273,516
155,766	155,766
14,577	14,577
<u>1,474,161</u>	<u>5,916,600</u>

-	1,408,579
8,188	1,060,941
460,909	460,909
<u>469,097</u>	<u>2,930,429</u>

-	251,386
6,208,858	10,782,725
2,311,993	3,009,713
-	2,381,827
-	16,439,313
<u>8,520,851</u>	<u>32,864,964</u>

\$ 10,464,109

124,214,791

8,448,228

6,939,474

(159,510,571)

\$ 12,956,886

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>REVENUES</b>			
Taxes	\$ 49,227,085	\$ 6,931,720	\$ -
Fines and forfeitures	2,019,496	-	-
Licenses and permits	1,274,920	-	-
Intergovernmental	-	-	738,888
Charges for services	5,024,027	-	-
Investment earnings	365,886	27,924	117,184
Industrial agreements	1,735,000	-	-
Miscellaneous	578,407	-	-
Total revenues	<u>60,224,821</u>	<u>6,959,644</u>	<u>856,072</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,848,597	-	5,733
Public safety	41,661,297	-	-
Public works	4,388,820	-	-
Developmental services	2,049,252	-	-
Public welfare	562,347	-	-
Culture and recreation	5,339,996	-	-
Public transit	-	-	-
Debt service:			
Principal	318,326	4,930,000	-
Interest and other charges	92,078	2,329,451	9,100
Capital outlay	1,200,037	-	6,656,205
Total expenditures	<u>59,460,750</u>	<u>7,259,451</u>	<u>6,671,038</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	764,071	(299,807)	(5,814,966)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	25,912	-	-
Proceeds from capital lease	745,934	-	-
Chapter 380 loan disbursement (Note 15)	(340,000)	-	-
Transfers in	1,570,161	-	319,500
Transfers out	(1,132,393)	-	(1,050,937)
Total other financing sources and uses	<u>869,614</u>	<u>-</u>	<u>(731,437)</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,633,685	(299,807)	(6,546,403)
<b>FUND BALANCES, BEGINNING</b>	17,550,319	2,353,669	9,652,650
<b>PRIOR PERIOD ADJUSTMENT (NOTE 16)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 19,184,004</u>	<u>\$ 2,053,862</u>	<u>\$ 3,106,247</u>

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

Total Nonmajor Funds		Total Governmental	
\$	7,886,073	\$	64,044,878
	154,931		2,174,427
	-		1,274,920
	10,455,458		11,194,346
	1,401,403		6,425,430
	72,685		583,679
	-		1,735,000
	368,620		947,027
	<u>20,339,170</u>		<u>88,379,707</u>
	64,557		3,918,887
	1,284,844		42,946,141
	4,940,754		9,329,574
	510,133		2,559,385
	6,383,398		6,945,745
	2,300,177		7,640,173
	1,586,824		1,586,824
	24,065		5,272,391
	6,960		2,437,589
	2,550,850		10,407,092
	<u>19,652,562</u>		<u>93,043,801</u>
	686,608		(4,664,094)
	-		25,912
	-		745,934
	-		(340,000)
	382,393		2,272,054
	<u>(342,950)</u>		<u>(2,526,280)</u>
	39,443		177,620
	726,051		(4,486,474)
	7,823,380		37,380,018
	<u>(28,580)</u>		<u>(28,580)</u>
\$	<u>8,520,851</u>	\$	<u>32,864,964</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, 2018**

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

Net change in fund balances - total governmental funds:	\$ (4,486,474)
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.	3,782,036
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.	(2,598,742)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(196,991)
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.	4,634,599
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 combined effect of the current year changes in deferred outflows related to pensions, net pension liability, and deferred inflows related to pensions reported on the government-wide statement of net position.	(27,268)
Governmental funds report all payments for postretirement healthcare coverage. However, in the government-wide statement of activities the other post employment benefit (OPEB) expense is actuarially determined. This amount is the combined effect of the current year changes in deferred outflows related to OPEB, net OPEB liability, and deferred inflows related to OPEB reported on the government-wide statement of net position.	(35,111)
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.	(328,345)
In the governmental funds, a disbursement of funds that is intended to be repaid at a future date is recorded as an Other Use. This is the amount expended during the current year, which is recorded as a note receivable on the government-wide statement of net position.	340,000
The Water & Sewer Fund is reimbursing the General Fund through a long term advance receivable/payable for the financing of constructed assets. The annual payment is considered a source of current financial resources; however, it is reported as a decrease in advance receivable on the government-wide statement of net assets.	(631,415)
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.	790,362
Change in net position of governmental activities	<u>\$ 1,242,651</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, 2018**

	Budgeted Amounts	
	Original	Final
<b>REVENUE</b>		
Taxes	\$ 47,366,438	\$ 47,366,438
Fines, forfeits, and penalties	2,200,900	2,200,900
Licenses, permits, and fees	1,008,432	1,008,432
Charges for services	4,687,970	4,687,970
Investment earning	202,000	202,000
Contractual fees	1,735,000	1,735,000
Miscellaneous revenue	469,500	469,500
Total revenue	<u>57,670,240</u>	<u>57,670,240</u>
<b>EXPENDITURES</b>		
Current:		
General government	2,390,505	3,669,226
Public safety	42,740,708	42,746,708
Public works	4,659,243	4,863,890
Development services	2,049,093	2,614,702
Public welfare	590,974	590,974
Culture and recreation	5,582,246	5,582,246
Debt service:		
Principal	428,332	428,332
Interest and other charges	92,074	92,074
Capital outlay	168,325	205,045
Total expenditures	<u>58,701,500</u>	<u>60,793,197</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(1,031,260)</u>	<u>(3,122,957)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Gain on sale of assets	12,000	12,000
Proceeds from capital lease	-	-
Chapter 380 loan disbursement (Note 14)	-	(340,000)
Transfers in	1,546,711	1,546,711
Transfers out	(1,100,000)	(1,100,000)
Total other financing sources (uses)	<u>458,711</u>	<u>118,711</u>
<b>NET CHANGE IN FUND BALANCE</b>	(572,549)	(3,004,246)
<b>FUND BALANCE - BEGINNING</b>	17,550,319	17,550,319
<b>FUND BALANCE - END</b>	<u>\$ 16,977,770</u>	<u>\$ 14,546,073</u>

	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
\$	49,227,085	\$ (441,363)	\$ 48,785,722	\$ 1,419,284
	2,019,496	-	2,019,496	(181,404)
	1,274,920	-	1,274,920	266,488
	5,024,027	(214,585)	4,809,442	121,472
	365,886	(5,914)	359,972	157,972
	1,735,000	-	1,735,000	-
	578,407	(50,850)	527,557	58,057
	<u>60,224,821</u>	<u>(712,712)</u>	<u>59,512,109</u>	<u>1,841,869</u>
	3,848,597	(40,164)	3,808,433	(139,207)
	41,661,297	(57,527)	41,603,770	1,142,938
	4,388,820	(79,623)	4,309,197	554,693
	2,049,252	(104,963)	1,944,289	670,413
	562,347	4,075	566,422	24,552
	5,339,996	24,231	5,364,227	218,019
	318,326	-	318,326	110,006
	92,078	-	92,078	(4)
	1,200,037	745,934	1,945,971	(1,740,926)
	<u>59,460,750</u>	<u>491,963</u>	<u>59,952,713</u>	<u>840,484</u>
	<u>764,071</u>	<u>(1,204,675)</u>	<u>(440,604)</u>	<u>2,682,353</u>
	25,912	-	25,912	13,912
	745,934	745,934	-	-
	(340,000)	-	(340,000)	-
	1,570,161	-	1,570,161	23,450
	<u>(1,132,393)</u>	<u>1,104,415</u>	<u>(2,236,808)</u>	<u>(1,136,808)</u>
	<u>869,614</u>	<u>1,850,349</u>	<u>(980,735)</u>	<u>(1,099,446)</u>
	1,633,685	645,674	(1,421,339)	1,582,907
	17,550,319	-	17,550,319	-
\$	<u>19,184,004</u>	<u>645,674</u>	<u>16,128,980</u>	<u>1,582,907</u>

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**SEPTEMBER 30, 2018**

	Enterprise Funds	
	Water Utilities	Sanitation
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,509,833	\$ 528,690
Investments	24,244,362	825,140
Accounts receivable, net	4,817,403	790,235
Due from other funds	-	-
Inventories	1,314,815	-
Accrued interest	13,949	-
Other assets	3,182	-
Restricted assets:		
Cash and cash equivalents	1,599,514	-
Investments	6,590,722	-
Total current assets	41,093,780	2,144,065
Non-current assets:		
Advance receivable	1,214,130	-
Capital assets:		
Land	760,000	5,576
Buildings	21,386,062	213,798
Water and sewer system	212,156,860	-
Machinery and equipment	26,440,420	7,598,862
Construction in progress	7,230,920	-
Less accumulated depreciation	(168,620,908)	(5,084,659)
Total non-current assets	100,567,484	2,733,577
Total assets	141,661,264	4,877,642
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pension	1,277,889	246,394
Deferred outflows related to OPEB	48,540	7,373
Total deferred outflows of resources	1,326,429	253,767

(continued)

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>
\$ 116,529	\$ 3,155,052	\$ 1,742,002
181,065	25,250,567	2,719,087
-	5,607,638	1,311,453
-	-	275,386
-	1,314,815	155,463
-	13,949	730
-	3,182	-
-	1,599,514	-
-	6,590,722	-
<u>297,594</u>	<u>43,535,439</u>	<u>6,204,121</u>
-	1,214,130	-
-	765,576	-
16,500	21,616,360	406,696
-	212,156,860	-
50,187	34,089,469	18,673,664
-	7,230,920	4,802
(44,302)	(173,749,869)	(13,858,663)
<u>22,385</u>	<u>103,323,446</u>	<u>5,226,499</u>
<u>319,979</u>	<u>146,858,885</u>	<u>11,430,620</u>
6,427	1,530,710	289,682
-	55,913	16,098
<u>6,427</u>	<u>1,586,623</u>	<u>305,780</u>

**CITY OF LONGVIEW, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**(Continued)**

**SEPTEMBER 30, 2018**

	Enterprise Funds	
	Water Utilities	Sanitation
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 597,420	\$ 166,291
Accrued liabilities	279,917	92,289
Compensated absences	137,820	30,197
Capital lease obligation	43,779	672,240
Due to other funds	147	374
Claims and judgments	-	-
Current liabilities payable from restricted assets:		
Accounts payable - construction	853,790	-
Accrued interest payable	106,625	-
Revenue bonds	4,614,200	-
Customer deposits	279,472	-
Total current liabilities	6,913,170	961,391
Non-current liabilities:		
Advance payable	5,638,714	1,214,131
Compensated absences	805,712	176,538
Other post-employment benefits	2,793,866	697,772
Capital lease obligation	244,399	713,238
Net pension liability	1,624,567	306,330
Revenue bonds payable	39,718,155	-
Total non-current liabilities	50,825,413	3,108,009
Total liabilities	57,738,583	4,069,400
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	1,542,386	290,835
Deferred inflows related to OPEB	33,299	10,953
Total deferred inflows of resources	1,575,685	301,788
<b>NET POSITION</b>		
Net investment in capital assets	55,011,803	133,968
Restricted for debt service	7,631,782	-
Unrestricted	21,029,840	626,253
Total net position	\$ 83,673,425	\$ 760,221

Adjustment to report the cumulative internal balance from the net effect of the activity between the internal service funds and the enterprise funds over time.

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>
\$ 8,744	\$ 772,455	\$ 185,040
3,401	375,607	93,986
-	168,017	26,503
-	716,019	1,313
-	521	36
-	-	1,216,525
-	853,790	-
-	106,625	-
-	4,614,200	-
-	279,472	-
<u>12,145</u>	<u>7,886,706</u>	<u>1,523,403</u>
-	6,852,845	-
-	982,250	154,948
4,345	3,495,983	447,603
-	957,637	7,333
7,799	1,938,696	361,688
-	39,718,155	-
<u>12,144</u>	<u>53,945,566</u>	<u>971,572</u>
<u>24,289</u>	<u>61,832,272</u>	<u>2,494,975</u>
7,401	1,840,622	357,017
-	44,252	12,902
<u>7,401</u>	<u>1,884,874</u>	<u>369,919</u>
22,385	55,168,156	5,217,853
-	7,631,782	-
<u>272,331</u>	<u>21,928,424</u>	<u>3,653,653</u>
<u>\$ 294,716</u>	<u>84,728,362</u>	<u>\$ 8,871,506</u>
	<u>1,932,031</u>	
	<u>\$ 86,660,393</u>	

**CITY OF LONGVIEW, TEXAS**

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

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Enterprise Funds	
	Water Utilities	Sanitation
<b>OPERATING REVENUES</b>		
Water revenue	\$ 21,687,119	\$ -
Sewer revenue	12,771,771	-
Solid waste collections	-	5,429,565
Installation fees	538,716	-
Penalties	480,093	-
Recreation revenue	-	-
Premiums	-	-
Vehicle revenue	-	-
GIS revenue	-	-
Media development revenue	-	-
Miscellaneous	-	-
Total operating revenues	35,477,699	5,429,565
<b>OPERATING EXPENSES</b>		
Administrative	504,683	-
Utility services	1,547,397	-
Water supply	3,347,330	-
Water distribution	3,066,426	-
Water purification	4,597,715	-
Sanitary sewer maintenance	1,921,135	-
Sanitary sewer treatment	3,805,583	-
Plant automation	670,108	-
Public works engineering	377,111	-
Non-departmental expense	2,753,817	-
Sanitation services	-	4,224,170
Claims and premiums, net of reimbursements	-	-
Fleet service	-	-
Depreciation	7,630,577	983,319
Recreation expenses	-	-
Total operating expenses	30,221,882	5,207,489
<b>OPERATING INCOME (LOSS)</b>	5,255,817	222,076

(continued)

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

Nonmajor Enterprise Funds		Internal Service Funds
Nonmajor - Longview Recreation Association	Total	
\$ -	\$ 21,687,119	\$ -
-	12,771,771	-
-	5,429,565	-
-	538,716	-
-	480,093	-
339,563	339,563	-
-	-	13,254,292
-	-	2,791,385
-	-	2,130,707
-	-	337,223
-	-	229,696
<u>339,563</u>	<u>41,246,827</u>	<u>18,743,303</u>
-	504,683	4,387,220
-	1,547,397	-
-	3,347,330	-
-	3,066,426	-
-	4,597,715	-
-	1,921,135	-
-	3,805,583	-
-	670,108	-
-	377,111	-
-	2,753,817	-
-	4,224,170	-
-	-	11,243,245
-	-	2,136,672
5,711	8,619,607	1,399,108
343,020	343,020	-
<u>348,731</u>	<u>35,778,102</u>	<u>19,166,245</u>
<u>(9,168)</u>	<u>5,468,725</u>	<u>(422,942)</u>

**CITY OF LONGVIEW, TEXAS**

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

**PROPRIETARY FUNDS**

(Continued)

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Enterprise Funds	
	Water Utilities	Sanitation
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenues	\$ 494,949	\$ 10,036
Miscellaneous revenues	705,900	-
Gain (loss) on sale of capital asset	21,050	168,951
Interest expense	(1,472,309)	(31,821)
Total non-operating revenues (expenses)	(250,410)	147,166
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	5,005,407	369,242
Capital contribution from governmental activities	769,723	-
Transfers in	-	-
Transfers out	(495,774)	-
<b>CHANGE IN NET POSITION</b>	5,279,356	369,242
<b>TOTAL NET POSITION, BEGINNING</b>	79,030,877	1,278,907
<b>PRIOR PERIOD ADJUSTMENT (NOTE 15 &amp; 16)</b>	(636,808)	(887,928)
<b>TOTAL NET POSITION, ENDING</b>	\$ 83,673,425	\$ 760,221

Change in net position, per above

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

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

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

Nonmajor Enterprise Funds		Total	Internal Service Funds
Nonmajor - Longview Recreation Association			
\$ 3,685	\$ 508,670	\$ 53,981	
-	705,900	110,224	
-	190,001	213,145	
-	(1,504,130)	-	
<u>3,685</u>	<u>(99,559)</u>	<u>377,350</u>	
(5,483)	5,369,166	(45,592)	
-	769,723	-	
-	-	750,000	
<u>-</u>	<u>(495,774)</u>	<u>-</u>	
(5,483)	5,643,115	704,408	
303,949	80,613,733	9,067,829	
<u>(3,750)</u>	<u>(1,528,486)</u>	<u>(900,731)</u>	
<u>\$ 294,716</u>	\$ 84,728,362	<u>\$ 8,871,506</u>	
	5,643,115		
	<u>(85,955)</u>		
	<u>\$ 5,557,160</u>		

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Business-type Activities Enterprise Funds		
	Water Utilities	Sanitation	Nonmajor-Longview Recreation Association
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 35,137,973	\$ 5,390,244	\$ 339,563
Cash received from City departments	-	-	-
Cash received from premiums/contributions	-	-	-
Cash payments for claims	-	-	-
Cash payments for goods and services	(14,185,801)	(2,848,402)	(259,354)
Cash payments to employees/retirees	(7,851,114)	(1,616,213)	(90,889)
Net cash provided by (used in) operating activities	<u>13,101,058</u>	<u>925,629</u>	<u>(10,680)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received for miscellaneous items	-	-	-
Transfers out	(495,774)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(495,774)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Advance from other funds for capital purchases	-	(50,000)	-
Unamortized premium on refunding	-	-	-
Acquisition and construction of capital assets	(4,707,006)	(1,062,779)	-
Principal paid on revenue bonds	(3,830,000)	-	-
Principal paid on advance payable for capital related financing	(631,415)	-	-
Interest paid on revenue bonds	(1,549,622)	-	-
Proceeds on sale of capital asset	21,050	168,951	-
Insurance recoveries	-	-	-
Principal paid on capital leases	(42,220)	254,209	-
Interest and fiscal charges on debt	(22,580)	(18,687)	-
Net cash used in capital and related financing activities	<u>(10,761,793)</u>	<u>(708,306)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments from other funds	50,000	-	-
Proceeds from maturities of investments	-	-	-
Reinvestments of investments	(3,914,581)	(343,340)	(51,010)
Interest on investments	482,338	10,036	3,685
Net cash used in investing activities	<u>(3,382,243)</u>	<u>(333,304)</u>	<u>(47,325)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,538,752)</b>	<b>(115,981)</b>	<b>(58,005)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b><u>5,648,099</u></b>	<b><u>644,671</u></b>	<b><u>174,534</u></b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b><u>\$ 4,109,347</u></b>	<b><u>\$ 528,690</u></b>	<b><u>\$ 116,529</u></b>

(continued)

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

Total	Governmental Activities Internal Service Funds
\$ 40,867,780	\$ -
-	5,283,838
-	12,380,534
-	(11,167,642)
(17,293,557)	(4,965,042)
(9,558,216)	(2,442,253)
14,016,007	(910,565)
-	28,124
(495,774)	750,000
(495,774)	778,124
(50,000)	-
-	-
(5,769,785)	(1,949,249)
(3,830,000)	-
(631,415)	-
(1,549,622)	-
190,001	272,910
-	90,752
211,989	(1,267)
(41,267)	(32)
(11,470,099)	(1,586,886)
50,000	-
-	2,090,800
(4,308,931)	(1,982,864)
496,059	54,078
(3,762,872)	162,014
(1,712,738)	(1,557,313)
6,467,304	3,299,315
\$ 4,754,566	\$ 1,742,002

**CITY OF LONGVIEW, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Business-type Activities		
	Enterprise Funds		
	Water Utilities	Sanitation	Nonmajor Longview Recreation Association
<b>RECONCILIATION OF OPERATING INCOME TO</b>			
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 5,255,817	\$ 222,076	\$ (9,168)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	7,630,577	983,319	5,711
Miscellaneous nonoperating revenue	-	-	-
Change in assets and liabilities:			
Decrease (increase) in assets:			
Receivables	(186,590)	(39,321)	-
Inventories	(153,134)	-	-
Prepaid expense	200	-	-
Due from other funds	-	-	-
Deferred outflows related to pension	476,769	86,292	2,241
Increase (decrease) in liabilities:			
Accounts payable	62,568	(48,086)	(4,628)
Due to other funds	147	374	-
Accrued liabilities	27,383	18,638	1,216
Customer deposits	(5,275)	-	-
Claims payable	-	-	-
Compensated absences	(92,212)	10,476	(5,056)
Other post employment benefits	377,685	(257,588)	569
Net pension liability	(1,868,562)	(352,339)	(8,966)
Deferred inflows of resources	1,575,685	301,788	7,401
Total adjustments	7,845,241	703,553	(1,512)
Net cash provided by (used in) operating activities	<u>\$ 13,101,058</u>	<u>\$ 925,629</u>	<u>\$ (10,680)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Transfer of capital assets with other funds	<u>\$ 769,723</u>	<u>\$ -</u>	<u>\$ -</u>
Donated capital assets	<u>\$ 705,900</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,509,833	\$ 528,690	\$ 116,529
Restricted assets - cash and cash equivalents	1,599,514	-	-
Total cash and cash equivalents	<u>\$ 4,109,347</u>	<u>\$ 528,690</u>	<u>\$ 116,529</u>

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

Total	Governmental Activities  Internal Service Funds
\$ 5,468,725	\$ (422,942)
8,619,607	1,399,107
-	-
(225,911)	(14,170)
(153,134)	38,298
200	-
-	(275,386)
565,302	(999,073)
9,854	(104,218)
521	-
47,237	22,248
(5,275)	-
-	75,603
(86,792)	29,271
120,666	(597,903)
(2,229,867)	(431,319)
1,884,874	369,919
8,547,282	(487,623)
\$ 14,016,007	\$ (910,565)
\$ 769,723	\$ -
\$ 705,900	\$ -
\$ 3,155,052	\$ 1,742,002
1,599,514	-
\$ 4,754,566	\$ 1,742,002

**CITY OF LONGVIEW**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUND**

**SEPTEMBER 30, 2018**

	Pension Trust Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,977,938
Receivables	
Contribution receivable	86,380
Interest and dividends	9,540
Other receivables	18,627
Total receivables	<u>114,547</u>
Other assets	300
Investments, at fair value	
Equity securities	7,736,217
Mutual funds	17,610,310
Alternative investments	16,912,077
Total investments	<u>42,258,604</u>
Equipment, at cost, net of accumulated depreciation	<u>2,134</u>
Total assets	<u>44,353,523</u>
<b>NET POSITION</b>	
Net position restricted for pension benefits	<u>\$ 44,353,523</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, 2018**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 2,139,846
Members	<u>2,090,185</u>
Total contributions	4,230,031
Investment income	
Interest and dividend income	926,928
Net appreciation in fair value of investments	4,836,846
Less investment expense	<u>(176,452)</u>
Total investment income	5,587,322
Total additions	<u>9,817,353</u>
<b>DEDUCTIONS</b>	
Benefits paid to members	6,210,967
Refunds of contributions	211,948
Administrative expenses	<u>97,453</u>
Total deductions	<u>6,520,368</u>
Net decrease	3,296,985
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	
Beginning of year	<u>41,056,538</u>
End of year	<u><u>\$ 44,353,523</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, 2018**

**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 was 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, 2017.

**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, 2018**

**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. Payments were also received for health insurance premiums for LEDCO employees. For the year ended September 30, 2018, \$2,266,724 was provided to the City.

**Related Parties**

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 parties: 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. During the fiscal year ended September 30, 2018, these nonprofit organizations expended, on behalf of the City, approximately \$743,188 for expenses related to their respective charitable intent.

**Government-wide and Fund Financial Statements**

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. General revenues in the government-wide statement consist of taxes and fees. Program revenues consist of charges for service, contributions, and grant revenues. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

Additionally, the City reports the following fund types:

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

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

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

**Cash, Cash Equivalents and Investments**

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

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

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

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

**Restricted Assets**

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

The balances of the restricted asset accounts at September 30, 2018 are as follows:

	Governmental Activities	Business Activities
Customer deposits	\$ -	\$ 279,472
Capital projects	3,122,333	278,982
Debt service/bond reserves	2,014,400	7,631,782
Agency account	62,152	-
Special revenue purposes	6,553,160	-
	<hr/>	<hr/>
Total restricted assets	<u>\$ 11,752,045</u>	<u>\$ 8,190,236</u>

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

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Inventories**

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

**Capital Assets**

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangements should be reported at acquisition value. 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, are 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 one type of deferred outflow, which arises only under the accrual basis of accounting that qualifies for reporting in this category. Deferred outflows related to pensions and other post-employment benefits are reported only in the government-wide and proprietary statements of net position. These amounts 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 and other post-employment benefits, in the Government-wide Statement of Net Position, represent actuarial gains (losses) that are deferred and amortized over the actuarial determined recognition period.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**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.

**Other Postemployment Benefits**

For purposes of measuring the other postemployment benefit (OPEB) liability for the Health Plan and the TMRS Supplemental Death Benefit Plan, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and additions to/deductions from the OPEB liability of these Plans are recognized in the period that benefits are paid for the retiree, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. There are no Plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**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 (a) not in spendable form (such as inventory or prepaids) or (b) legally required to remain intact.

**Restricted fund balance** – represents amounts with for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation (such as municipal court fines).

**Committed fund balance** – represents amounts than can only be used for specific purposes pursuant to constraints 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 type of action (ordinance or resolution) that was employed when the funds were initially committed.

**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 fund balance for the General Fund or deficit fund balances in other funds.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Fund Balances (Cont'd)**

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

A summary of the nature and purpose of fund balances at September 30, 2018 is as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Special Revenue</u>	<u>Total</u>
<b>Fund balances:</b>					
<b>Nonspendable:</b>	\$ 251,386	\$ -	\$ -	\$ -	\$ 251,386
<b>Restricted for:</b>					
Capital projects	-	-	2,408,527	-	2,408,527
Debt service	-	2,053,862	-	-	2,053,862
Municipal court facilities	-	-	-	18,526	18,526
Purposes of grantors and donors	-	-	-	1,977,899	1,977,899
911 Emergency operations	-	-	-	361,945	361,945
Tourism/convention facilities	-	-	-	3,041,336	3,041,336
Other public safety	-	-	-	681,409	681,409
Other purposes	111,478	-	-	127,743	239,221
<b>Total restricted</b>	<u>111,478</u>	<u>2,053,862</u>	<u>2,408,527</u>	<u>6,208,858</u>	<u>10,782,725</u>
<b>Committed to:</b>					
Drainage improvements	-	-	697,720	2,311,993	3,009,713
<b>Assigned to:</b>					
Encumbrances	589,921	-	-	-	589,921
Vehicle replacement	1,034,174	-	-	-	1,034,174
Capital outlay	598,232	-	-	-	598,232
Health benefits	159,500	-	-	-	159,500
<b>Total assigned</b>	<u>2,381,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,381,827</u>
<b>Unassigned</b>	16,439,313	-	-	-	16,439,313
<b>Total fund balances</b>	<u>\$ 19,184,004</u>	<u>\$ 2,053,862</u>	<u>\$ 3,106,247</u>	<u>\$ 8,520,851</u>	<u>\$ 32,864,964</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 that may result in amounts owed between funds for goods and services. 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." A permanent reallocation of resources between funds are classified as interfund transfers. 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.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**Interfund Transactions (Cont'd)**

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

**Estimates**

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

**New Accounting Pronouncements**

In June 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 has implemented GASB No. 75 in this annual report.

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.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which improves accounting and reporting by enhancing the consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which improves consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City has implemented GASB No. 85 in this annual report.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for certain debt extinguishments and to enhance the decision-usefulness of that information. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City has implemented GASB No. 86 in this annual report.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting by requiring reporting of certain lease liabilities that currently are not reported. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, which improves accounting and financial reporting by clarifying which liabilities governments should include in their note disclosures related to debt. 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.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Incurred Before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reported period. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, which clarifies the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. The requirements of this statement are effective for financial statements for periods beginning after December 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 April 10, 2019, the date the financial statements were available to be issued.

**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**

Another element of that reconciliation explains that "internal service funds are used by management to charge the costs of general liability, group health, workers' compensation, GIS/IT services, fleet services, vehicle replacement and media development to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position."

The details of this \$6,939,474 difference are as follows:

Net position of the internal service funds	\$ 8,871,506
Less: Internal net payable representing charges in excess of cost to business-type activities - prior years	(2,017,987)
Internal net receivable representing charges in excess of cost to business-type activities - current year	<u>85,955</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 6,939,474</u>

**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."

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

The details of this \$(159,510,571) difference are as follows:

Bonds payable and related charges	\$ (64,210,000)
Bond premium, net	(2,464,129)
Capital leases payable	(3,083,054)
Accrued interest payable	(830,006)
Compensated absences	(5,789,647)
Net pension liability	(54,440,252)
Deferred outflow related to pensions	12,331,971
Deferred inflow related to pensions	(23,347,628)
Other post employment benefits (OPEB) liability	(17,728,951)
Deferred outflow related to OPEB	262,169
Deferred inflow related to OPEB	<u>(211,044)</u>
Net adjustment to reconcile fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (159,510,571)</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 acquisition costs (or fair value if donated) are allocated over their estimated useful lives as depreciation expense.

The details of the \$3,782,036 difference are as follows:

Capital outlay	\$ 10,407,092
Donated assets and transferred assets	3,694,531
Depreciation expense	<u>(10,319,587)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,782,036</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, 2018**

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

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

The details of this \$4,634,599 difference are as follows:

Debt issued or incurred:	
Capital lease financing	(745,934)
Principal repayments:	
General obligation debt	4,930,000
Capital lease financing	342,396
Amortization of bond related costs	
Net premium/discount	384,503
Deferred loss on refunding	<u>(276,366)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,634,599</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 \$(328,345) difference are as follows:

Compensated absences	\$ (358,418)
Accrued interest	<u>30,073</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (328,345)</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, 2018**

**IV. DETAILED NOTES ON ALL FUNDS**

**NOTE 1: DEPOSITS AND INVESTMENTS**

Cash and investments as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	\$ 8,232,121
Restricted cash and cash equivalents	7,345,821
Investments	43,400,216
Restricted investments	<u>12,596,460</u>
	71,574,618
Component Units *	
Cash and cash equivalents	2,076,691
Restricted cash and cash equivalents	3,074,523
Investments	11,423,061
Restricted investments	<u>42,899,516</u>
	<u>59,473,791</u>
Total Cash and Investments	<u>\$131,048,409</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., a blended component unit, had cash and investments of \$27,322 and \$42,642, respectively, at September 30, 2018, which are included within the amounts reported for the primary government.

***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, 2018, 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.

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. The fair value of the pool shares is the same as the amortized cost of the pool.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

***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, 2018, 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	\$ 29,971,078	
TexPool	853,354	0.080
Texas CLASS	2,918,669	0.080
Certificate of Deposits	<u>22,253,575</u>	0.860
Total primary government	55,996,676	
Component units		
Money market	12,063,973	
Equity securities	7,736,217	
Mutual funds and comingled funds	17,610,310	
Alternative investments	<u>16,912,077</u>	
Total component units	<u>54,322,577</u>	
Total Reporting Entity	<u>\$ 110,319,253</u>	

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

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

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).

Following is a description of the valuation methodologies used for assets measured at fair value.

- The money market funds, TexPool, Texas CLASS, 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 alternative investments and comingled funds are valued at net asset value (NAV) as reported by each individual alternative investment or comingled fund. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by each individual alternative investment or comingled fund less its liabilities. This practical expedient is not used when it is determined to be provably that the fund will sell the investment for an amount different than the reported NAV.

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

	Assets at Fair Value as of September 30, 2018			
	Level 1	Level 2	Level 3	Total
<b>Primary Government:</b>				
Money market funds	\$ 29,971,078	\$ -	\$ -	\$ 29,971,078
TexPool	-	853,354	-	853,354
Texas CLASS	-	2,918,669	-	2,918,669
Certificates of Deposit	-	22,253,575	-	22,253,575
Total investments at fair value	<u>\$ 29,971,078</u>	<u>\$ 26,025,598</u>	<u>\$ -</u>	<u>\$ 55,996,676</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

*Concentration of Credit Risk (Cont'd)*

Component Units:	Assets at Fair Value as of September 30, 2018			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 12,063,973	\$ -	\$ -	\$ 12,063,973
Equity securities	7,736,217	-	-	7,736,217
Mutual funds and comingled funds	17,610,310	-	-	17,610,310
Total investments at fair value	<u>\$ 37,410,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,410,500</u>

The following table summarizes the Component Units' investments measured at fair value based on NAV per share as of September 30, 2018:

Fair Value Estimated Using NAV per Share	
Alternative investments	<u>Fair Value</u> <u>\$ 16,912,077</u>

**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, 2018, were 98.38% 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, 2018, upon which the original 2018 levy was based, was \$5,755,582,073.

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, 2018, 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.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 3: RECEIVABLES**

Receivables at September 30, 2018 for the government's individual major funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, consist of the following:

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Water Utilities	Solid Waste Disposal	Internal Service	Total
Receivables:								
Property taxes	\$845,595	\$704,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,550,537
Sales taxes	3,837,985	-	-	959,497	-	-	-	4,797,482
Hotel taxes	-	-	-	261,732	-	-	-	261,732
Franchise fees	1,345,841	-	-	114,047	-	-	-	1,459,888
Trade accounts	-	-	-	-	2,774,196	466,574	-	3,240,770
Unbilled trade accts	-	-	-	-	2,069,244	331,210	-	2,400,454
Municipal court	2,240,338	-	-	-	-	-	-	2,240,338
Ambulance	1,460,801	-	-	-	-	-	-	1,460,801
Other	342,849	-	216,404	56,453	-	-	1,311,453	1,927,159
Gross receivables	10,073,409	704,942	216,404	1,391,729	4,843,440	797,784	1,311,453	19,339,161
Less: Allowance for uncollectibles	2,656,843	7,049	-	-	26,037	7,549	-	2,697,478
Receivables, net	<u>\$ 7,416,566</u>	<u>\$ 697,893</u>	<u>\$ 216,404</u>	<u>\$ 1,391,729</u>	<u>\$ 4,817,403</u>	<u>\$ 790,235</u>	<u>\$ 1,311,453</u>	<u>\$ 16,641,683</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2018, was as follows:

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,528,824	\$ 281,815	\$ -	\$ 5,810,639
Construction in progress	11,356,709 (1)	7,588,421	1,901,412 (2)	17,043,718
Total capital assets, not being depreciated:	<u>16,885,533</u>	<u>7,870,236</u>	<u>1,901,412</u>	<u>22,854,357</u>
Capital assets, being depreciated:				
Buildings and improvements	98,648,633	1,978,765 (3)	3,591,772 (4)	97,035,626
Infrastructure	158,152,557 (1)	5,973,675 (3), (4)	-	164,126,232
Equipment	52,724,093	2,736,757 (3)	1,435,123	54,025,727
Total capital assets being depreciated	<u>309,525,283</u>	<u>10,689,197</u>	<u>5,026,895</u>	<u>315,187,585</u>
Less accumulated depreciation for:				
Buildings and improvements	54,034,686	4,428,157	673,543 (4)	57,789,300
Infrastructure	108,874,008 (1)	4,910,579 (4)	319,484	113,465,103
Equipment	35,734,503	2,987,104	1,375,357	37,346,250
Total accumulated depreciation	<u>198,643,197</u>	<u>12,325,840</u>	<u>2,368,384</u>	<u>208,600,653</u>
Total capital assets, being depreciated, net	<u>110,882,086</u>	<u>(1,636,643)</u>	<u>2,658,511</u>	<u>106,586,932</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 127,767,619</u>	<u>\$ 6,233,593</u>	<u>\$ 4,559,923</u>	<u>\$ 129,441,289</u>

- (1) These amounts have been adjusted for the prior period adjustment discussed in Note 16.
- (2) Transfers and retirements of construction in progress include \$769,726 of CIP transferred to the Water Utility fund.
- (3) Transfers and additions includes donated improvements of \$657,761, donated infrastructure of \$754,144, and donated equipment of \$131,124.
- (4) Transfers and additions and transfers and retirements includes the reclassification of assets of \$3,525,376 and it's related accumulated depreciation of \$607,147.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

	<u>Beginning of Year</u>		<u>And Additions</u>		<u>And Retirements</u>		<u>End of Year</u>
<b>Business-type activities:</b>							
Capital assets, not being depreciated:							
Land	\$ 765,576		\$ -		\$ -		\$ 765,576
Construction in progress	<u>3,360,939</u>		<u>5,429,548</u>		<u>1,559,567</u>		<u>7,230,920</u>
Total capital assets, not being depreciated:	<u>4,126,515</u>		<u>5,429,548</u>		<u>1,559,567</u>		<u>7,996,496</u>
Capital assets, being depreciated:							
Buildings	21,616,360		-		-		21,616,360
Water and sewer systems	209,832,115	(1)	2,324,745	(2)	-		212,156,860
Machinery and equipment	<u>33,849,444</u>		<u>1,185,574</u>	(3)	<u>945,549</u>		<u>34,089,469</u>
Total capital assets being depreciated:	<u>265,297,919</u>		<u>3,510,319</u>		<u>945,549</u>		<u>267,862,689</u>
Less accumulated depreciation for:							
Buildings	18,923,942		163,599		-		19,087,541
Water and Sewer Systems	122,341,840	(1)	6,696,798		-		129,038,638
Machinery and equipment	<u>24,754,818</u>		<u>1,814,421</u>		<u>945,549</u>		<u>25,623,690</u>
Total accumulated depreciation	<u>166,020,600</u>		<u>8,674,818</u>		<u>945,549</u>		<u>173,749,869</u>
Total capital assets, being depreciated, net	<u>99,277,319</u>		<u>(5,164,499)</u>		<u>-</u>		<u>94,112,820</u>
<b>Water Utilities capital assets, net</b>	<u>\$ 103,403,834</u>		<u>\$ 265,049</u>		<u>\$ 1,559,567</u>		<u>\$102,109,316</u>

- (1) These amounts have been adjusted for the prior period adjustment discussed in Note 16.
- (2) Additions and transfers of infrastructure includes \$769,726 of CIP transferred from the governmental activities, and \$690,900 of infrastructure assets donated to the City.
- (3) Machinery and equipment includes \$15,000 of assets donated to the City.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
<b>Longview Economic Development Corporation:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,241,645	\$ 52,797	\$ 641,268	\$ 4,653,174
Construction in progress	-	-	-	-
Total capital assets, not being depreciated:	<u>5,241,645</u>	<u>52,797</u>	<u>641,268</u>	<u>4,653,174</u>
Capital assets, being depreciated:				
Buildings and Improvements	144,877	3,161	-	148,038
Equipment	185,149	-	-	185,149
Infrastructure	4,961,296	13,974	839,488	4,135,782
Total capital assets, being depreciated:	<u>5,291,322</u>	<u>17,135</u>	<u>839,488</u>	<u>4,468,969</u>
Less accumulated depreciation:				
Buildings and Improvements	113,386	6,871	-	120,257
Equipment	171,497	1,798	-	173,295
Infrastructure	2,213,790	189,377	443,882	1,959,285
Total accumulated depreciation	<u>2,498,673</u>	<u>198,046</u>	<u>443,882</u>	<u>2,252,837</u>
Total capital assets, being depreciated, net	<u>2,792,649</u>	<u>(180,911)</u>	<u>395,606</u>	<u>2,216,132</u>
<b>Capital assets, net</b>	<u><u>\$ 8,034,294</u></u>	<u><u>\$ (128,114)</u></u>	<u><u>\$ 1,036,874</u></u>	<u><u>\$ 6,869,306</u></u>

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

**Governmental activities:**

General Government	\$ 157,479
Public Safety	1,511,806
Public Works	4,892,786
Development	177,192
Public Welfare	229,835
Culture and Recreation	3,046,545
Public Transit	303,944
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,399,108</u>
Total depreciation expense - governmental activities	<u><u>\$ 11,718,695</u></u>

**Business-type activities:**

Water Utilities	\$ 7,630,577
Solid Waste Disposal	983,319
Nonmajor funds - Longview Recreation Fund	<u>5,711</u>
Total depreciation expense - business-type activities	<u><u>\$ 8,619,607</u></u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5: DEFINED BENEFIT PENSION PLANS**

**Texas Municipal Retirement System**

**Plan Description**

The City participates as one of 833 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**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 2018</u>	<u>Plan Year 2017</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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	481
Inactive employees entitled to but not yet receiving benefits	300
Active employees	<u>663</u>
Total	<u><u>1,444</u></u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Texas Municipal Retirement System** (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 11.12% and 10.56% in calendar years 2018 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2018, were \$3,528,424, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 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, 2017, 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, 2018**

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

**Texas Municipal Retirement System** (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%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
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, 2018**

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

**Texas Municipal Retirement System** (Cont'd)

**Changes in Net Pension Liability**

	Increase (Decrease)		Net Pension Liability (a)-(b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
<b>Balance 12/31/16</b>	\$170,510,395	\$149,292,341	\$ 21,218,054
Changes for the year:			
Service costs	4,642,229	-	4,642,229
Interest	11,383,482	-	11,383,482
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,168,939)	-	(1,168,939)
Changes of assumptions	-	-	-
Contributions - employer	-	3,365,533	(3,365,533)
Contributions - employee	-	2,274,010	(2,274,010)
Net investment income	-	20,678,765	(20,678,765)
Benefit payments, including refunds of employee contributions	(8,374,651)	(8,374,651)	-
Administrative expense	-	(107,232)	107,232
Other changes	-	(5,434)	5,434
Net changes	6,482,121	17,830,991	(11,348,870)
<b>Balance at 12/31/17</b>	\$176,992,516	\$167,123,332	\$ 9,869,184

**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	\$ 32,787,197	\$ 9,869,184	\$ (9,153,174)

**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](http://www.tmrs.com).

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

For the year ended September 30, 2018, the City recognized pension expense of \$4,724,273 related to the TMRS Plan.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Texas Municipal Retirement System** (Cont'd)

At September 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference in assumption changes	\$ 715,391
Differences between expected and actual economic experience	43,718
Difference between projected and actual investment earnings	4,340,214
Contributions subsequent to the measurement date	2,616,369
Total	\$ 7,715,692

\$1,518,300 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, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31	
2018	\$ 688,991
2019	(395,336)
2020	(2,402,306)
2021	(2,159,839)
2022	-
	\$ (4,268,490)

**Other Post-Employment Benefits (OPEB) – TMRS Supplemental Death Benefits Fund**  
**Plan Description**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The following notes include the City's total OPEB liability which is recorded on the City's financial statements because the City is ultimately responsible for the liability.

**Employees covered by benefit terms**

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	380
Inactive employees entitled to but not yet receiving benefits	88
Active employees	663
	1,131

**Contributions**

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.21% for 2018 and 0.20% for 2017, of which 0.06% and 0.06%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's retiree-only portion of contributions to the SDBF for the years ended September 30, 2018 and 2017 were \$19,658 and \$19,396, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Other Post-Employment Benefits (OPEB) – TMRS Supplemental Death Benefits Fund** (Cont'd)

**Total OPEB Liability**

The City's total OPEB liability was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

**Summary of Actuarial Assumptions:**

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.31% (Based on Fidelity Index's 20-Year Municipal GO AA Index
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3%

	<b>Increase (Decrease)</b>
	<b><u>Total OPEB Liability</u></b>
Balance at 12/31/16	\$ 2,034,234
Changes for the year:	
Service cost	68,220
Interest	77,815
Changes of benefit terms	-
Changes of assumptions	179,946
Benefit payments	<u>(19,492)</u>
Net changes	<u>306,489</u>
<b>Balance at 12/31/17</b>	<b><u>\$ 2,340,723</u></b>

**Sensitivity of the Total OPEB Liability to changes in the discount rate**

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 3.31%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
City's Total OPEB Liability	\$ 2,800,960	\$ 2,340,723	\$ 1,980,588

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Other Post-Employment Benefits (OPEB) – TMRS Supplemental Death Benefits Fund** (Cont'd)

**OPEB expense and deferred outflows of resources related to OPEB**

For the year ended September 30, 2018, the city recognized OPEB expense of \$180,976.

At September 30, 2018, the city reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in actuarial assumptions	\$ 145,005
Contributions subsequent to the measurement date	14,736
Total	\$ 159,741

\$14,376 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2019	\$ 34,941
2020	34,941
2021	34,941
2022	34,941
2023	5,241

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

**Plan Description**

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

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

The Plan’s year end is December 31. Therefore, the Plan information herein is reported as of December 31, 2017.

**Benefits Provided**

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

Multiple tiers of members exist within the Plan. Tier 1 members (those hired prior to January 1, 2016), are eligible for normal retirement upon the attainment of age 50 and the completion of 20 years of service. At normal retirement, a Tier 1 member’s benefit is 75% of their average monthly salary. The average monthly salary of a Tier 1 member is calculated using the highest 60 consecutive months of service.

Tier 2 members (those hired after December 31, 2015) are eligible for normal retirement upon the attainment of age 55 and the completion of 20 years of service. At normal retirement, a Tier 2 member’s benefit is 75% of their average monthly salary. The average monthly salary of a Tier 2 member is calculated using the highest 130 consecutive bi-weekly pay periods.

A Deferred Retirement Option Program (DROP) is also available to eligible members with 20 or more years of service.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

**Benefits Provided (Cont'd)**

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, 2017, the membership consisted of the following:

	2017	2016
Inactive employees or beneficiaries currently receiving benefits	147	141
Inactive employees entitled to but not yet receiving benefits	-	1
Active employees	175	175
Total	322	317

**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.

**Schedule of Contributions**

Reporting Period	September 30, 2018	
Measurement Date	December 31, 2017	
Contractually required contribution:		
City	2,139,846	17%
Members	2,090,185	16%
Contribution made during measurement period		
City	2,139,846	17%
Members	2,090,185	16%
Contribution Deficiency (Excess)	\$ -	

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

**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, 2017 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, 2017
Total Pension Liability	\$ 91,224,973
Fiduciary Net Position	<u>(44,353,523)</u>
Net Pension Liability	<u>\$ 46,871,450</u>

**Actuarial Assumptions**

The Total Pension Liability was determined by an actuarial valuation as of December 31, 2016 using the following actuarial assumptions applied to all measurement periods:

	2018	2017
Inflation	2.30%	2.30%
Salary increases	Service Based	Service Based
Discount rate	8.00%	7.13%
Investment rate of return	8.00%	8.00%

Mortality Rates - Healthy Lives: RP2000 projected to valuation date (scale AA) for blue collar

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

**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, 2016 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	30.00%	2.40%
Equities	45.00%	6.60%
Alternative Investments	<u>25.00%</u>	8.22%
	100.00%	

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

**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 3.78% (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 7.13%.

**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, 2018 is as follows:

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balance 9/30/17</b>	\$ 96,737,789	\$ 41,056,538	\$ 55,681,251
Changes for the year:			
Service costs	2,217,155	-	2,217,155
Interest	6,826,511	-	6,826,511
Changes of benefit terms	-	-	-
Difference between expected and actual experience	838,680	-	838,680
Changes of assumptions	(8,972,247)	-	(8,972,247)
Contributions - employer	-	2,139,846	(2,139,846)
Contributions - employee	-	2,090,185	(2,090,185)
Net investment income	-	5,587,322	(5,587,322)
Benefit payments, including refunds of employee contributions	(6,422,915)	(6,422,915)	-
Administrative expense	-	(97,453)	97,453
Other changes	-	-	-
Net changes	(5,512,816)	3,296,985	(8,809,801)
<b>Balance at 9/30/18</b>	<b>\$ 91,224,973</b>	<b>\$ 44,353,523</b>	<b>\$ 46,871,450</b>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Longview Firemen's Relief and Retirement Fund (LFRRF) (Cont'd)  
Schedules of Changes in Net Pension Liability (Cont'd)**

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 (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
City's net pension liability	\$57,337,880	\$46,871,450	\$ 38,040,332

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, 2018, the city recognized pension expense of \$1,518,300 for the LFRRF.

At September 30, 2018, 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	\$ 4,989,930	\$ 20,158,683
Differences between expected and actual economic experience	1,600,838	-
Difference between projected and actual investment earnings	2,145,625	-
Contributions subsequent to the measurement date	1,680,050	-
Total	\$ 10,416,443	\$ 20,158,683

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, 2018. 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:		
2019	2,993,154	(5,437,812)
2020	2,453,564	(5,437,812)
2021	1,233,888	(5,437,812)
2022	728,547	(1,281,750)
2023	1,207,429	(1,281,750)
Thereafter	119,811	(1,281,747)
	\$ 8,736,393	\$ (20,158,683)

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

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

**Plan Provisions**

Effective October 1, 2017 the member contribution rate increased from 17% to 18% 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
Member contribution rate	15%
Vesting requirement	20 years
Maximum DROP Period	3 years

**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**

**Plan Description**

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, 153 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.

The Plan is accounted for in the City's Health Fund. As of September 30, 2018 there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Employees covered by benefit terms**

At the October 1, 2017 measurement date, the following employees were covered by the benefit terms:

	9/30/2017	9/30/2018
Inactive employees or beneficiaries currently receiving benefit payments	151	162
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	823	820
	<u>974</u>	<u>982</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Contributions**

Effective September 1, 2006, The City subsidizes a certain percentage of the retiree's health insurance coverage when they retire from the City with 20 years of service. Following are the premiums for retirees and their dependents based on years of service on September 30, 2006, the date the subsidy was frozen.

	Years of service at 9/1/2006		
	15+	10-15	5-10
Subsidy	100%	50%	25%
Premiums:			
Retiree only	\$ -	\$ 457	\$ 686
Retiree + spouse	459	1,313	1,542
Retiree + child(ren)	366	1,119	1,348
Retiree + family	606	2,159	2,387

**Total OPEB Liability**

The City's Total OPEB Liability (TOL) was determined by an actuarial valuation performed on September 30, 2016 and included updated procedures that rolled forward the TOL to the measurement date of September 30, 2018.

**Actuarial Assumptions**

Actuarial valuations involve the use of estimates and assumptions about the probability of events far into the future, including, but not limited to, assumptions about length of employee service, mortality rates, and future costs of healthcare. The valuation will be updated at least every two years and actual results will be compared with past expectations. As a result of these comparisons, new estimates and assumptions will be made about future results of the plan. Valuations are made based on the benefits in place at the time of the valuation. Any changes in the benefits offered or the contribution rates would impact future valuations. The demographic assumptions are based on the assumptions that were developed for the defined benefit plan in which the City participates by the Texas Municipal Retirement System (TMRS). Actuarial techniques include smoothing mechanisms that take a long-term approach in the valuation of assets and liabilities of the plan and are designed to reduce short-term volatility in the measurement of these assets and liabilities.

The actuarial assumptions used to value the liabilities are the same as those used in the valuation report as of September 30, 2016 which include the following:

Inflation rate	2.5% per annum
Salary Growth	2.75% average, including inflation
Discount rate	3.75% per annum, including inflation
Healthcare cost trend rate	Initial rate of 5.70% declining to an ultimate rate of 3.81% in 2073

Mortality rates were updated and are based upon the RP-2014h sex distinct mortality improvement table with generational mortality improvement scale MP-2018.

**Discount rate**

The discount rate used to measure the TOL was 3.75%. The discount rate is based upon the 20-year-tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The other financial assumptions for long-term inflation, payroll growth, and salary scale were taken from the TMRS actuary study. The per capita claims costs and how these costs are expected to escalate in the future were set by HUN International who develops the funding rates.

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

**Sensitivity of the Discount Rate and the Health Care Cost Trend Rate**

The following table presents the sensitivity of the TOL to changes in the discount rate and the health care trend rate when calculating it at 1-percentage-point-lower and 1-percentage-point-higher.

	1% Decrease in Discount Rate (2.75%)	Discount Rate (3.75%)	1% Increase in Discount Rate (4.75%)
City's total OPEB liability	\$ 21,440,521	\$ 19,331,816	\$ 19,080,704

	1% Decrease in Healthcare Cost Rate (7.00%)	Healthcare Cost Rate (8.00%)	1% Increase in Healthcare Cost Rate (9.00%)
City's total OPEB liability	\$ 18,958,259	\$ 19,331,816	\$ 21,623,228

**Schedule of Changes in Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance at 9/30/17	\$ 20,032,578
Changes for the year:	
Service cost	229,103
Interest	765,345
Difference between expected and actual experience	(335,249)
Changes in assumptions	225,661
Benefit payments	(1,585,622)
Net changes	<u>(700,762)</u>
Balance at 9/30/18	<u>\$ 19,331,816</u>

**OPEB Expense and Deferred Outflows/(Inflows) of Resources**

For the year ended September 30, 2018 the City recognized \$972,530 for OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB are from the below sources.

	Deferred (Inflows) / Outflows of Resources
Differences in expected and actual experience	\$ (268,199)
Difference from changes in assumptions	<u>180,529</u>
	<u>\$ (87,670)</u>

The net deferred outflows(inflows) of resources will be recognized in OPEB expense as follows:

Year ended September 30:	
2019	\$ (17,534)
2020	(17,534)
2021	(17,534)
2022	(17,534)
2023+	<u>(17,534)</u>
Total	<u>\$ (87,670)</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**COBRA Benefits**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the 1ST day of the month for the actual month covered. The program is offered for 18 months after the employee's termination date. The City makes no contribution under this program.

**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, \$3,641,191 net of accumulated depreciation, is included within Note 4.

Future minimum lease payments are as follows:

Capital Lease Obligation:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 453,478	\$ 109,674	\$ 563,152
2020	469,640	93,512	563,152
2021	486,382	76,771	563,153
2022	503,723	59,430	563,153
2023	521,686	41,467	563,153
2024-2028	656,791	26,449	683,240
	<u>\$ 3,091,700</u>	<u>\$ 407,303</u>	<u>\$ 3,499,003</u>

**Business Type Activities**

The City has entered into lease agreements, as lessee, for financing the acquisition of sanitation trucks and Motorola radio equipment. These leases qualify as capital leases for accounting purposes and, therefore have been recorded as such in the government-wide financial statements. The equipment acquired through capital lease, \$2,947,809 net of accumulated depreciation, is included within Note 4. Future minimum lease payments are as follows:

Capital Lease Obligation:

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2019	\$ 716,019	\$ 45,142	\$ 761,161
2020	211,234	31,277	242,511
2021	218,058	24,453	242,511
2022	225,104	17,408	242,512
2022	232,379	10,132	242,511
2023-2027	70,862	2,619	73,481
Total	<u>\$ 1,673,656</u>	<u>\$ 131,031</u>	<u>\$ 1,804,687</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9: LONG-TERM DEBT**

**Governmental activities:**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2018 are as follows:

	Balance September 30, 2017	Additions	Retirements	Balance September 30, 2018	Amounts Due Within One Year
<b><u>Governmental activities</u></b>					
General obligation and certificates of obligation	\$ 69,140,000	\$ -	\$ (4,930,000)	\$ 64,210,000	\$ 5,060,000
Less: bond premiums	2,848,632	-	(384,503)	2,464,129	384,503
Total bonds payable	71,988,632	-	(5,314,503)	66,674,129	5,444,503
Capital lease obligation	2,689,429	745,934	(343,663)	3,091,700	453,478
Accrued Compensated Absences	5,583,408	4,143,709	(3,756,019)	5,971,098	872,183
Claims payable	1,140,922	11,318,823	(11,243,220)	1,216,525	1,216,525
Net pension liability - TMRS	17,049,492	5,208,779	(14,327,783)	7,930,488	-
Net pension liability - LFRRF	55,681,251	9,882,346	(18,692,147)	46,871,450	-
Other post-employment benefits obligation	18,692,190	*	(1,899,302)	18,176,553	-
Total governmental activities	<u>\$ 172,825,324</u>	<u>\$32,683,256</u>	<u>\$(55,576,637)</u>	<u>\$ 149,931,943</u>	<u>\$ 7,986,689</u>

\* Includes prior period adjustment of \$14,510,776 (Note 16)

The General Fund generally liquidates about 92% of the compensated absences payable. The remaining 8% 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 and other post-employment benefits – TMRS and the other post-employment benefits (Health) 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, 2018 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
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	5,515,000	1,738,628	7,253,628
2023	4,615,000	1,560,683	6,175,683
2024-2028	22,480,000	5,203,564	27,683,564
2029-2033	15,985,000	1,538,990	17,523,990
Total	<u>\$ 64,210,000</u>	<u>\$ 16,188,800</u>	<u>\$ 80,398,800</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Governmental activities (Cont'd)**

Long-term debt at September 30, 2018, includes the following individual issues (not including unamortized premiums of \$2,464,129):

<b>General Long-Term Debt:</b>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Net Retirement</u>	<u>Outstanding September 30, 2018</u>
<b>General Obligation Bonds:</b>				
Issue of 2009/maturing 2025	3.50-4.15	\$ 11,250,000	\$ 11,250,000	\$ -
Issue of 2011/maturing 2030	2.7	22,400,000	4,280,000	18,120,000
Issue of 2013/maturing 2033	0.360-4.100	23,170,000	570,000	22,600,000
Issue of 2014/maturing 2019	1.4	5,975,000	4,435,000	1,540,000
Issue of 2015/maturing 2022	2.00-5.00	9,660,000	2,435,000	7,225,000
Issue of 2016/maturing 2031	2.00-5.00	14,875,000	150,000	14,725,000
Total general obligation		<u>\$ 87,330,000</u>	<u>\$ 23,120,000</u>	<u>\$ 64,210,000</u>

**Business Type Activities:**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2018 are as follows:

	<u>Balance September 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2018</u>	<u>Amounts Due Within One Year</u>
<b><u>Business-type activities</u></b>					
Waterworks and Sewer System - Revenue bonds	\$ 45,980,000	\$ -	\$ (3,830,000)	\$ 42,150,000	\$ 3,925,000
Less: bond premiums	2,527,489	-	(345,134)	2,182,355	689,200
Total bonds payable	<u>48,507,489</u>	<u>-</u>	<u>(4,175,134)</u>	<u>44,332,355</u>	<u>4,614,200</u>
Capital lease obligation	1,461,667	773,223	(561,234)	1,673,656	716,019
Accrued Compensated Absences	1,237,059	693,559	(780,351)	1,150,267	168,017
Net Pension Liability - TMRS	4,168,563	1,273,342	(3,503,209)	1,938,696	-
Other post-employment benefits obligation	<u>3,372,483</u>	<u>* 498,422</u>	<u>(374,922)</u>	<u>3,495,983</u>	<u>-</u>
Total business-type activities	<u>\$ 58,747,261</u>	<u>\$ 3,238,546</u>	<u>\$ (9,394,850)</u>	<u>\$ 52,590,957</u>	<u>\$ 5,498,236</u>

\* Includes prior period adjustment of \$2,517,922 (Note 17)

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

The principal and interest requirements at September 30, 2018 of the revenue bond debt for the next five years and thereafter are as follows:

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
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	4,110,000	1,007,494	5,117,494
2023	4,240,000	894,813	5,134,813
2024-2018	19,345,000	2,333,780	21,678,780
2029-2033	2,510,000	50,200	2,560,200
Total	<u>\$42,150,000</u>	<u>\$ 7,874,837</u>	<u>\$ 50,024,837</u>

Long-term debt at September 30, 2018, includes the following individual issues (not including unamortized premiums of \$2,182,355):

**Water Utilities Debt:**

	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2018
<b>Revenue Bonds:</b>				
Issue of 2007/Maturing 2028	4.00-4.375	\$ 12,540,000	\$ 12,540,000	\$ -
Issue of 2011/Maturing 2028	3.00-4.00	6,000,000	1,000,000	5,000,000
Issue of 2012/Maturing 2024	2.00-2.75	8,300,000	2,810,000	5,490,000
Issue of 2015/Maturing 2029	2.00-4.00	31,950,000	9,290,000	22,660,000
Issue of 2016/Maturing 2028	2.00-5.00	9,025,000	25,000	9,000,000
Total revenue bonds		<u>\$ 67,815,000</u>	<u>\$ 25,665,000</u>	<u>\$ 42,150,000</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.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Discretely Presented Component Unit:**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2018 are as follows:

	Balance September 30, 2017	Additions	Retirements	Balance September 30, 2018	Amounts Due Within One Year
Sales tax revenue bonds	\$ 10,000,000	\$ -	\$ 855,000	\$ 9,145,000	\$ 855,000
Economic incentives & grants	5,639,166	8,960,365	4,039,800	10,559,731	1,065,123
Accrued compensated absences	19,765	24,557	20,904	23,418	23,418
Total governmental activities	<u>\$ 15,658,931</u>	<u>\$ 8,984,922</u>	<u>\$ 4,915,704</u>	<u>\$ 19,728,149</u>	<u>\$ 1,943,541</u>

The principal and interest requirements at September 30, 2018, for the component unit debt for the next five years and, thereafter, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2019	\$ 855,000	\$ 234,112	\$ 1,089,112
2020	877,000	212,224	1,089,224
2021	903,000	189,773	1,092,773
2022	927,000	166,656	1,093,656
2023	947,000	142,925	1,089,925
2024-2028	3,352,000	404,480	3,756,480
2029-2030	1,284,000	49,510	1,333,510
	<u>\$ 9,145,000</u>	<u>\$ 1,399,680</u>	<u>\$ 10,544,680</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.

**Prior Year Defeased Debt**

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, 2018, no defeased bonds remain outstanding.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 11: INTERFUND TRANSACTIONS**

The composition of interfund balances as of September 30, 2018, is as follows:

	Due from					Total
	General	Other Non-Major	Water Utility	Sanitation	Internal Service	
Due to:						
General	\$ -	\$ 156,313	\$ -	\$ -	\$ -	\$ 156,313
Debt Service	8,472	-	-	-	-	8,472
Other Nonmajor	11,235	55,472	147	374	36	67,264
Internal Service	275,386	-	-	-	-	275,386
	<u>\$ 295,093</u>	<u>\$ 211,785</u>	<u>\$ 147</u>	<u>\$ 374</u>	<u>\$ 36</u>	<u>\$ 507,435</u>

Significant interfund balances relate to the following:

- (1) An interfund balance of \$275,386 was created by the General Fund to offset the Health Fund (internal service) contributions for the last payroll period of the year.
- (2) An interfund balance of \$156,313 was created by the General Fund to offset negative cash balances in the other nonmajor funds as they wait for their grant reimbursements.

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, 2018 the outstanding balance is \$1,214,131.

The General Fund transferred \$6,642,160 of completed projects and construction in progress for water and wastewater projects to the Water Utilities Fund, with the intent that the Water Utility Fund would repay the General Fund for the construction of those assets. A payment of \$372,031 was made towards this interfund balance in the prior year, as well as a payment made during the current fiscal year of \$631,415, resulting in an advance receivable/payable at September 30, 2018 of \$5,638,714.

Transfers between funds during the year were as follows:

	Transfers In				Total
	Governmental			Internal Service	
	General	Capital Projects	Nonmajor Governmental		
Transfers Out:					
General	\$ -	\$ -	\$ 382,393	\$ 750,000	\$ 1,132,393
Capital Projects	1,050,937	-	-	-	1,050,937
Nonmajor governmental	23,450	319,500	-	-	342,950
Water Utility	495,774	-	-	-	495,774
Totals	<u>\$1,570,161</u>	<u>\$ 319,500</u>	<u>\$ 382,393</u>	<u>\$ 750,000</u>	<u>\$ 3,022,054</u>

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

Significant amounts transferred between funds related to the following activities:

- (1) \$1,050,937 and \$495,744 was transferred from the Capital Projects Fund and Water Utilities Fund, respectively, to the General Fund for park and other projects qualifying for economic development funds.
- (2) \$319,500 was transferred from the Drainage Fund (nonmajor governmental) to the Capital Projects Fund for drainage projects.
- (3) \$382,393 was transferred from the General Fund to Nonmajor Governmental Funds for the following purposes:
  - a. \$300,000 for the City's match on federal and state transit funding.
  - b. \$32,393 to clear the negative fund balance in the Transit Fund, which is being paid down by the General Fund.
  - c. \$50,000 to the Convention and Visitor's Bureau for operational expenditures.
- (4) \$750,000 was transferred from the General Fund to the Vehicle Replacement Fund (internal service) to fund vehicle purchases.

**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, 2018. The projects include street construction, park construction, drainage construction, and the construction of water and sewer facilities. At year-end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to-Date</u>	<u>Remaining Commitment</u>
Streets/Traffic	\$ 4,168,858	\$ 2,260,448
Parks/Facilities	3,628,520	3,560,823
Water & Wastewater	5,490,988	5,207,218
Drainage	805,635	8,319,831
	<u>\$ 14,094,001</u>	<u>\$ 19,348,320</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:

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

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**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	\$ 204,647	\$ 7,877,260	\$ -
Animal Shelter	-	-	1,275
Public Safety	6,000	54,413	1,607
Traffic Projects	-	-	-
Drainage Projects	-	168,030	-
Transit Projects	-	-	82,688
Rec and Parks Projects	23,021	100,223	495,339
Development Projects	305,609	-	318,524
Facility projects	181,726	-	-
Other	15,000	-	-
Net changes	<u>\$ 736,003</u>	<u>\$ 8,199,926</u>	<u>\$ 899,433</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: 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 \$52,246 for the payment of future claims related to the self-insurance period.

**Group Health**

The City is self-insured for health and dental coverage. The City's group health plan provides City employees with health and dental insurance through the Group Health and Life Insurance Fund (the "GHF"). The premiums for insurance coverage are paid from funds obtained from payroll deductions and charges to City departments and participating employees. The City utilizes an independent administrator for the plan and is self-insured up to \$125,000 per participant and \$9,199,288 in the aggregate at September 30, 2018. The City has accrued a liability of \$1,126,379 for estimated unreported claims at September 30, 2018.

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.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**General Liability**

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 \$37,900 at September 30, 2018. Settlements have not exceeded coverages for the past 4 years.

Changes in the balance of claims liabilities during fiscal 2017 and 2018 are as follows:

Fund	Liability Beginning of Year	Claims and Changes in Estimates	Claim payments and Changes in Estimates	Liability End of Year
<u>2018</u>				
General Liability	\$ 105,836	\$ 406,581	\$ 474,517	\$ 37,900
Workers' Compensation	58,582	10,290,118	10,296,454	52,246
Group Health	976,504	624,381	474,506	1,126,379
Total	<u>\$ 1,140,922</u>	<u>\$ 11,321,080</u>	<u>\$ 11,245,477</u>	<u>\$ 1,216,525</u>
<u>2017</u>				
General Liability	\$ 33,175	\$ 658,920	\$ 586,259	\$ 105,836
Workers' Compensation	67,760	419,133	428,311	58,582
Group Health	1,580,544	6,999,974	7,604,014	976,504
Total	<u>\$ 1,681,479</u>	<u>\$ 8,078,027</u>	<u>\$ 8,618,584</u>	<u>\$ 1,140,922</u>

**NOTE 14: TAX ABATEMENTS**

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 312 (Property Redevelopment and Tax Abatement) of the Texas Tax Code. The economic development agreements are designed to support the creation of new businesses, the expansion and retention of existing businesses within the City, and the attraction of companies that offer high impact jobs and share the community's values. Recipients may be eligible to receive economic assistance based on the employment, economic or community impact of the project requesting assistance. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations or bringing targeted business to the City. Agreements generally contain recapture provisions which may require repayment or termination if the recipients do not meet the required provisions of the economic incentives.

The City has the following categories of economic development agreements:

General Economic Development – The City entered into an agreement under Chapter 380 of the Texas Local Government Code to promote affordable housing and redevelopment in the downtown area of Longview. As such, the City committed to loaning \$600,000 to Alton Plaza, LLC in order to provide a portion of the funding needed to purchase and renovate a historic building in downtown Longview into a residential development. The initial payment will be in the amount of \$340,000 and the remainder of the loan will be disbursed at the 50% project completion benchmark. The loan shall bear an interest rate of 0% during the construction phase. Upon completion of the project, the note shall bear interest at 1% per annum. The note is due and payable in annual installments of \$15,000, commencing on June 30, 2021 through August 31, 2038.

**CITY OF LONGVIEW, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 14: TAX ABATEMENTS (Cont'd)**

Tax Abatements - Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were \$11,689 in fiscal year 2018.

**NOTE 15: CHANGE IN ACCOUNTING PRINCIPLE**

During the year, the City implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* related to its OPEB plan for supplemental benefits. Under GASB 75, the City is required to record the total OPEB liability (asset) and the related deferred inflows and outflows of resources. This change required a prior period adjustment to restate prior years in accordance with the change in accounting principle. The prior period adjustment recorded represents the total OPEB liability at September 30, 2017, less the related deferred outflows of resources. The restatements only affect the financial statements on the accrual basis of accounting, and were recorded as follows:

Governmental activities:	<u>\$ 13,610,045</u>
Business-type activities:	
Water Utilities	\$ 1,626,244
Sanitation	887,928
Recreation	3,750
Internal Service	<u>900,731</u>
Total business-type activities	<u>\$ 3,418,653</u>

**NOTE 16: PRIOR PERIOD ADJUSTMENTS**

The City has evaluated all infrastructure assets donated to the City in prior years and has recorded a prior period adjustment to reflect the addition of those assets to the City's financial statements. These adjustments increased net assets of governmental activities and business-type activities by \$1,030,549 and \$1,827,690, respectively.

In addition, the City transferred completed projects and construction in progress from the governmental activities to the business-type activities in the prior year. The projects represented water and wastewater projects and were transferred from the Capital Projects Fund to the Water Utilities Fund, with the intent that the Water Utilities Fund would reimburse the General Fund for the debt service requirements related to these projects. Assets transferred in the prior year amounted to \$5,431,876 (net of related accumulated depreciation), and the related advance receivable/payable amounted to \$6,270,129 at September 30, 2017. The net prior period adjustment accounting for the transfer of those assets and the related advance receivable/payable between governmental activities and the business-type activities is \$838,254.

Other minor adjustments to the prior period financial statements were made in the amount of \$28,580 in the governmental nonmajor funds.

**Reconciliation of restatements:**

	<u>Governmental activities:</u>	<u>Business-type activities:</u>
OPEB- Governmental funds	\$ (13,610,045)	\$ -
OPEB- Internal service funds	(900,731)	-
OPEB - Proprietary funds	-	(2,517,922)
Donated infrastructure	1,030,549	1,827,690
Transfer of assets - other funds	(5,431,876)	(440,561)
Advance receivable/payable	6,270,129	(397,693)
Minor adjustments - Nonmajor	<u>(28,580)</u>	<u>-</u>
	<u>\$ (12,670,554)</u>	<u>\$ (1,528,486)</u>

**REQUIRED  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**CITY OF LONGVIEW, TEXAS**

**REQUIRED SUPPLEMENTAL INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
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>	<u>12/31/2016</u>	<u>12/31/2017</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 3,778,731	\$ 4,103,003	\$ 4,593,624	\$ 4,642,229
Interest (on the Total Pension Liability)	10,103,220	10,620,763	10,896,320	11,383,482
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	948,510	(11,718)	61,173	(1,168,939)
Changes of Assumptions	-	2,950,991	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(7,126,894)</u>	<u>(8,071,359)</u>	<u>(8,341,759)</u>	<u>(8,374,651)</u>
<b>Net Change in Total Pension Liability</b>	7,703,567	9,591,680	7,209,358	6,482,121
<b>Total Pension Liability - Beginning</b>	146,005,790	153,709,357	163,301,037	170,510,395
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 153,709,357</u>	<u>\$ 163,301,037</u>	<u>\$ 170,510,395</u>	<u>\$ 176,992,516</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 3,193,102	\$ 3,050,893	\$ 3,169,672	\$ 3,365,533
Contributions - Employee	2,145,523	2,118,246	2,249,554	2,274,010
Net Investment Income	7,975,023	214,693	9,640,128	20,678,765
Benefit Payments, Including Refunds of Employee Contributions	<u>(7,126,894)</u>	<u>(8,071,359)</u>	<u>(8,341,759)</u>	<u>(8,374,651)</u>
Administrative Expense	(83,268)	(130,783)	(108,908)	(107,232)
Other	<u>(6,846)</u>	<u>(6,459)</u>	<u>(5,868)</u>	<u>(5,434)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	6,096,640	(2,824,769)	6,602,819	17,830,991
<b>Plan Fiduciary Net Position - Beginning</b>	139,417,651	145,514,291	142,689,522	149,292,341
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 145,514,291</u>	<u>\$ 142,689,522</u>	<u>\$ 149,292,341</u>	<u>\$ 167,123,332</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 8,195,066</u>	<u>\$ 20,611,515</u>	<u>\$ 21,218,054</u>	<u>\$ 9,869,184</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	94.67%	87.38%	87.56%	94.42%
<b>Covered Payroll</b>	\$ 30,650,330	\$ 30,235,839	\$ 32,100,794	\$ 32,486,119
<b>Net Pension Liability as a Percentage of covered Payroll</b>	26.74%	68.17%	66.10%	30.38%

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

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

**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS\***

(UNAUDITED)

	9/30/2015	9/30/2016	9/30/2017	9/30/2018
Actuarially Determined Contribution	\$ 2,819,998	\$ 3,170,744	\$ 3,305,877	\$ 3,528,424
Contributions in relation to the actuarially determined contribution	2,819,998	3,170,744	3,305,877	3,528,424
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,976,170	\$ 31,967,618	\$ 32,327,223	\$ 32,763,038
Contributions as a percentage of covered payroll	10.08%	9.92%	10.23%	10.77%

**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	28 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 2015 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**

**REQUIRED SUPPLEMENTAL INFORMATION  
LONGVIEW FIREMEN'S RELIEF AND RETIREMENT FUND  
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>	<u>12/31/2016</u>	<u>12/31/2017</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 2,461,547	\$ 2,562,618	\$ 1,634,710	\$ 2,217,155
Interest	5,985,503	6,180,033	6,830,915	6,826,511
Changes of Benefit Terms	(2,623,533)	34,875	-	-
Differences Between Expected and Actual Experience	-	867,622	627,424	838,680
Changes of Assumptions	-	(24,936,371)	6,985,902	(8,972,247)
Contributions - Buy Back	71,784	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(5,437,240)</u>	<u>(5,117,793)</u>	<u>(6,185,788)</u>	<u>(6,422,915)</u>
<b>Net Change in Total Pension Liability</b>	458,061	(20,409,016)	9,893,163	(5,512,816)
<b>Total Pension Liability - Beginning</b>	<u>106,795,581</u>	<u>107,253,642</u>	<u>86,844,626</u>	<u>96,737,789</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 107,253,642</u>	<u>\$ 86,844,626</u>	<u>\$ 96,737,789</u>	<u>\$ 91,224,973</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 1,887,320	\$ 2,073,574	\$ 2,105,902	\$ 2,139,846
Contributions - Employee	1,769,363	1,838,268	1,986,998	2,090,185
Contributions - Buy Back	71,784	-	-	-
Net Investment Income	926,866	(2,517,145)	1,452,965	5,587,322
Benefit Payments, Including Refunds of Employee Contributions	(5,437,240)	(5,117,793)	(6,185,788)	(6,422,915)
Administrative Expense	(116,460)	(118,575)	(116,238)	(97,453)
Other	103,261	226,675	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(795,106)</u>	<u>(3,614,996)</u>	<u>(756,161)</u>	<u>3,296,985</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>46,222,801</u>	<u>45,427,695</u>	<u>41,812,699</u>	<u>41,056,538</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 45,427,695</u>	<u>\$ 41,812,699</u>	<u>\$ 41,056,538</u>	<u>\$ 44,353,523</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 61,825,947</u>	<u>\$ 45,031,927</u>	<u>\$ 55,681,251</u>	<u>\$ 46,871,450</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	42.36%	48.15%	42.44%	48.62%
<b>Covered Payroll</b>	\$ 11,767,235	\$ 12,224,779	\$ 12,308,076	\$ 12,329,307
<b>Net Pension Liability as a Percentage of covered Payroll</b>	525.41%	368.37%	452.40%	380.16%

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

**CITY OF LONGVIEW, TEXAS**

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

**(UNAUDITED)**

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>
Actuarially Determined Contribution	\$ 1,887,320	\$ 2,073,574	\$ 2,105,902	\$ 2,291,701
Contributions in relation to the actuarially determined contribution	2,001,879	2,102,166	2,082,720	2,385,130
Contribution deficiency (excess)	<u>\$ (114,559)</u>	<u>\$ (28,592)</u>	<u>\$ 23,182</u>	<u>\$ (93,429)</u>
Covered payroll	\$ 12,102,341	\$ 12,595,243	\$ 12,558,113	\$ 13,513,487
Contributions as a percentage of covered payroll	15.59%	16.46%	16.77%	16.96%

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:** 12/31/2017  
**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  
 Salary increases:

<u>Service</u>	<u>Increase</u>
<2	12.0%
2-4	5.0%
5-9	4.0%
10+	3.0%

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 all expenses.  
 Retirement age:

Years Following	
<u>First NR Eligibility</u>	<u>Rate</u>
0	10.0%
1	20.0%
2	20.0%
3	50.0%
4	50.0%
5+	100.0%

Marital status: 90% of actives are assumed to be married at time of benefit commencement. Males are assumed to be three years older than their spouses.  
 Termination dates:

<u>Age</u>	<u>Rate</u>
<25	10.0%
25-34	5.0%
35-44	3.0%
45+	2.0%

Mortality rates - healthy lives: RP2000 projected 10 years for blue collar members - sex distinct  
 Mortality rates - disabled lives: RP2000 disability mortality table set forward 10 years

CITY OF LONGVIEW, TEXAS

REQUIRED SUPPLEMENTAL INFORMATION  
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
(HEALTH PLAN)

LAST 10 FISCAL YEARS\*

(UNAUDITED)

	<u>9/30/2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 229,103
Interest (on the Total OPEB Liability)	765,345
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(335,249)
Changes of Assumptions	225,661
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,585,622)</u>
<b>Net Change in Total OPEB Liability</b>	<u>(700,762)</u>
<b>Total OPEB Liability - Beginning</b>	<u>20,032,578</u>
<b>Total OPEB Liability - Ending (a)</b>	<u><u>\$ 19,331,816</u></u>
<b>Covered Employee Payroll</b>	\$ 32,485,859
<b>Net OPEB Liability as a Percentage of covered Employee Payroll</b>	4.88%

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

**CITY OF LONGVIEW, TEXAS**

**REQUIRED SUPPLEMENTAL INFORMATION  
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
(SUPPLEMENTAL DEATH BENEFIT)**

**LAST 10 FISCAL YEARS\***

**(UNAUDITED)**

	12/31/2017
<b>Total OPEB Liability</b>	
Service Cost	\$ 68,220
Interest (on the Total OPEB Liability)	77,815
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	179,946
Benefit Payments, Including Refunds of Employee Contributions	(19,492)
<b>Net Change in Total OPEB Liability</b>	<b>306,489</b>
<b>Total OPEB Liability - Beginning</b>	<b>2,034,234</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 2,340,723</b>
 <b>Covered Employee Payroll</b>	 \$ 32,485,859
 <b>Net OPEB Liability as a Percentage of covered Employee Payroll</b>	 7.21%

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

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

No assets are accumulated in a trust for the supplemental death benefits plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Summary of Actuarial Assumptions:**

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31% (Based on Fidelity Index's 20-year Municipal GO AA Index)
 Administrative expenses	 All administrative expenses are paidk through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
 Mortality rates - service retirees	 RP2000 Combined Mortality Table with blue collar adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
 Mortality rates - disables retirees	 RP2000 Combined Mortality Table with blue collar adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% Floor.

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

**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 grant, 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, 2018**

	Municipal Court	Community Development Block Grant	Housing Assistance	Transit System	Police Department Special
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,279	\$ -	\$ 1,691,679	\$ 27,322	\$ 74,683
Investments	14,482	-	-	42,642	116,562
Accounts receivable, net	-	-	56,453	-	-
Due from other funds	-	-	-	-	-
Intergovernmental receivables	-	240,362	-	92,064	-
Total assets	<u>\$ 23,761</u>	<u>\$ 240,362</u>	<u>\$ 1,748,132</u>	<u>\$ 162,028</u>	<u>\$ 191,245</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 5,235	\$ 81,540	\$ 1,305	\$ 92,028	\$ -
Accrued liabilities	-	2,509	-	-	-
Due to other funds	-	156,313	55,424	-	-
Other payables	-	-	-	-	38,284
Unearned grant funds	-	-	-	-	-
Family self-sufficiency escrow	-	-	14,577	-	-
Total liabilities	<u>5,235</u>	<u>240,362</u>	<u>71,306</u>	<u>92,028</u>	<u>38,284</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Advance of grant funds	-	-	-	70,000	-
Unavailable revenue	-	-	8,188	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>8,188</u>	<u>70,000</u>	<u>-</u>
Fund balances:					
Restricted for:					
Municipal court facilities	18,526	-	-	-	-
Purposes of grantors and donors	-	-	1,668,638	-	-
911 Emergency operations	-	-	-	-	-
Tourism and convention facilities	-	-	-	-	-
PEG access channels	-	-	-	-	-
Other public safety	-	-	-	-	152,961
Committed to:					
Drainage improvements	-	-	-	-	-
Total fund balances	<u>18,526</u>	<u>-</u>	<u>1,668,638</u>	<u>-</u>	<u>152,961</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,761</u>	<u>\$ 240,362</u>	<u>\$ 1,748,132</u>	<u>\$ 162,028</u>	<u>\$ 191,245</u>

E-911	Hotel Occupancy Tax	Maude Cobb Activity Fund	Drainage Sales Tax	School Crossing Guard	Grants	Donations	Federal Motor Carrier Violations
\$ 117,095	\$ 826,720	\$ 247,363	\$ 378,654	\$ 7,457	\$ 111,759	\$ 92,278	\$ 70,545
182,753	1,290,279	385,908	1,101,203	11,640	174,426	144,020	110,101
96,106	261,732	-	959,497	-	-	-	-
-	9,677	2,163	-	-	55,424	-	-
-	-	-	-	-	639,674	-	-
<u>\$ 395,954</u>	<u>\$ 2,388,408</u>	<u>\$ 635,434</u>	<u>\$ 2,439,354</u>	<u>\$ 19,097</u>	<u>\$ 981,283</u>	<u>\$ 236,298</u>	<u>\$ 180,646</u>
\$ 3,408	\$ 176,216	\$ 53,534	\$ 70,813	\$ -	\$ 384,979	\$ 4,268	\$ 273
30,601	3,648	18,001	56,548	2,701	20,652	-	-
-	-	-	-	-	-	-	-
-	-	10,410	-	-	-	-	-
-	-	-	-	-	155,766	-	-
-	-	-	-	-	-	-	-
<u>34,009</u>	<u>179,864</u>	<u>81,945</u>	<u>127,361</u>	<u>2,701</u>	<u>561,397</u>	<u>4,268</u>	<u>273</u>
-	-	-	-	-	390,909	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	<u>390,909</u>	-	-
-	-	-	-	-	-	-	-
361,945	-	-	-	-	28,977	232,030	-
-	2,208,544	553,489	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	16,396	-	-	180,373
-	-	-	2,311,993	-	-	-	-
<u>361,945</u>	<u>2,208,544</u>	<u>553,489</u>	<u>2,311,993</u>	<u>16,396</u>	<u>28,977</u>	<u>232,030</u>	<u>180,373</u>
<u>\$ 395,954</u>	<u>\$ 2,388,408</u>	<u>\$ 635,434</u>	<u>\$ 2,439,354</u>	<u>\$ 19,097</u>	<u>\$ 981,283</u>	<u>\$ 236,298</u>	<u>\$ 180,646</u>

(continued)

**CITY OF LONGVIEW, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**SEPTEMBER 30, 2018**

	Red Flex	Cable Franchise	Convention & Visitors Bureau	Animal Shelter Donations	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 129,526	\$ 42,879	\$ 122,790	\$ 18,844	\$ 3,968,873
Investments	202,153	66,923	191,641	29,410	4,064,143
Accounts receivable, net	-	17,941	-	-	1,391,729
Due from other funds	-	-	-	-	67,264
Intergovernmental receivables	-	-	-	-	972,100
Total assets	<u>\$ 331,679</u>	<u>\$ 127,743</u>	<u>\$ 314,431</u>	<u>\$ 48,254</u>	<u>\$ 10,464,109</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 26,041	\$ -	\$ 899,640
Accrued liabilities	-	-	9,039	-	143,699
Due to other funds	-	-	48	-	211,785
Other payables	-	-	-	-	48,694
Unearned grant funds	-	-	-	-	155,766
Family self-sufficiency escrow	-	-	-	-	14,577
Total liabilities	<u>-</u>	<u>-</u>	<u>35,128</u>	<u>-</u>	<u>1,474,161</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Advances of grant funds	-	-	-	-	460,909
Unavailable revenue	-	-	-	-	8,188
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,097</u>
Fund balances:					
Restricted for:					
Municipal court facilities	-	-	-	-	18,526
Purposes of grantors and donors	-	-	-	48,254	1,977,899
911 Emergency operations	-	-	-	-	361,945
Tourism and convention facilities	-	-	279,303	-	3,041,336
PEG access channels	-	127,743	-	-	127,743
Other public safety	331,679	-	-	-	681,409
Committed to:					
Drainage improvements	-	-	-	-	2,311,993
Total fund balances	<u>331,679</u>	<u>127,743</u>	<u>279,303</u>	<u>48,254</u>	<u>8,520,851</u>
 Total liabilities and fund balances	 <u>\$ 331,679</u>	 <u>\$ 127,743</u>	 <u>\$ 314,431</u>	 <u>\$ 48,254</u>	 <u>\$ 10,464,109</u>

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Municipal Court	Community Development Block Grant	Housing Assistance	Transit System	Police Department Special	E-911
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	423,516	6,444,854	1,693,391	-	-
Fines and forfeitures	77,058	-	-	-	36,157	-
Charges for services	-	-	-	225,144	-	698,672
Investment earnings	426	-	7,903	-	1,633	4,657
Miscellaneous	-	-	35,421	-	-	-
Total revenues	<u>77,484</u>	<u>423,516</u>	<u>6,488,178</u>	<u>1,918,535</u>	<u>37,790</u>	<u>703,329</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	76,441	-	-	-	10,375	916,834
Public works	-	-	-	-	-	-
Developmental services	-	342,078	-	-	-	-
Public welfare	-	-	6,249,013	-	-	-
Culture and recreation	-	-	-	-	-	-
Public transit	-	-	-	1,585,290	-	-
Debt service:						
Principal	-	-	-	10,977	-	-
Interest and other charges	-	-	-	3,175	-	-
Capital outlay	26,982	81,438	-	619,094	-	7,747
Total expenditures	<u>103,423</u>	<u>423,516</u>	<u>6,249,013</u>	<u>2,218,536</u>	<u>10,375</u>	<u>924,581</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(25,939)	-	239,165	(300,001)	27,415	(221,252)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	332,393	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,393</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(25,939)	-	239,165	32,392	27,415	(221,252)
<b>FUND BALANCES, BEGINNING</b>	44,465	-	1,443,053	(17,392)	125,546	583,197
<b>PRIOR PERIOD ADJUSTMENTS (NOTE 16)</b>	-	-	(13,580)	(15,000)	-	-
<b>FUND BALANCES, ENDING</b>	<u>\$ 18,526</u>	<u>\$ -</u>	<u>\$ 1,668,638</u>	<u>\$ -</u>	<u>\$ 152,961</u>	<u>\$ 361,945</u>

Hotel Occupancy Tax	Maude Cobb Activity Fund	Drainage Sales Tax	School Crossing Guard	Grants	Donations	Federal Motor Carrier Violations
\$ 1,016,885	\$ 933,902	\$ 5,410,502	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,893,697	-	-
-	-	-	-	-	-	41,716
-	446,059	-	31,528	-	-	-
19,399	7,263	19,140	249	-	-	2,167
-	28,140	-	-	-	263,240	-
<u>1,036,284</u>	<u>1,415,364</u>	<u>5,429,642</u>	<u>31,777</u>	<u>1,893,697</u>	<u>263,240</u>	<u>43,883</u>
-	-	-	-	-	34,965	-
-	-	-	45,203	184,237	35,146	16,420
-	-	4,673,337	-	267,417	-	-
-	-	-	-	168,055	-	-
-	-	-	-	134,385	-	-
568,795	1,194,293	-	-	36,679	-	-
-	-	-	-	1,534	-	-
-	4,222	8,866	-	-	-	-
-	1,221	2,564	-	-	-	-
368,595	107,432	18,669	-	1,179,473	13,250	47,213
<u>937,390</u>	<u>1,307,168</u>	<u>4,703,436</u>	<u>45,203</u>	<u>1,971,780</u>	<u>83,361</u>	<u>63,633</u>
98,894	108,196	726,206	(13,426)	(78,083)	179,879	(19,750)
-	-	-	-	-	-	-
-	-	(319,500)	-	(23,450)	-	-
<u>-</u>	<u>-</u>	<u>(319,500)</u>	<u>-</u>	<u>(23,450)</u>	<u>-</u>	<u>-</u>
98,894	108,196	406,706	(13,426)	(101,533)	179,879	(19,750)
2,109,650	445,293	1,905,287	29,822	130,510	52,151	200,123
-	-	-	-	-	-	-
<u>\$ 2,208,544</u>	<u>\$ 553,489</u>	<u>\$ 2,311,993</u>	<u>\$ 16,396</u>	<u>\$ 28,977</u>	<u>\$ 232,030</u>	<u>\$ 180,373</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, 2018**

	Red Flex	Cable Franchise	Convention & Visitors Bureau	Animal Shelter Donations	Totals
<b>REVENUES</b>					
Taxes	\$ -	\$ 74,784	\$ 450,000	\$ -	\$ 7,886,073
Intergovernmental	-	-	-	-	10,455,458
Fines and forfeitures	-	-	-	-	154,931
Charges for services	-	-	-	-	1,401,403
Investment earnings	4,056	1,657	4,135	-	72,685
Miscellaneous	-	-	-	41,819	368,620
Total revenues	4,056	76,441	454,135	41,819	20,339,170
<b>EXPENDITURES</b>					
Current:					
General government	-	29,592	-	-	64,557
Public safety	188	-	-	-	1,284,844
Public works	-	-	-	-	4,940,754
Developmental services	-	-	-	-	510,133
Public welfare	-	-	-	-	6,383,398
Culture and recreation	-	-	499,135	1,275	2,300,177
Public transit	-	-	-	-	1,586,824
Debt service:					
Principal	-	-	-	-	24,065
Interest and other charges	-	-	-	-	6,960
Capital outlay	-	47,913	25,284	7,760	2,550,850
Total expenditures	188	77,505	524,419	9,035	19,652,562
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	3,868	(1,064)	(70,284)	32,784	686,608
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	50,000	-	382,393
Transfers out	-	-	-	-	(342,950)
Total other financing sources and uses	-	-	50,000	-	39,443
<b>NET CHANGE IN FUND BALANCES</b>	3,868	(1,064)	(20,284)	32,784	726,051
<b>FUND BALANCES, BEGINNING</b>	327,811	128,807	299,587	15,470	7,823,380
	-	-	-	-	(28,580)
<b>FUND BALANCES, ENDING</b>	<u>\$ 331,679</u>	<u>\$ 127,743</u>	<u>\$ 279,303</u>	<u>\$ 48,254</u>	<u>\$ 8,520,851</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Property taxes	\$ 6,791,450	\$ 6,791,450	\$ 6,931,720	\$ (8,481)	\$ 6,923,239	\$ 131,789
Interest revenue	20,000	20,000	27,924	-	27,924	7,924
Total revenue	<u>6,811,450</u>	<u>6,811,450</u>	<u>6,959,644</u>	<u>(8,481)</u>	<u>6,951,163</u>	<u>139,713</u>
<b>EXPENDITURES</b>						
Debt Service:						
Paying Agent	-	-	-	-	-	-
Principal retirement	4,930,000	4,930,000	4,930,000	-	4,930,000	-
Interest and fiscal charges	2,331,450	2,331,450	2,329,451	-	2,329,451	1,999
Total expenditures	<u>7,261,450</u>	<u>7,261,450</u>	<u>7,259,451</u>	<u>-</u>	<u>7,259,451</u>	<u>1,999</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(450,000)</u>	<u>(450,000)</u>	<u>(299,807)</u>	<u>(8,481)</u>	<u>(308,288)</u>	<u>141,712</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from long-term debt	-				-	-
Payment to Escrow Account	-		-		-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(450,000)</u>	<u>(450,000)</u>	<u>(299,807)</u>	<u>(8,481)</u>	<u>(308,288)</u>	<u>141,712</u>
<b>FUND BALANCE - BEGINNING</b>	<u>2,353,669</u>	<u>2,353,669</u>	<u>2,353,669</u>	<u>-</u>	<u>2,353,669</u>	<u>-</u>
<b>FUND BALANCE - END</b>	<u>\$ 1,903,670</u>	<u>\$ 1,903,670</u>	<u>\$ 2,053,862</u>	<u>\$ (8,481)</u>	<u>\$ 2,045,381</u>	<u>\$ 141,712</u>

**CITY OF LONGVIEW, TEXAS  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Intergovernmental	\$ 738,888	\$ 738,888	\$ 738,888	\$ (216,404)	\$ 522,484	\$ (216,404)
Investment earnings	117,184	117,184	117,184	-	117,184	-
Miscellaneous	-	-	-	-	-	-
Total revenue	<u>856,072</u>	<u>856,072</u>	<u>856,072</u>	<u>(216,404)</u>	<u>639,668</u>	<u>(216,404)</u>
<b>EXPENDITURES</b>						
Current:						
General government	706,178	706,178	5,733	-	5,733	700,445
Public Works					-	-
Debt Service:						
Interest and other fiscal charges	12,000	12,000	9,100	-	9,100	2,900
Capital Outlay	<u>1,916,686</u>	<u>10,116,612</u>	<u>6,656,205</u>	<u>-</u>	<u>6,656,205</u>	<u>3,460,407</u>
Total expenditures	<u>2,634,864</u>	<u>10,834,790</u>	<u>6,671,038</u>	<u>-</u>	<u>6,671,038</u>	<u>4,163,752</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(1,778,792)</u>	<u>(9,978,718)</u>	<u>(5,814,966)</u>	<u>(216,404)</u>	<u>(6,031,370)</u>	<u>3,947,348</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Premium on bonds issued	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-
Transfers in	319,500	319,500	319,500	-	319,500	-
Transfers out	<u>(1,050,937)</u>	<u>(1,050,937)</u>	<u>(1,050,937)</u>	<u>-</u>	<u>(1,050,937)</u>	<u>-</u>
Total other financing sources (uses)	<u>(731,437)</u>	<u>(731,437)</u>	<u>(731,437)</u>	<u>-</u>	<u>(731,437)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,510,229)	(10,710,155)	(6,546,403)	(216,404)	(6,762,807)	3,947,348
<b>FUND BALANCE - BEGINNING</b>	<u>9,652,650</u>	<u>9,652,650</u>	<u>9,652,650</u>	<u>-</u>	<u>9,652,650</u>	<u>-</u>
<b>FUND BALANCE - END</b>	<u>\$ 7,142,421</u>	<u>\$ (1,057,505)</u>	<u>\$ 3,106,247</u>	<u>\$ (216,404)</u>	<u>\$ 2,889,843</u>	<u>\$ 3,947,348</u>

**CITY OF LONGVIEW, TEXAS  
MUNICIPAL COURT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Fines and forfeitures	\$ 86,000	\$ 86,000	\$ 77,058	\$ -	\$ 77,058	\$ (8,942)
Investment earnings	500	500	426	-	426	(74)
Total revenue	<u>86,500</u>	<u>86,500</u>	<u>77,484</u>	<u>-</u>	<u>77,483</u>	<u>(9,017)</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	97,246	97,246	76,441	-	76,441	20,805
Capital outlay	24,632	24,632	26,982	-	26,982	(2,350)
Total expenditures	<u>121,878</u>	<u>121,878</u>	<u>103,423</u>	<u>-</u>	<u>103,423</u>	<u>18,455</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(35,378)	(35,378)	(25,939)	-	(25,939)	9,439
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(35,378)	(35,378)	(25,939)	-	(25,939)	9,439
<b>FUND BALANCE - BEGINNING</b>	44,465	44,465	44,465	-	44,465	-
<b>FUND BALANCE - END</b>	<u>\$ 9,087</u>	<u>\$ 9,087</u>	<u>\$ 18,526</u>	<u>\$ -</u>	<u>\$ 18,526</u>	<u>\$ 9,439</u>

**CITY OF LONGVIEW, TEXAS  
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Intergovernmental	\$ 768,526	\$ 815,574	\$ 423,516	\$ (239,401)	\$ 184,115	\$ (631,460)
Total revenue	<u>768,526</u>	<u>815,574</u>	<u>423,516</u>	<u>(239,401)</u>	<u>184,115</u>	<u>(631,460)</u>
<b>EXPENDITURES</b>						
Current:						
Developmental services	455,177	462,225	342,078	(1,938)	340,140	122,085
Capital outlay	313,349	353,349	81,438	-	81,438	271,911
Total expenditures	<u>768,526</u>	<u>815,574</u>	<u>423,515</u>	<u>(1,938)</u>	<u>421,577</u>	<u>393,996</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	-	-	-	(237,463)	(237,463)	(237,464)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	(237,463)	(237,463)	(237,464)
<b>FUND BALANCE - BEGINNING</b>	-	-	-	-	-	-
<b>FUND BALANCE - END</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,463</u>	<u>\$ 237,463</u>	<u>\$ 237,464</u>

**CITY OF LONGVIEW, TEXAS  
TRANSIT SYSTEM SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Intergovernmental	\$ 3,148,769	\$ 3,231,457	\$ 1,693,391	\$ 55,000	\$ 1,748,391	\$ (1,483,066)
Charges for services	-	-	225,144	(225,144)	-	-
Miscellaneous	-	-	-	-	-	-
Total revenue	<u>3,148,769</u>	<u>3,231,457</u>	<u>1,918,535</u>	<u>(170,144)</u>	<u>1,748,391</u>	<u>(1,483,066)</u>
<b>EXPENDITURES</b>						
Current:						
Public transit	2,048,769	2,048,769	1,599,442	(225,108)	1,374,334	674,435
Capital outlay	1,400,000	1,482,688	619,094	-	619,094	863,594
Total expenditures	<u>3,448,769</u>	<u>3,531,457</u>	<u>2,218,536</u>	<u>(225,108)</u>	<u>1,993,428</u>	<u>1,538,029</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,001)</u>	<u>54,964</u>	<u>(245,037)</u>	<u>54,963</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Insurance Proceeds - Capital Asset			-		-	-
Transfers in	300,000	300,000	332,393	-	332,393	32,393
Transfers out	-	-	-		-	-
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>332,393</u>	<u>-</u>	<u>332,393</u>	<u>32,393</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	32,392	54,964	87,356	87,356
<b>FUND BALANCE - BEGINNING PRIOR PERIOD</b>	(17,392)	(17,392)	(17,392)	-	(17,392)	-
<b>FUND BALANCE - END</b>	<u>\$ (17,392)</u>	<u>\$ (17,392)</u>	<u>\$ (15,000)</u>	<u>\$ 54,964</u>	<u>\$ 69,964</u>	<u>\$ 87,356</u>

**CITY OF LONGVIEW, TEXAS  
POLICE DEPARTMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Fines and forfeitures	\$ 7,500	\$ 7,500	\$ 36,157	\$ -	\$ 36,157	\$ 28,657
Investment earnings	400	400	1,633	-	1,634	1,234
Total revenue	<u>7,900</u>	<u>7,900</u>	<u>37,790</u>	<u>-</u>	<u>37,790</u>	<u>29,890</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	20,020	20,020	10,375	-	10,375	9,645
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>20,020</u>	<u>20,020</u>	<u>10,375</u>	<u>-</u>	<u>10,375</u>	<u>9,645</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(12,120)	(12,120)	27,415	-	27,415	39,535
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of assets			-		-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(12,120)	(12,120)	27,415	-	27,415	39,535
<b>FUND BALANCE - BEGINNING</b>	125,546	125,546	125,546	-	125,546	-
<b>FUND BALANCE - END</b>	<u>\$ 113,426</u>	<u>\$ 113,426</u>	<u>\$ 152,961</u>	<u>\$ -</u>	<u>\$ 152,961</u>	<u>\$ 39,535</u>

**CITY OF LONGVIEW, TEXAS**  
**E-911 SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Charges for services	\$ 725,032	\$ 725,032	\$ 698,672	\$ 2,122	\$ 700,794	\$ (24,238)
Investment earnings	2,000	2,000	4,657	-	4,657	2,657
Total revenue	<u>727,032</u>	<u>727,032</u>	<u>703,329</u>	<u>2,122</u>	<u>705,451</u>	<u>(21,581)</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	897,051	916,858	916,834	(9,641)	907,194	9,664
Capital outlay	8,726	8,726	7,747	-	7,747	979
Total expenditures	<u>905,777</u>	<u>925,584</u>	<u>924,581</u>	<u>(9,641)</u>	<u>914,941</u>	<u>10,643</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(178,745)</u>	<u>(198,552)</u>	<u>(221,252)</u>	<u>11,763</u>	<u>(209,490)</u>	<u>(10,938)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(178,745)	(198,552)	(221,252)	11,763	(209,490)	(10,938)
<b>FUND BALANCE - BEGINNING</b>	583,197	583,197	583,197	-	583,197	-
<b>FUND BALANCE - END</b>	<u>\$ 404,452</u>	<u>\$ 384,645</u>	<u>\$ 361,945</u>	<u>\$ 11,763</u>	<u>\$ 373,707</u>	<u>\$ (10,938)</u>

**CITY OF LONGVIEW, TEXAS**  
**HOTEL OCCUPANCY TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Taxes	\$ 810,840	\$ 910,840	\$ 1,016,885	\$ (36,745)	\$ 980,140	\$ 69,300
Investment earnings	5,500	5,500	19,399	-	19,399	13,899
Total revenue	<u>816,340</u>	<u>916,340</u>	<u>1,036,284</u>	<u>(36,745)</u>	<u>999,539</u>	<u>83,199</u>
<b>EXPENDITURES</b>						
Current:						
Culture and recreation	624,390	628,379	568,795	(4,064)	564,732	63,647
Capital outlay	63,500	563,500	368,595	-	368,595	194,905
Total expenditures	<u>687,890</u>	<u>1,191,879</u>	<u>937,390</u>	<u>(4,064)</u>	<u>933,326</u>	<u>258,552</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>128,450</u>	<u>(275,539)</u>	<u>98,894</u>	<u>(32,681)</u>	<u>66,213</u>	<u>341,751</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	128,450	(275,539)	98,894	(32,681)	66,213	341,751
<b>FUND BALANCE - BEGINNING</b>	2,109,650	2,109,650	2,109,650	-	2,109,650	-
<b>FUND BALANCE - END</b>	<u>\$ 2,238,100</u>	<u>\$ 1,834,111</u>	<u>\$ 2,208,544</u>	<u>\$ (32,681)</u>	<u>\$ 2,175,863</u>	<u>\$ 341,751</u>

**CITY OF LONGVIEW, TEXAS**  
**MAUDE COBB ACTIVITY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Taxes	\$ 933,902	\$ 933,902	\$ 933,902	\$ -	\$ 933,902	-
Charges for services	395,000	395,000	446,059	-	446,059	51,059
Investment earnings	2,500	2,500	7,263	-	7,263	4,763
Miscellaneous revenue	3,350	3,350	28,140	160	28,300	24,950
Total revenue	<u>1,334,752</u>	<u>1,334,752</u>	<u>1,415,364</u>	<u>160</u>	<u>1,415,524</u>	<u>80,772</u>
<b>EXPENDITURES</b>						
Current:						
Culture and recreation	1,290,922	1,305,327	1,194,293	(4,026)	1,190,267	115,059
Debt service:						
Principal	4,222	4,222	4,222	-	4,222	-
Interest and other charges	1,221	1,221	1,221	-	1,221	-
Capital outlay	38,387	38,387	107,432	-	107,432	(69,045)
Total expenditures	<u>1,334,752</u>	<u>1,349,157</u>	<u>1,307,168</u>	<u>(4,026)</u>	<u>1,303,143</u>	<u>46,014</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(14,405)</u>	<u>108,196</u>	<u>4,186</u>	<u>112,381</u>	<u>126,786</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(14,405)	108,196	4,186	112,381	126,786
<b>FUND BALANCE - BEGINNING</b>	445,293	445,293	445,293	-	445,293	-
<b>FUND BALANCE - END</b>	<u>\$ 445,293</u>	<u>\$ 430,888</u>	<u>\$ 553,489</u>	<u>\$ 4,186</u>	<u>\$ 557,675</u>	<u>\$ 126,786</u>

**CITY OF LONGVIEW, TEXAS  
DRAINAGE SALES TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Taxes	\$ 4,990,542	\$ 4,990,542	\$ 5,410,502	\$ (70,821)	\$ 5,339,681	\$ 349,139
Investment earnings	5,000	5,000	19,140	-	19,140	14,140
Miscellaneous revenue	-	-	-	-	-	-
Total revenue	<u>4,995,542</u>	<u>4,995,542</u>	<u>5,429,642</u>	<u>(70,821)</u>	<u>5,358,821</u>	<u>363,279</u>
<b>EXPENDITURES</b>						
Current:						
Public works	4,829,192	4,872,408	4,673,337	(15,776)	4,657,561	214,847
Debt service:					-	-
Principal	8,866	8,866	8,866	-	8,866	-
Interest and other charges	2,564	2,564	2,564	-	2,564	-
Capital outlay	15,000	15,000	18,669	-	18,669	(3,669)
Total expenditures	<u>4,855,622</u>	<u>4,898,838</u>	<u>4,703,436</u>	<u>(15,776)</u>	<u>4,687,660</u>	<u>211,178</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>139,920</u>	<u>96,704</u>	<u>726,206</u>	<u>(55,045)</u>	<u>671,161</u>	<u>574,457</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(319,500)	(319,500)	(319,500)	-	(319,500)	-
Total other financing sources (uses)	<u>(319,500)</u>	<u>(319,500)</u>	<u>(319,500)</u>	<u>-</u>	<u>(319,500)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(179,580)	(222,796)	406,706	(55,045)	351,661	574,457
<b>FUND BALANCE - BEGINNING</b>	1,905,287	1,905,287	1,905,287	-	1,905,287	-
<b>FUND BALANCE - END</b>	<u>\$ 1,725,707</u>	<u>\$ 1,682,491</u>	<u>\$ 2,311,993</u>	<u>\$ (55,045)</u>	<u>\$ 2,256,947</u>	<u>\$ 574,456</u>

**CITY OF LONGVIEW, TEXAS  
SCHOOL CROSSING GUARD  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Charges for services	\$ 50,236	\$ 50,236	\$ 31,528	\$ -	\$ 31,528	\$ (18,708)
Investment earnings	-	-	249	-	249	249
Total revenue	<u>50,236</u>	<u>50,236</u>	<u>31,777</u>	<u>-</u>	<u>31,777</u>	<u>(18,459)</u>
<b>EXPENDITURES</b>						
Current:						
Fines and forfeitures	50,236	50,236	45,203	(752)	44,451	5,784
Total expenditures	<u>50,236</u>	<u>50,236</u>	<u>45,203</u>	<u>(752)</u>	<u>44,451</u>	<u>5,784</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(13,426)</u>	<u>752</u>	<u>(12,675)</u>	<u>(12,675)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>(13,426)</u>	<u>752</u>	<u>(12,675)</u>	<u>(12,675)</u>
<b>FUND BALANCE - BEGINNING</b>	29,822	29,822	29,822	-	29,822	-
<b>FUND BALANCE - END</b>	<u>\$ 29,822</u>	<u>\$ 29,822</u>	<u>\$ 16,396</u>	<u>\$ 752</u>	<u>\$ 17,147</u>	<u>\$ (12,675)</u>

**CITY OF LONGVIEW, TEXAS  
SPECIAL REVENUE GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUE</b>						
Intergovernmental	\$ 10,543,874	\$ 10,543,874	\$ 1,893,697	\$ 680,515	\$ 2,574,212	\$ (7,969,662)
Total revenue	<u>10,543,874</u>	<u>10,543,874</u>	<u>1,893,697</u>	<u>680,515</u>	<u>2,574,212</u>	<u>(7,969,662)</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	260,076	260,076	184,237	(55)	184,182	75,894
Public works	345,271	438,392	267,417	2,443	269,860	168,532
Community Development	267,029	431,397	168,055	-	168,055	263,342
Public welfare	992,459	1,003,947	134,385	827,762	962,147	41,800
Culture and recreation	-	-	36,679	-	36,679	(36,679)
Public transit	-	2,500	1,534	-	1,534	966
Capital outlay	166,872	659,830	1,179,473	-	1,179,473	(519,643)
Total expenditures	<u>2,031,707</u>	<u>2,796,142</u>	<u>1,971,780</u>	<u>830,150</u>	<u>2,801,931</u>	<u>(5,790)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>8,512,167</u>	<u>7,747,732</u>	<u>(78,083)</u>	<u>(149,635)</u>	<u>(227,719)</u>	<u>(7,975,451)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(23,450)	-	(23,450)	(23,450)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(23,450)</u>	<u>-</u>	<u>(23,450)</u>	<u>(23,450)</u>
<b>NET CHANGE IN FUND BALANCE</b>	8,512,167	7,747,732	(101,533)	(149,635)	(251,169)	(7,998,901)
<b>FUND BALANCE - BEGINNING</b>	130,510	130,510	130,510		130,510	-
<b>FUND BALANCE - END</b>	<u>\$ 8,642,677</u>	<u>\$ 7,878,242</u>	<u>\$ 28,977</u>	<u>\$ (149,635)</u>	<u>\$ (120,659)</u>	<u>\$ (7,998,901)</u>

**CITY OF LONGVIEW, TEXAS  
DONATIONS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Miscellaneous revenue	\$ 102,000	\$ 102,000	\$ 263,240	\$ -	\$ 263,240	\$ 161,240
Total revenue	<u>102,000</u>	<u>102,000</u>	<u>263,240</u>	<u>-</u>	<u>263,240</u>	<u>161,240</u>
<b>EXPENDITURES</b>						
Current:						
General government	100,000	335,000	34,965	-	34,965	300,035
Public safety	-	15,000	35,146	-	35,146	(20,146)
Developmental services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	13,250	-	13,250	(13,250)
Total expenditures	<u>100,000</u>	<u>350,000</u>	<u>83,361</u>	<u>-</u>	<u>83,361</u>	<u>266,639</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	2,000	(248,000)	179,879	-	179,879	427,879
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,000	(248,000)	179,879	-	179,879	427,879
<b>FUND BALANCE - BEGINNING</b>	52,151	52,151	52,151	-	52,151	-
<b>FUND BALANCE - END</b>	<u>\$ 54,151</u>	<u>\$ (195,849)</u>	<u>\$ 232,030</u>	<u>\$ -</u>	<u>\$ 232,030</u>	<u>\$ 427,879</u>

**CITY OF LONGVIEW, TEXAS  
FEDERAL MOTOR CARRIER VIOLATIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Fines and forfeitures	\$ 42,000	\$ 42,000	\$ 41,716	\$ -	\$ 41,716	\$ (284)
Investment earnings	-	-	2,167	-	2,167	2,167
Total revenue	<u>42,000</u>	<u>42,000</u>	<u>43,883</u>	<u>-</u>	<u>43,883</u>	<u>1,883</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	51,000	51,000	16,420	-	16,420	34,580
Capital Outlay	50,000	50,000	47,213	-	47,213	2,787
Total expenditures	<u>101,000</u>	<u>101,000</u>	<u>63,633</u>	<u>-</u>	<u>63,633</u>	<u>37,367</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(59,000)</u>	<u>(59,000)</u>	<u>(19,750)</u>	<u>-</u>	<u>(19,750)</u>	<u>39,250</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(59,000)	(59,000)	(19,750)	-	(19,750)	39,250
<b>FUND BALANCE - BEGINNING</b>	200,123	200,123	200,123	-	200,123	-
<b>FUND BALANCE - END</b>	<u>\$ 141,123</u>	<u>\$ 141,123</u>	<u>\$ 180,373</u>	<u>\$ -</u>	<u>\$ 180,373</u>	<u>\$ 39,250</u>

**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, 2018**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	4,056	-	4,056	4,056
Miscellaneous revenue	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>4,056</u>	<u>-</u>	<u>4,056</u>	<u>4,056</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	33,794	33,794	188	-	188	33,606
Capital Outlay	257,622	257,622	-	-	-	257,622
Total expenditures	<u>291,416</u>	<u>291,416</u>	<u>188</u>	<u>-</u>	<u>188</u>	<u>291,228</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(291,416)	(291,416)	3,868	-	3,868	295,284
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(291,416)	(291,416)	3,868	-	3,868	295,284
<b>FUND BALANCE - BEGINNING</b>	327,811	327,811	327,811	-	327,811	-
<b>FUND BALANCE - END</b>	<u>\$ 36,395</u>	<u>\$ 36,395</u>	<u>\$ 331,679</u>	<u>\$ -</u>	<u>\$ 331,679</u>	<u>\$ 295,284</u>

**CITY OF LONGVIEW, TEXAS  
CABLE FRANCHISE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Taxes	\$ 90,485	\$ 90,485	\$ 74,784	\$ 1,911	\$ 76,695	\$ (13,790)
Investment earnings	-	-	1,657	-	1,657	1,657
Total revenue	<u>90,485</u>	<u>90,485</u>	<u>76,441</u>	<u>1,911</u>	<u>78,352</u>	<u>(12,133)</u>
<b>EXPENDITURES</b>						
Current:						
General Government	29,591	29,591	29,592	-	29,592	(1)
Capital Outlay	49,000	49,000	47,913	-	47,913	1,087
Total expenditures	<u>78,591</u>	<u>78,591</u>	<u>77,505</u>	<u>-</u>	<u>77,505</u>	<u>1,086</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>11,894</u>	<u>11,894</u>	<u>(1,065)</u>	<u>1,911</u>	<u>847</u>	<u>(11,047)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	11,894	11,894	(1,065)	1,911	847	(11,047)
<b>FUND BALANCE - BEGINNING</b>	128,807	128,807	128,807	-	128,807	-
<b>FUND BALANCE - END</b>	<u>\$ 140,701</u>	<u>\$ 140,701</u>	<u>\$ 127,742</u>	<u>\$ 1,911</u>	<u>\$ 129,654</u>	<u>\$ (11,047)</u>

**CITY OF LONGVIEW, TEXAS  
CONVENTION AND VISITORS BUREAU  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Taxes	\$ 450,000	\$ 450,000	\$ 450,000	\$ -	\$ 450,000	\$ -
Investment earnings	-	-	4,135	-	4,135	4,135
Miscellaneous revenue	-	-	-	-	-	-
Total revenue	<u>450,000</u>	<u>450,000</u>	<u>454,135</u>	<u>-</u>	<u>454,135</u>	<u>4,135</u>
<b>EXPENDITURES</b>						
Current:						
Culture and Recreation	522,081	543,923	499,135	(889)	498,246	45,677
Capital Outlay	-	-	25,284	-	25,284	(25,284)
Total expenditures	<u>522,081</u>	<u>543,923</u>	<u>524,419</u>	<u>(889)</u>	<u>523,530</u>	<u>20,393</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(72,081)</u>	<u>(93,923)</u>	<u>(70,284)</u>	<u>889</u>	<u>(69,395)</u>	<u>24,528</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	50,000	50,000	50,000	-	50,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(22,081)</u>	<u>(43,923)</u>	<u>(20,284)</u>	<u>889</u>	<u>(19,395)</u>	<u>24,528</u>
<b>FUND BALANCE - BEGINNING</b>	<u>299,587</u>	<u>299,587</u>	<u>299,587</u>	<u>-</u>	<u>299,587</u>	<u>-</u>
<b>FUND BALANCE - END</b>	<u>\$ 277,506</u>	<u>\$ 255,664</u>	<u>\$ 279,302</u>	<u>\$ 889</u>	<u>\$ 280,192</u>	<u>\$ 24,528</u>

**CITY OF LONGVIEW, TEXAS  
ANIMAL SHELTER DONATIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUE</b>						
Miscellaneous revenue	\$ 156,000	\$ 156,000	\$ 41,819	\$ -	\$ 41,819	\$ (114,181)
Total revenue	<u>156,000</u>	<u>156,000</u>	<u>41,819</u>	<u>-</u>	<u>41,819</u>	<u>(114,181)</u>
<b>EXPENDITURES</b>						
Current:						
General government	150,000	150,000	1,275	-	1,275	148,725
Capital outlay	-	1,275	7,760	-	7,760	(6,485)
Total expenditures	<u>150,000</u>	<u>151,275</u>	<u>9,035</u>	<u>-</u>	<u>9,035</u>	<u>142,240</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	6,000	4,725	32,784	-	32,784	28,059
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	6,000	4,725	32,784	-	32,784	28,059
<b>FUND BALANCE - BEGINNING</b>	15,470	15,470	15,470	-	15,470	-
<b>FUND BALANCE - END</b>	<u>\$ 21,470</u>	<u>\$ 20,195</u>	<u>\$ 48,254</u>	<u>\$ -</u>	<u>\$ 48,254</u>	<u>\$ 28,059</u>

## 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, 2018**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 89,952	\$ 320,170	\$ 99,449
Investments	140,390	-	155,211
Accounts receivable, net	-	1,297,703	-
Due from other funds	-	275,386	-
Inventories	-	-	-
Accrued interest	-	-	-
Total current assets	<u>230,342</u>	<u>1,893,259</u>	<u>254,660</u>
Non-current assets:			
Capital assets:			
Buildings	-	-	-
Machinery and equipment	35,216	-	-
Construction in progress	-	-	-
Less accumulated depreciation	<u>(29,629)</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>5,587</u>	<u>-</u>	<u>-</u>
Total assets	<u>235,929</u>	<u>1,893,259</u>	<u>254,660</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	64,622	335	-
Deferred outflows related to OPEB	<u>3,798</u>	<u>93</u>	<u>-</u>
Total deferred outflows or resources	<u>68,420</u>	<u>428</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,585	40,113	820
Accrued liabilities	12,562	1,170	-
Due to other funds	-	-	-
Claims and judgments	37,900	1,126,379	52,246
Compensated absences	2,723	120	-
Capital lease obligation	-	-	-
Total current liabilities	<u>54,770</u>	<u>1,167,782</u>	<u>53,066</u>
Non-current liabilities:			
Compensated absences	15,920	699	-
Capital lease obligation	-	-	-
Net pension liability	82,154	1,198	-
Other post-employment benefits	<u>58,946</u>	<u>1,368</u>	<u>-</u>
Total non-current liabilities	<u>157,020</u>	<u>3,265</u>	<u>-</u>
Total liabilities	<u>211,790</u>	<u>1,171,047</u>	<u>53,066</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	77,998	-	-
Deferred inflows related to OPEB	<u>3,833</u>	<u>-</u>	<u>-</u>
Total deferred inflows or resources	<u>81,831</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,587	-	-
Unrestricted	<u>5,141</u>	<u>722,640</u>	<u>201,594</u>
Total net position	<u>\$ 10,728</u>	<u>\$ 722,640</u>	<u>\$ 201,594</u>

<u>GIS/IT Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ 101,828	\$ 252,399	\$ 813,354	\$ 64,850	\$ 1,742,002
158,925	393,926	1,769,421	101,214	2,719,087
13,750	-	-	-	1,311,453
-	-	-	-	275,386
-	155,463	-	-	155,463
-	-	730	-	730
<u>274,503</u>	<u>801,788</u>	<u>2,583,505</u>	<u>166,064</u>	<u>6,204,121</u>
16,573	390,123	-	-	406,696
1,503,504	236,043	16,898,901	-	18,673,664
4,802	-	-	-	4,802
(1,169,303)	(560,446)	(12,099,285)	-	(13,858,663)
<u>355,576</u>	<u>65,720</u>	<u>4,799,616</u>	<u>-</u>	<u>5,226,499</u>
<u>630,079</u>	<u>867,508</u>	<u>7,383,121</u>	<u>166,064</u>	<u>11,430,620</u>
80,392	125,533	1,295	17,505	289,682
7,656	4,191	360	-	16,098
<u>88,048</u>	<u>129,724</u>	<u>1,655</u>	<u>17,505</u>	<u>305,780</u>
29,252	106,844	25	6,401	185,040
42,409	22,459	5,583	9,803	93,986
36	-	-	-	36
-	-	-	-	1,216,525
9,354	9,650	1,866	2,790	26,503
-	1,313	-	-	1,313
<u>81,051</u>	<u>140,266</u>	<u>7,474</u>	<u>18,994</u>	<u>1,523,403</u>
54,684	56,416	10,912	16,317	154,948
-	7,333	-	-	7,333
91,861	159,590	4,630	22,255	361,688
199,671	180,966	5,290	1,362	447,603
<u>346,216</u>	<u>404,305</u>	<u>20,832</u>	<u>39,934</u>	<u>971,572</u>
<u>427,267</u>	<u>544,571</u>	<u>28,306</u>	<u>58,928</u>	<u>2,494,975</u>
106,374	151,516	-	21,129	357,017
5,673	3,396	-	-	12,902
<u>112,047</u>	<u>154,912</u>	<u>-</u>	<u>21,129</u>	<u>369,919</u>
355,576	57,074	4,799,616	-	5,217,853
(176,763)	240,675	2,556,854	103,512	3,653,653
<u>\$ 178,813</u>	<u>\$ 297,749</u>	<u>\$ 7,356,470</u>	<u>\$ 103,512</u>	<u>\$ 8,871,506</u>

**CITY OF LONGVIEW, TEXAS**

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

**INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>OPERATING REVENUES</b>			
Premiums	\$ 727,739	\$ 12,139,343	\$ 387,210
Vehicle revenue	-	-	-
GIS/IT revenue	-	-	-
Media development revenue	-	-	-
Miscellaneous	7,365	222,331	-
Total operating revenues	<u>735,104</u>	<u>12,361,674</u>	<u>387,210</u>
<b>OPERATING EXPENSES</b>			
Personnel services	247,985	25,063	-
Supplies	3,579	19,712	-
Maintenance	383	2,832	-
Contractual services	98,749	1,892,650	52,045
Employee retirement expense	56,641	4,811	-
Employee health expense (benefit)	(8,146)	-	-
Claims and premiums, net of reimbursements	472,260	10,296,479	474,506
Depreciation	4,473	-	-
Total operating expenses	<u>875,924</u>	<u>12,241,547</u>	<u>526,551</u>
<b>OPERATING INCOME (LOSS)</b>	(140,820)	120,127	(139,341)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	2,617	5,497	2,430
Gain (loss) on sale of fixed assets	-	-	-
Miscellaneous	-	-	-
Total non-operating revenue (expenses)	<u>2,617</u>	<u>5,497</u>	<u>2,430</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(138,203)	125,624	(136,911)
Transfers in	-	-	-
Transfers out	-	-	-
<b>CHANGE IN NET POSITION</b>	(138,203)	125,624	(136,911)
<b>TOTAL NET POSITION, BEGINNING</b>	255,115	598,197	338,505
<b>PRIOR PERIOD ADJUSTMENT (NOTE 15)</b>	<u>(106,184)</u>	<u>(1,181)</u>	<u>-</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 10,728</u>	<u>\$ 722,640</u>	<u>\$ 201,594</u>

<u>GIS/IT Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 13,254,292
-	2,181,943	609,442	-	2,791,385
2,130,707	-	-	-	2,130,707
-	-	-	337,223	337,223
-	-	-	-	229,696
<u>2,130,707</u>	<u>2,181,943</u>	<u>609,442</u>	<u>337,223</u>	<u>18,743,303</u>
808,912	400,357	90,243	183,133	1,755,693
108,990	1,533,149	155	6,386	1,671,971
538	15,108	23,629	123	42,613
675,273	82,266	22,043	53,374	2,876,400
164,332	93,373	18,202	36,793	374,152
(86,840)	(155,066)	13,213	39,902	(196,937)
-	-	-	-	11,243,245
130,613	11,373	1,252,649	-	1,399,108
<u>1,801,818</u>	<u>1,980,560</u>	<u>1,420,134</u>	<u>319,711</u>	<u>19,166,245</u>
328,889	201,383	(810,692)	17,512	(422,942)
3,401	7,012	30,954	2,070	53,981
-	-	213,145	-	213,145
-	28,124	82,100	-	110,224
<u>3,401</u>	<u>35,136</u>	<u>326,199</u>	<u>2,070</u>	<u>377,350</u>
332,290	236,519	(484,493)	19,582	(45,592)
-	-	750,000	-	750,000
-	-	-	-	-
332,290	236,519	265,507	19,582	704,408
232,260	464,294	7,095,528	83,930	9,067,829
(385,737)	(403,064)	(4,565)	-	(900,731)
<u>\$ 178,813</u>	<u>\$ 297,749</u>	<u>\$ 7,356,470</u>	<u>\$ 103,512</u>	<u>\$ 8,871,506</u>

**CITY OF LONGVIEW, TEXAS**

**COMBINING STATEMENT OF CASH FLOWS**

**INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from City departments/customers	\$ -	\$ -	\$ -
Cash received from premiums/contributions	735,104	11,258,195	387,210
Cash payments for claims and premiums	(540,196)	(10,146,604)	(480,842)
Cash payments for goods and services	(110,621)	(2,176,326)	(51,493)
Cash payments to employees/retirees	<u>(345,112)</u>	<u>(27,848)</u>	<u>(145,125)</u>
Net cash provided (used) by operating activities	(260,825)	(1,092,583)	(145,125)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received for miscellaneous items	-	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds for sale of assets	-	-	-
Insurance recoveries	-	-	-
Acquisition and construction of capital assets	-	-	-
Interest charges on long term debt	-	-	-
Principal payments on long term debt	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturities of investments	68,566	514,192	14,741
Reinvestments of investments	-	-	-
Interest on investments	<u>2,617</u>	<u>5,910</u>	<u>2,430</u>
Net cash provided by (used in) investing activities	71,183	520,102	17,171
<b>NET INCREASE (DECREASE) IN CASH</b>	(189,642)	(572,481)	(127,954)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>279,594</u>	<u>892,651</u>	<u>227,403</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>\$ 89,952</u></u>	<u><u>\$ 320,170</u></u>	<u><u>\$ 99,449</u></u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ 2,116,932	\$ 2,220,241	\$ 609,442	\$ 337,223	\$ 5,283,838
25	-	-	-	12,380,534
-	-	-	-	(11,167,642)
(856,277)	(1,635,125)	(77,895)	(57,305)	(4,965,042)
<u>(1,118,014)</u>	<u>(586,291)</u>	<u>(105,180)</u>	<u>(259,808)</u>	<u>(2,442,253)</u>
142,666	(1,175)	426,367	20,110	(910,565)
-	28,124	-	-	28,124
-	-	750,000	-	750,000
<u>-</u>	<u>28,124</u>	<u>750,000</u>	<u>-</u>	<u>778,124</u>
-	-	272,910	-	272,910
-	-	90,752	-	90,752
(157,963)	-	(1,791,286)	-	(1,949,249)
-	(32)	-	-	(32)
<u>-</u>	<u>(1,267)</u>	<u>-</u>	<u>-</u>	<u>(1,267)</u>
(157,963)	(1,299)	(1,427,624)	-	(1,586,886)
-	-	1,493,301	-	2,090,800
(42,311)	(131,458)	(1,769,421)	(39,674)	(1,982,864)
3,401	7,012	30,638	2,070	54,078
<u>(38,910)</u>	<u>(124,446)</u>	<u>(245,482)</u>	<u>(37,604)</u>	<u>162,014</u>
(54,207)	(98,796)	(496,739)	(17,494)	(1,557,313)
<u>156,035</u>	<u>351,195</u>	<u>1,310,093</u>	<u>82,344</u>	<u>3,299,315</u>
<u>\$ 101,828</u>	<u>\$ 252,399</u>	<u>\$ 813,354</u>	<u>\$ 64,850</u>	<u>\$ 1,742,002</u>

(Continued)

**CITY OF LONGVIEW, TEXAS**

**COMBINING STATEMENT OF CASH FLOWS**

**INTERNAL SERVICE FUNDS**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (140,820)	\$ 120,127	\$ (139,341)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	4,473	-	-
Change in assets and liabilities:			
Decrease in assets:			
Accounts receivable	-	(420)	-
Inventories	-	-	-
Due from other funds		(275,386)	
Deferred outflows of resources	22,756	(1,103,479)	-
Increase (decrease) in liabilities:			
Accounts payable	(7,910)	14,254	552
Accrued liabilities	1,055	249	-
Claims payable	(67,936)	149,875	(6,336)
Compensated absences payable	(1,981)	819	-
Net pension liability	(94,492)	1,198	-
Other post employment benefits	(57,801)	180	-
Deferred inflows of resources	81,831	-	-
Total adjustments	<u>(120,005)</u>	<u>(1,212,710)</u>	<u>(5,784)</u>
Net cash provided (used) by operating activities	<u>\$ (260,825)</u>	<u>\$ (1,092,583)</u>	<u>\$ (145,125)</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ 328,889	\$ 201,383	\$ (810,692)	\$ 17,512	\$ (422,942)
130,613	11,372	1,252,649	-	1,399,107
(13,750)	-	-	-	(14,170)
-	38,298	-	-	38,298
				(275,386)
28,754	47,354	(1,623)	7,165	(999,073)
(71,440)	(4,601)	(37,651)	2,578	(104,218)
10,133	3,377	5,583	1,851	22,248
-	-	-	-	75,603
9,089	13,093	12,778	(4,527)	29,271
(128,869)	(183,558)	-	(25,598)	(431,319)
(262,800)	(282,805)	5,323	-	(597,903)
112,047	154,912	-	21,129	369,919
<u>(186,223)</u>	<u>(202,558)</u>	<u>1,237,059</u>	<u>2,598</u>	<u>(487,623)</u>
<u>\$ 142,666</u>	<u>\$ (1,175)</u>	<u>\$ 426,367</u>	<u>\$ 20,110</u>	<u>\$ (910,565)</u>

## **STATISTICAL SECTION (UNAUDITED)**

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

<b>Contents</b>	<b>Page</b>
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

TABLE 1

CITY OF LONGVIEW, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Invested in capital assets, net of related debt	\$ 51,131,067	\$ 50,526,891	\$ 51,682,767	\$ 53,447,645	\$ 57,302,882	\$ 54,393,324	\$ 56,970,760	\$ 60,872,475	\$ 65,413,522	\$ 67,506,088
Restricted	2,415,255	3,025,079	6,762,094	9,286,870	7,635,957	11,391,150	15,942,630	10,102,718	9,183,088	8,590,805
Unrestricted	<u>20,121,625</u>	<u>22,702,632</u>	<u>22,534,886</u>	<u>19,416,012</u>	<u>21,454,125</u>	<u>18,925,277</u>	<u>( 43,259,873)</u>	<u>( 45,755,377)</u>	<u>( 50,211,811)</u>	<u>( 63,140,007)</u>
Total governmental activities net position	<u>\$ 73,667,947</u>	<u>\$ 76,254,602</u>	<u>\$ 80,979,747</u>	<u>\$ 82,150,527</u>	<u>\$ 86,392,964</u>	<u>\$ 84,709,751</u>	<u>\$ 29,653,517</u>	<u>\$ 25,219,816</u>	<u>\$ 24,384,799</u>	<u>\$ 12,956,886</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 44,187,739	\$ 41,554,130	\$ 40,333,213	\$ 39,397,519	\$ 39,074,801	\$ 44,463,455	\$ 43,777,934	\$ 46,414,194	\$ 45,165,662	\$ 55,168,156
Restricted	9,512,913	9,945,196	9,709,561	9,585,508	9,584,155	9,614,389	9,106,223	8,456,200	8,405,875	7,631,782
Unrestricted	<u>14,360,944</u>	<u>13,260,494</u>	<u>16,980,547</u>	<u>20,042,784</u>	<u>25,341,219</u>	<u>21,604,043</u>	<u>24,050,096</u>	<u>25,163,252</u>	<u>29,060,182</u>	<u>23,860,455</u>
Total business-type activities net position	<u>\$ 68,061,596</u>	<u>\$ 64,759,820</u>	<u>\$ 67,023,321</u>	<u>\$ 69,025,811</u>	<u>\$ 74,000,175</u>	<u>\$ 75,681,887</u>	<u>\$ 76,934,253</u>	<u>\$ 80,033,646</u>	<u>\$ 82,631,719</u>	<u>\$ 86,660,393</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 95,318,806	\$ 92,081,021	\$ 92,015,980	\$ 92,845,164	\$ 96,377,683	\$ 98,856,779	\$ 100,748,694	\$ 107,286,669	\$ 110,579,184	\$ 122,674,244
Restricted	11,928,168	12,970,275	16,471,655	18,872,378	17,220,112	21,005,539	25,048,853	18,558,918	17,588,963	16,222,587
Unrestricted	<u>34,482,569</u>	<u>35,963,126</u>	<u>39,515,433</u>	<u>39,458,796</u>	<u>46,795,344</u>	<u>40,529,320</u>	<u>(19,209,777)</u>	<u>(20,592,125)</u>	<u>(21,151,629)</u>	<u>(39,279,552)</u>
Total primary government net position	<u>\$ 141,729,543</u>	<u>\$ 141,014,422</u>	<u>\$ 148,003,068</u>	<u>\$ 151,176,338</u>	<u>\$ 160,393,139</u>	<u>\$ 160,391,638</u>	<u>\$ 106,587,770</u>	<u>\$ 105,253,462</u>	<u>\$ 107,016,518</u>	<u>\$ 99,617,279</u>

Sources: City of Longview Finance Department

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 5,256,629	\$ 5,543,250	\$ 5,192,734	\$ 3,224,548	\$ 3,825,493	\$ 3,370,092	\$ 3,370,755	\$ 3,147,319	\$ 3,137,756	\$ 4,792,693
Public safety	38,920,999	38,313,379	38,627,890	39,454,022	39,463,863	42,433,989	40,531,515	45,840,775	47,161,033	46,175,956
Public works	10,652,928	10,159,012	10,191,221	11,097,787	11,430,457	10,733,392	13,091,128	13,701,429	14,716,963	13,706,076
Developmental services	3,251,860	3,214,619	3,481,048	3,194,264	2,645,444	2,779,375	2,894,415	2,968,115	3,150,995	1,840,100
Culture and recreation	10,969,680	10,659,666	8,708,583	11,774,530	12,010,715	12,585,476	11,074,028	11,390,434	10,978,736	10,559,038
Public transit	1,495,264	2,324,776	1,520,519	2,110,537	2,341,016	2,482,593	2,426,635	2,035,785	2,166,843	1,890,804
Public welfare	6,764,496	6,792,308	9,673,465	7,020,452	7,178,751	6,633,691	7,178,549	7,480,963	7,174,784	7,251,846
Arts and culture										
Interest and fiscal charges	2,585,889	2,600,824	2,289,521	2,695,573	2,457,093	3,323,942	2,950,051	2,958,756	2,619,992	2,299,379
Total governmental activities expenses	<u>79,897,745</u>	<u>79,607,834</u>	<u>79,684,981</u>	<u>80,571,713</u>	<u>81,352,832</u>	<u>84,342,550</u>	<u>83,517,075</u>	<u>89,523,576</u>	<u>91,107,103</u>	<u>88,515,892</u>
Business-type activities:										
Water utilities	28,930,376	28,607,186	27,971,548	30,054,555	30,245,272	30,405,509	31,636,175	31,528,822	31,597,150	31,753,093
Sanitation	3,956,751	3,826,428	4,264,198	4,781,169	4,881,272	5,222,130	5,190,423	5,590,040	5,622,492	5,265,908
Nonmajor funds - Longview Recreation Association	468,459	674,814	738,962	758,580	697,719	767,919	508,908	297,312	357,501	349,186
Total business-type activities expenses	<u>33,355,586</u>	<u>33,108,428</u>	<u>32,974,708</u>	<u>35,594,304</u>	<u>35,824,263</u>	<u>36,395,558</u>	<u>37,335,506</u>	<u>37,416,174</u>	<u>37,577,143</u>	<u>37,368,187</u>
Total primary government program expenses	<u>\$ 113,253,331</u>	<u>\$ 112,716,262</u>	<u>\$ 112,659,689</u>	<u>\$ 116,166,017</u>	<u>\$ 117,177,095</u>	<u>\$ 120,738,108</u>	<u>\$ 120,852,581</u>	<u>\$ 126,939,750</u>	<u>\$ 128,684,246</u>	<u>\$ 125,884,079</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 435,850	\$ 428,146	\$ 71,172	\$ 93,667	\$ 82,127	\$ 87,507	\$ 77,636	\$ 154,426	\$ 332,593	\$ 365,386
Public safety	6,304,084	6,939,023	6,518,457	7,574,304	7,587,266	7,962,114	7,556,235	7,331,879	7,024,951	7,047,147
Developmental services	759,251	931,644	781,783	1,007,281	1,151,373	1,076,074	994,771	1,019,927	716,792	1,019,833
Culture and recreation	123,422	99,511	575,771	658,334	690,640	783,514	786,874	901,112	790,129	799,858
Public transit	-	136,655	168,359	381,502	432,345	348,037	334,574	283,205	239,239	225,144
Public welfare	171,546	164,556	160,861	162,078	161,673	163,467	131,888	180,603	173,708	157,498
Operating grants and contributions	9,288,470	9,221,403	9,476,691	9,305,395	8,588,290	9,452,460	11,664,955	8,902,098	9,540,496	9,689,044
Capital grants and contributions	1,031,458	2,089,708	3,102,336	510,059	1,518,166	1,397,447	1,078,988	1,661,646	2,563,848	3,051,330
Total governmental activities program revenues	<u>18,114,081</u>	<u>20,010,646</u>	<u>20,855,430</u>	<u>19,692,620</u>	<u>20,211,880</u>	<u>21,270,620</u>	<u>22,625,921</u>	<u>20,434,896</u>	<u>21,381,756</u>	<u>22,355,240</u>
Business-type activities:										
Charges for services:										
Water utilities	26,331,157	26,420,522	32,288,707	31,805,126	34,758,190	32,637,964	33,630,824	33,829,860	33,547,536	35,477,699
Sanitation	4,495,352	4,705,396	4,803,324	4,922,633	4,990,505	5,019,873	5,027,157	5,260,006	5,312,890	5,429,565
Operating grants and contributions	82,716								-	-
Capital grants and contributions								2,101	-	-
Nonmajor funds - Longview Recreation Association	516,957	602,889	714,995	700,378	708,131	646,023	516,140	398,907	398,017	339,563
Total business-type activities program revenues	<u>31,426,182</u>	<u>31,728,807</u>	<u>37,807,026</u>	<u>37,428,137</u>	<u>40,456,826</u>	<u>38,303,860</u>	<u>39,174,121</u>	<u>39,490,874</u>	<u>39,258,443</u>	<u>41,246,827</u>
Total primary government program revenues	<u>\$ 49,540,263</u>	<u>\$ 51,739,453</u>	<u>\$ 58,662,456</u>	<u>\$ 57,120,757</u>	<u>\$ 60,668,706</u>	<u>\$ 59,574,480</u>	<u>\$ 61,800,042</u>	<u>\$ 59,925,770</u>	<u>\$ 60,640,199</u>	<u>\$ 63,602,067</u>

(continued)

TABLE 2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>NET (EXPENSE) REVENUES</b>										
Governmental activities	\$ ( 61,783,664)	\$ ( 59,597,188)	\$ ( 58,829,551)	\$ ( 60,879,093)	\$ ( 61,140,952)	\$ ( 63,071,930)	\$ ( 60,891,154)	\$ ( 69,088,681)	\$ ( 69,725,347)	\$ ( 66,160,652)
Business-type activities	( 1,929,404)	( 1,379,621)	4,832,318	1,833,833	4,632,563	1,908,302	1,838,615	2,074,700	1,681,300	3,878,640
Total primary government net expense	\$ ( 63,713,068)	\$ ( 60,976,809)	\$ ( 53,997,233)	\$ ( 59,045,260)	\$ ( 56,508,389)	\$ ( 61,163,628)	\$ ( 59,052,539)	\$ ( 67,013,981)	\$ ( 68,044,047)	\$ ( 62,282,012)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes										
Property	\$ 24,876,171	\$ 26,076,326	\$ 24,878,943	\$ 26,463,213	\$ 27,074,366	\$ 27,235,966	\$ 28,070,142	\$ 28,810,561	\$ 28,726,644	\$ 28,959,221
Franchise	5,555,973	5,673,335	5,891,397	5,316,765	5,562,605	5,859,967	5,733,174	5,446,446	5,431,535	5,695,277
Sales	23,894,746	23,155,083	25,605,652	24,922,597	26,398,630	27,081,436	25,934,933	24,814,607	24,565,506	27,052,515
Other	1,708,834	1,629,808	1,675,448	2,201,424	2,307,403	2,331,543	2,529,276	2,270,164	2,426,517	2,400,787
Interest	794,468	257,225	257,970	235,883	271,565	392,452	397,049	399,602	456,800	637,660
Miscellaneous	1,923,797	2,164,371	2,562,942	820,760	1,810,133	917,424	1,070,355	1,539,374	753,598	972,939
Gain (loss) on disposition of assets	144,708	79,463	293,517	( 99,144)	30,525	14,705	27,200	-	153,022	213,145
Transfers:	2,515,045	2,439,902	2,346,927							( 273,949)
Other				1,733,971	1,743,330	1,503,063	1,813,557	302,465	1,143,500	
Industrial agreements							1,513,186	1,523,713	1,534,662	1,735,000
Special items:	-	-	-	-	-	( 3,714,105)	( 1,322,772)	( 451,954)	( 424,026)	10,708
Total governmental activities	61,413,742	61,475,513	63,512,796	61,595,469	65,198,557	61,622,451	65,766,100	64,654,978	64,767,758	67,403,303
Business-type activities:										
Interest	888,340	172,081	130,876	113,934	114,948	157,225	186,161	169,752	256,486	508,670
Gain (loss) on disposition of assets		97,102	5,955	-	2,650	5,031	58,659	-	29,604	190,001
Transfers:	( 2,515,045)	( 2,439,902)	( 2,346,927)							273,949
Other		85,806		54,723	224,203	1,228	10,232	54,262	5,479	705,900
Special items	-	-	-	-	-	-	1,771	800,679	-	-
Total business-type activities	( 1,626,705)	( 2,084,913)	( 2,210,096)	168,657	341,801	163,484	256,823	1,024,693	291,569	1,678,520
Total primary government	\$ 59,787,037	\$ 59,390,600	\$ 61,302,700	\$ 61,764,126	\$ 65,540,358	\$ 61,785,935	\$ 66,022,923	\$ 65,679,671	\$ 65,059,327	\$ 69,081,823
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ ( 369,922)	\$ 1,878,325	\$ 4,683,245	\$ 716,376	\$ 4,057,605	\$ ( 1,449,479)	\$ 4,874,946	\$ ( 4,433,703)	\$ ( 4,957,589)	\$ 1,242,651
Business-type activities	( 3,556,109)	( 3,464,534)	2,622,222	2,002,490	4,974,364	2,071,786	2,095,438	3,099,393	1,972,869	5,557,160
Total primary government	\$ ( 3,926,031)	\$ ( 1,586,209)	\$ 7,305,467	\$ 2,718,866	\$ 9,031,969	\$ 622,307	\$ 6,970,384	\$ ( 1,334,310)	\$ ( 2,984,720)	\$ 6,799,811

Sources: City of Longview Finance Department

TABLE 3

## CITY OF LONGVIEW, TEXAS

FUND BALANCES  
GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 606,186	\$ 131,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	14,675,839	16,992,517	-	-	-	-	-	-	-	-
Nonspendable			155,600	141,623	101,242	181,214	206,026	186,913	227,342	251,386
Restricted			71,183	75,884	55,046	61,289	61,408	51,590	59,194	111,478
Committed	-	-	-	-	-	-	-	-	-	-
Assigned			3,805,751	4,692,239	7,288,899	7,053,130	3,489,064	2,033,906	1,314,552	2,381,827
Unassigned			17,415,534	14,659,946	15,938,054	13,544,591	13,857,357	15,826,082	15,949,231	16,439,313
Total general fund	<u>\$ 15,282,025</u>	<u>\$ 17,123,608</u>	<u>\$ 21,448,068</u>	<u>\$ 19,569,692</u>	<u>\$ 23,383,241</u>	<u>\$ 20,840,224</u>	<u>\$ 17,613,855</u>	<u>\$ 18,098,491</u>	<u>\$ 17,550,319</u>	<u>\$ 19,184,004</u>
All other governmental funds										
Reserved	\$ 11,565,277	\$ 7,029,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital Projects	8,078,271	5,658,710	-	-	-	-	-	-	-	-
Special revenue funds	4,011,235	4,653,079	-	-	-	-	-	-	-	-
Nonspendable										
Restricted			30,159,407	28,326,422	18,368,349	35,849,541	29,272,927	26,815,410	16,770,165	11,008,526
Committed			4,153,961	3,702,598	3,364,010	3,855,300	3,961,436	1,840,811	3,059,534	3,009,713
Assigned			50,000	-	-	-	-	-	-	-
Unassigned			( 316,480)	( 201,248)	( 153,269)	( 108,269)	( 61,269)	( 33,179)	-	-
Total all other governmental funds	<u>\$ 23,654,783</u>	<u>\$ 17,341,004</u>	<u>\$ 34,046,888</u>	<u>\$ 31,827,772</u>	<u>\$ 21,579,090</u>	<u>\$ 39,596,572</u>	<u>\$ 33,173,094</u>	<u>\$ 28,623,042</u>	<u>\$ 19,829,699</u>	<u>\$ 14,018,239</u>
Total Governmental Funds	<u>\$ 38,936,808</u>	<u>\$ 34,464,612</u>	<u>\$ 55,494,956</u>	<u>\$ 51,397,464</u>	<u>\$ 44,962,331</u>	<u>\$ 60,436,796</u>	<u>\$ 50,786,949</u>	<u>\$ 46,721,533</u>	<u>\$ 37,380,018</u>	<u>\$ 33,202,243</u>

## CITY OF LONGVIEW, TEXAS

CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>										
Taxes	\$ 55,791,115	\$ 56,169,174	\$ 58,463,767	\$ 58,936,599	\$ 61,371,121	\$ 62,485,487	\$ 62,429,517	\$ 61,050,566	\$ 60,947,468	\$ 64,044,878
Licenses and permits	1,041,044	1,165,887	1,014,188	1,272,516	1,404,451	1,321,450	1,257,368	1,288,693	987,139	1,274,920
Fines and forfeitures	2,185,603	2,449,613	2,771,417	3,309,089	3,530,271	3,500,988	2,999,647	2,817,223	2,313,755	2,174,427
Charges for services	4,403,744	4,809,119	4,767,098	5,093,076	5,323,460	5,317,503	5,646,314	5,695,764	5,922,642	6,425,430
Intergovernmental	10,319,928	11,311,111	12,579,027	9,815,454	10,106,457	10,849,907	12,483,259	10,563,746	11,941,016	11,194,346
Investment income	778,702	231,266	208,071	211,732	243,056	351,198	357,935	345,205	411,092	583,679
Contractual fees	1,158,000	1,166,320	1,724,972	1,733,971	1,743,330	1,503,063	1,513,186	1,523,713	1,534,662	1,735,000
Developer participation agreements							1,813,557	302,465	1,143,500	-
Miscellaneous	765,797	988,656	1,106,831	812,143	745,711	780,773	1,055,569	1,512,413	753,598	947,027
Total revenues	76,443,933	78,291,146	82,635,371	81,184,580	84,467,857	86,110,369	89,556,352	85,099,788	85,954,872	88,379,707
<b>EXPENDITURES</b>										
General government	5,045,923	5,343,613	5,075,012	2,973,445	3,418,541	3,007,509	3,056,582	2,431,245	2,472,272	3,918,887
Public safety	35,684,092	36,184,465	36,396,690	36,515,537	36,710,992	39,442,504	39,991,983	42,240,962	42,636,706	42,946,141
Public works	6,384,244	6,009,023	6,105,838	6,900,308	7,782,228	7,462,934	9,161,707	8,532,578	9,161,370	9,329,574
Culture and recreation	8,893,765	8,110,382	8,671,942	8,949,232	9,091,496	9,601,739	7,891,913	7,714,340	7,468,202	7,640,173
Developmental services	3,171,102	3,171,665	3,476,516	3,201,941	2,618,860	2,719,098	2,884,193	2,534,402	2,572,295	2,559,385
Public welfare	6,672,434	6,719,784	6,949,009	6,868,627	6,985,537	6,409,229	7,068,815	7,289,195	7,036,370	6,945,745
Public transit	1,391,198	2,122,742	1,222,924	1,834,871	2,035,601	2,152,887	2,092,936	1,801,773	1,875,708	1,586,824
Arts and culture										
Capital outlay	20,272,572	9,628,842	9,677,027	9,685,498	15,027,252	15,613,833	19,693,189	17,371,310	12,897,687	10,407,092
Debt service:										
Principal	5,546,307	5,583,952	5,304,445	5,897,682	5,023,213	4,934,075	5,011,017	5,274,251	6,716,873	5,272,391
Interest and fiscal charges	2,634,963	2,397,814	2,455,848	2,498,075	2,441,226	3,193,385	2,806,329	4,008,485	2,472,452	2,437,589
Bond issue expenses	-	-								
Total expenditures	95,696,600	85,272,282	85,335,251	85,325,216	91,134,946	94,537,193	99,658,664	99,198,541	95,309,935	93,043,801

(continued)

CITY OF LONGVIEW, TEXAS

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ ( 19,252,667)</u>	<u>\$ ( 6,981,136)</u>	<u>\$ ( 2,699,880)</u>	<u>\$ ( 4,140,636)</u>	<u>\$ ( 6,667,089)</u>	<u>\$ ( 8,426,824)</u>	<u>\$ ( 10,102,312)</u>	<u>\$ ( 14,098,753)</u>	<u>\$ ( 9,355,063)</u>	<u>\$ ( 4,664,094)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Issuance of bonds	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						5,978,639	-	17,565,000	-	-
Premium on refunded bonds	140,190					590,622	-	2,926,737	-	-
Proceeds from lease	5,724,939						-	1,064,637	-	-
Discount on refunding bonds						( 224,900)	-	-	-	-
Sale of capital assets	3,793	67,055	67,660	32,042	62,193	39,980	41,986	26,963	13,548	25,912
Proceeds from insurance				18,876		35,586				
Proceeds from capital lease										745,934
Chapter 380 loan disbursement	-	-	-	-	-	-	-	-	-	( 340,000)
Transfers in	7,464,161	6,701,596	8,759,908	7,826,891	4,051,065	7,365,310	4,990,991	2,049,848	1,229,442	2,272,054
Transfers out	( 5,061,181)	( 4,259,711)	( 6,428,356)	( 7,826,891)	( 4,051,065)	( 7,365,310)	( 4,954,569)	( 2,549,848)	( 1,229,442)	( 2,526,280)
Total other financing sources (uses)	<u>19,521,902</u>	<u>2,508,940</u>	<u>23,702,832</u>	<u>50,918</u>	<u>62,193</u>	<u>23,901,289</u>	<u>564,637</u>	<u>10,033,337</u>	<u>13,548</u>	<u>177,620</u>
Special Item							( 28,832)			
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 269,235</u>	<u>\$ ( 4,472,196)</u>	<u>\$ 21,002,952</u>	<u>\$ ( 4,089,718)</u>	<u>\$ ( 6,604,896)</u>	<u>\$ 15,474,465</u>	<u>\$ ( 9,566,507)</u>	<u>\$ ( 4,065,416)</u>	<u>\$ ( 9,341,515)</u>	<u>\$ ( 4,486,474)</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>10.8%</u>	<u>10.6%</u>	<u>10.3%</u>	<u>11.1%</u>	<u>9.8%</u>	<u>10.3%</u>	<u>9.8%</u>	<u>11.3%</u>	<u>11.2%</u>	<u>9.3%</u>

Sources: City of Longview Finance Department

TABLE 5

CITY OF LONGVIEW, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	
	Real Property	Personal Property				
			4,933,097,317.00			
2009	3,685,792,742	1,495,960,970	5,181,753,712	0.05	0.48400	5,181,753,712
2010	3,736,170,685	1,558,420,210	5,294,590,895	0.02	0.48400	5,294,590,895
2011	3,835,216,003	1,449,800,503	5,285,016,506	(0.00)	0.48400	5,285,016,506
2012	3,930,112,873	1,448,683,398	5,378,796,271	0.02	0.50090	5,378,796,271
2013	4,016,546,856	1,499,949,228	5,516,496,084	0.03	0.50090	5,516,496,084
2014	4,089,780,995	1,409,296,781	5,499,077,776	(0.00)	0.50990	5,499,077,776
2015	4,214,158,752	1,398,711,341	5,612,870,093	0.02	0.50990	5,612,870,093
2016	4,334,364,463	1,376,311,435	5,710,675,898	0.02	0.50990	5,710,675,898
2017	4,421,726,067	1,299,421,498	5,721,147,565	0.00	0.50990	5,721,147,565
2018	4,469,327,759	1,286,255,874	5,755,583,633	0.01	0.50990	5,755,583,633
Source: Gregg County Appraisal District & Harrison County Appraisal District				0.02	10.00	
Compounded Aver GR				1.55%		

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

Fiscal Year	City Direct Rates			Overlapping Rates				
	Operating Rate	Debt Service Rate	Total Direct Rate	Gregg County	Longview ISD	Spring Hill ISD	Pine Tree ISD	Hallsville ISD
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
2017	0.38000	0.12990	0.50990	0.26250	1.51300	1.67000	1.55500	1.37000
2018	0.38760	0.12230	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	2018	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
Komatsu Mining Corp	\$ 70,494,580	1.22%
Longview Medical/Longview Regional/Texas HCP Holding	65,302,600	1.13%
Wal-Mart Neighborhood Market/Wal-Mart Real Estate Business/Wal-	58,604,080	1.02%
AEP Southwestern Electric Power Co/Southwestern Electric Power C	56,177,980	0.98%
GSHS Inc/Good Shepherd Hospital/GAHC3 Longview Tx Outpatient	51,073,910	0.89%
Rexam Beverage Can Company	48,586,960	0.84%
Trinity Tank Car/Trinity Industries Inc/Trinity Chemical Industries	41,036,830	0.71%
Crsoby Group	39,851,500	0.69%
Nucor Steel Longview	33,163,290	0.58%
AAON Coil Products Inc/CP/AAON Inc	31,631,070	0.55%
Total	<u>\$ 495,922,800</u>	<u>8.62%</u>

Taxpayer	2009	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
LeTourneau, Inc.	\$ 167,887,240	3.24%
Longview Regional Medical Center	69,709,870	1.35%
Wal-Mart/Sam's	67,808,460	1.31%
Liberty Pressure Pumping	64,087,250	1.24%
Well Services Division of STC	59,860,680	1.16%
AEP southwestern Electric	47,771,250	0.92%
Trinity Industries	42,835,870	0.83%
General Motors Corp.	41,202,380	0.80%
Dana Corp	33,389,220	0.64%
Rexam Beverage	35,645,940	0.69%
Total	<u>\$ 630,198,160</u>	<u>12.16%</u>

## Sources:

\* Gregg County Appraisal District

\*\* Harrison County Appraisal District

\*\*\* City of Longview Finance Department

TABLE 8

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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	24,520,685	24,094,184	98.26%	376,142	24,470,326	99.79%
2010	25,358,256	25,015,899	98.65%	342,520	25,358,419	100.00%
2011	24,999,971	24,649,525	98.60%	292,572	24,942,097	99.77%
2012	26,295,306	25,889,469	98.46%	323,104	26,212,573	99.69%
2013	27,121,455	26,478,068	97.63%	554,201	27,032,269	99.67%
2014	26,925,880	26,465,379	98.29%	356,669	26,822,048	99.61%
2015	27,866,408	27,449,497	98.50%	288,070	27,737,567	99.54%
2016	28,371,765	27,945,789	98.50%	250,391	28,196,180	99.38%
2017	28,456,244	27,968,839	98.29%	234,022	28,202,861	99.11%
2018	28,681,454	28,217,426	98.38%	-	28,217,426	98.38%

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

TABLE 9

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

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Water Revenue Bonds	Capital Leases			
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
2017	71,988,632	2,689,429	48,507,491	1,461,665	124,647,217	5.85%	1,510
2018	66,674,129	3,091,700	44,332,354	1,673,655	115,771,838	5.70%	1,420

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		
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
2017	71,988,632	2,353,669	69,634,963	1.2172%	843
2018	66,674,129	2,053,862	64,620,267	1.1227%	793

## CITY OF LONGVIEW, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2018

Government Unit	Debt Outstanding	Estimated Percentage Applicable	(1)	Estimated Share of Direct and Overlapping Debt
Total Direct Bonded Debt				
City of Longview	\$ 69,765,829	100.00%		\$ 69,765,829
Total Overlapping Debt				
Harrison County	2,035,000	04.84%		98,494
Longview Independent School District	209,925,000	72.34%		151,859,745
Pine Tree Independent School District	58,480,000	95.66%		55,941,968
Spring Hill Independent School District	41,131,000	100.00%		41,131,000
Hallsville Independent School District	68,340,000	10.13%		<u>6,922,842</u>
Total Overlapping Debt				<u>255,954,049</u>
City direct debt				<u>69,765,829</u>
Total direct and overlapping debt				<u>\$ 325,719,878</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, 2018**  
**(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 2018 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	
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
2017	33,798,014	22,268,760	11,529,254	4,685,000	1,539,969	1.85
2018	35,972,648	22,591,305	13,381,343	3,830,000	1,396,625	2.56

## 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>
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%
2017	82,573	20,290	2,129,970,535	25,795	4.6%
2018	81,522	20,143	2,030,549,976	24,908	4.4%

Sources: School enrollment provided by Longview ISD, Pine Tree ISD, Spring Hill ISD and Hallsville ISD.

## CITY OF LONGVIEW, TEXAS

PRINCIPAL EMPLOYERS  
Current and Five years ago

Employer	2018	
	Employees	Percentage of Total City Employment
Christus Good Shepherd Health System	2,529	2.50%
Eastman Chemical	1,463	1.45%
Longview Independent School District	1,288	1.28%
Wal-Mart (3 Supercenter stores)	1,060	1.05%
Longview Regional Medical Center	1,032	1.02%
Trinity Rail, LLC	972	0.96%
City of Longview	934	0.92%
Pine Tree Independent School District	680	0.67%
Diagnostic Clinic of Longview	608	0.60%
Gregg County	550	0.54%
<b>Total</b>	<b>11,116</b>	<b>11.01%</b>
Employer	2013	
	Employees	Percentage of Total City Employment
Good Shepherd Medical Center	3,500	2.96%
Trinity Rail, LLC	1,767	1.49%
Eastman Chemical	1,549	1.31%
Longview ISD	1,312	1.11%
Wal-mart Supercenters	1,187	1.00%
Joy Global	1,026	0.87%
Longview Regional Medical Center	875	0.74%
City of Longview	835	0.71%
Pine Tree ISD	678	0.57%
Diagnostic Clinic of Longview	655	0.55%
<b>Total</b>	<b>13,384</b>	<b>11.31%</b>

Note 1: Percentage of City Employment based on Longview MSA employment of 101,002

Sources: provided by Longview Economic Development

TABLE 16

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

Function/Program	2009	2011	2012	2013	2014	2015	2016	2017	2018
General government									
Administrative services	73	73	73	80	84	88	90	89	86
Human resources	10	10	11	11	11	11	11	11	11
Finance	6	7	7	7	7	8	7	7	7
Purchasing	2	2	2	2	2	2	2	2	2
Planning and zoning	3	3	3	3	3	3	3	3	3
MPO	3	3	3	3	2	2	2	2	2
Building inspection	9	9	9	9	9	7	7	7	9
Environmental health	24	24	18	18	18	11	7	7	7
Developmental service	2	3	3	3	3	16	15	15	15
Animal Services	-	-	-	-	-	-	19	19	25
Other	27	27	34	30	32	33	33	33	36
Police									
Officers	173	177	175	175	172	172	172	172	172
Civilians	21	18	18	18	18	18	18	19	19
Fire									
Firefighters and officers	161	160	159	159	162	163	169	169	169
Civilians	7	7	9	9	9	9	9	9	9
Sanitation	29	29	31	31	31	24	29	29	29
Other public works						3	3	3	3
Engineering	6	6	6	6	6	4	4	4	4
Administration	4	3	4	4	4	5	5	5	5
Utility services	13	13	14	14	14	14	14	14	15
Streets	24	23	20	18	18	17	17	17	17
Drainage	15	15	18	21	23	23	24	24	24
Fleet services	13	13	13	13	13	13	13	12	13
Traffic maintenance	6	6	7	7	7	7	7	7	7
Facility Services	-	-	-	-	-	15	7	7	7
Beautification	-	-	-	-	-	-	8	8	8
Parks and recreation	52	52	53	56	56	41	41	41	40
Library	17	18	18	18	18	18	18	18	18
Water services									
Water purification	29	29	29	29	29	29	29	29	29
Water supply	3	3	3	3	3	3	3	3	3
Water distribution	31	31	31	30	30	29	29	29	27
Wastewater collection	22	22	22	23	23	23	23	23	23
Wastewater treatment	22	21	21	21	22	22	22	22	22
Plant Automation	4	4	4	4	4	4	4	4	4
Transit	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>811</b>	<b>811</b>	<b>815</b>	<b>821</b>	<b>830</b>	<b>834</b>	<b>861</b>	<b>860</b>	<b>867</b>

TABLE 17

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Building permits issued	3,696	4,518	3,981	3,826	4,063	4,998	5,891	5,068	4,022	5,073
Police										
Physical arrests	4,675	4,653	4,689	5,481	4,994	4,607	4,259	4,735	4,917	5,456
Parking violations	312	211	217	81	32	11	3,624	419	63	434
Traffic violations	20,032	15,133	11,988	21,169	16,837	17,880	13,754	12,777	12,430	10,125
Fire										
Emergency responses	15,471	15,767	16,538	15,654	16,320	16,653	17,197	17,759	18,287	19,310
Fires extinguished	516	443	592	389	446	352	372	385	309	344
Inspections	3,709	3,984	3,179	1,483	912	2,214	3,978	2,739	3,960	3,259
Refuse collection										
Refuse collected (tons per day)	161	182	119	118	114	112	126	126	121	123
Recyclables collected (tons per day) Including	4	27	27	30	36	27	18	21	58	54
Yard Waste Collected										
Other public works										
Street resurfacing (miles)	2	16	15	15	29	18	17	10	9	30
Potholes repaired	1,009	985	927	869	1,183	1,434	1,866	1,853	1,519	1,401
Parks and recreation										
Park programs (# participants)	183,109	149,570	153,904	97,702	101,324	639,983	316,178	160,225	166,882	156,217
Facility/field/pavilion rentals	3,259	2,505	8,751	5,268	7,000	7,109	1,589	1,770	1,881	1,689
Recreation centers (# members)	856	739	752	1,602	1,009	976	1,230	3,225	4,842	9,616
Recreation programs (#classes)	163	324	379	264	280	1,903	404	339	304	308
Tournaments									82	79
Library										
Volumes in collection	141,170	151,467	138,512	123,754	158,818	143,111	113,836	168,105	155,842	160,005
Water										
Service connections	28,278	28,555	28,802	28,828	29,018	29,008	29,532	29,311	29,468	29,575
Water main breaks	-			-			-			
Average daily consumption (thousands of gallons)	15	16	18	16	17	15	15	15	15	16
Wastewater										
Service connections	25,681	25,921	26,018	26,084	26,236	28,494	26,511	29,328	29,442	29,761
Average daily sewage treatment (thousands of gallons)	11	12	10	11	11	12	14	13	9	21
Transit***										
Total route miles	345,426	337,770	184,925	294,958	387,757	374,188	304,068	312,973	313,380	313,815
Passengers	198,113	187,026	334,935	214,803	244,150	257,341	252,232	242,356	232,303	249,671

Source:  
 Various City departments

Notes:

\*\*\* City of Longview Transit system began on

TABLE 18

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	-	-	-	-	-	-	-	-	-	-
Community offices	6	6	6	6	7	7	7	7	6	7
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Hydrants	3,373	3,515	3,618	3,655	3741	3801	3858	3831	3110	3771
Refuse collection										
Collection trucks	15	21	21	21	21	21	15	16	16	16
Other public works										
Asphalt streets (miles)	494	378	379	384	384.4	482	392	392	390.5	410.7
Concrete, oil dirt, brick streets (miles)	45	61	62	57	57.6	60	53.3	53	55	35.14
Asphalt, oil dirt alleys (miles)	1	9	9	9	9	1	9	9	9	9
Traffic signals	133	136	137	131	134	134	130	134	135	135
Parks and recreation										
Acreage developed	612	651	651	651	651.2	651.2	651.2	651.2	651.2	653.2
Acreage undeveloped	129	129	138	138	138.06	138.06	138.06	138.06	138.06	138.06
Playgrounds	23	23	24	24	24	24	24	24	24	25
Libraries										
Number of libraries (public)	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	700	657	674	757	642.93	739	746	756	763.6	769
Plant capacity										
millions of gallons daily)	52	52	52	52	52	52	52	52	52	52
Wastewater										
Sanitary sewers (miles)	624	628	643	725	636.82	658	629	651	654	656.28
Number of lift stations	21	21	21	22	22	29	22	22	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	10	10	8	8	8	8	8	9

Source: Various City departments

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

Table 19

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other	Total
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
2017	28,726,644	24,565,506	5,431,535	2,426,517	61,150,202
2018	28,959,221	27,052,515	5,695,277	2,400,787	64,107,800

Sources: City of Longview Finance Department

**GOVERNMENTAL  
COMPLIANCE SECTION**



## 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 unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of and for the year ended September 30, 2018, 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 April 10, 2019.

### 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of 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*.

### 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.

Longview, Texas  
April 10, 2019



## 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, 2018. 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, 2018.

### 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 & Peters, PC

Longview, Texas  
April 10, 2019

**CITY OF LONGVIEW, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
Direct Program:				
<u>CDBG - Entitlement Grants Cluster:</u>				
Community Development Block Grants/ Entitlement Grants	14.218	B-16-MC-48-0032	\$ 429,053	\$ 351,000
<u>Housing Voucher Cluster:</u>				
Section 8 Housing Choice Vouchers	+ 14.871	TX459VO	6,048,667	-
Family Self-Sufficiency Program	14.896	TX453FSH612A016	49,293	-
HOME Investment Partnerships Program	14.239	M16-MC480227	155,375	-
Shelter Plus Care	14.238	TX0157L6T071508	346,894	-
Total U. S. Department of Housing and Urban Development			7,029,282	351,000
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0956 2016-DJ-BX-0711	23,979 7,938	-
Pass-Through Texas Office of the Governor, Criminal Justice Division:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0016	-	-
Total Edward Byrne Memorial Justice Assistance Grant Program			31,917	-
Direct Program:				
Bulletproof Vest Partnership Program	16.607	N/A	9,648	-
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	2016-JF-FX-0008	-	-
Victims of Crime Act Formula Grant Program	16.575	2016-VA-0033	58,790	-
Juvenile Mentoring Program	16.726	2017-JE-FX-0004	41,524	-
Pass-Through City of Dallas, Texas:				
Missing Children's Assistance	16.543	2016-MC-FX-K034 2013-MC-FX-K036	12,492	-
Total U. S. Department of Justice			154,371	-
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
Pass-Through Texas Department of State Health Services:				
Block Grant for Treatment of Substance Abuse	93.959	2016-047883-003	80,043	-
Opioid STR	93.788	2016-047883-003 2016-047883-002A	12,817	-
Total U.S Department of Health and Human Services			92,860	-

**CITY OF LONGVIEW, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
(CONTINUED)**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>				
Direct Program:				
<u>Federal Transit Cluster:</u>				
Federal Transit Formula Grants	20.507	TX-90-0140-00 TX-90-4140-00 TX-90-2140-00 TX-90-8140-00 01-TX90Y171-117-A2 02-TX90Y171-117-A5 02-TX90Y171-111-A4 01-TX90Y171-300-A3 02-TX90Y171-442-A1 01-TX90Y198-117-A3	996,259	-
Pass-Through Texas Department of Transportation:				
<u>Federal Transit Cluster:</u>				
Urban Bus and Bus Facilities Program	20.526	BFF 1704(19) 010_17	87,000	-
Total Federal Transit Cluster			1,083,259	-
<u>Highway Safety Cluster:</u>				
State and Community Highway Safety - STEP	20.600	2017-LONGVIPD-S-1YG-0031	10,412	-
Metropolitan Planning Organization	20.225	50217112470	264,830	-
Inter City Bus Funds	20.509	ICB 1703 (19) 013_16	278,038	-
Total U. S. Department of Transportation			1,636,539	-
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u></b>				
Pass-Through Texas Department of Transportation:				
Public Assistance Grant	97.036	PA-06-TX-4266-PW-00155(0)	51,679	-
Total Federal Emergency Management Agency			51,679	-
<b><u>FEDERAL HIGHWAY ADMINISTRATION</u></b>				
Pass-Through Texas Department of Transportation:				
<u>Highway Planning and Construction Cluster</u>				
Transportation Alternatives Set-Aside (TASA) Program Project	20.205	0910-07-076	336,585	-
Total Federal Highway Administration			336,585	-
<b><u>US DEPARTMENT OF HOMELAND SECURITY</u></b>				
Pass-through Office of the Governor, HSGD:				
Homeland Security Grant Program (HSGP)	97.067	EMW-2017-SS-00005	28,149	-
Regional Special Operations Team Enhancement Project	97.067	EMW-2017-SS-00005	105,329	-
Total US Department of Homeland Security			133,478	-
Total Expenditures of Federal Awards			<u>\$ 9,434,794</u>	<u>\$ 351,000</u>

+ Denotes Major Program

**CITY OF LONGVIEW, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**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 and state financial assistance received directly from federal and state agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

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

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

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

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

**NOTE 2 – INDIRECT COST RATE**

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, 2018**

**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>
14.871	Section 8 Housing Choice Vouchers
State	Longview The Green

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

**Section II - Findings Required to be Reported by *Government Auditing Standards***

No matters requiring reporting were noted.

**Section III - Findings Required to be Reported by the Uniform Guidance**

No matters requiring reporting were noted.