



**CITY OF
LONGVIEW, TEXAS**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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INTRODUCTORY SECTION



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Longview, Texas 75606-
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March 30, 2020

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, 2019, 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 2019; 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 2020 *Economic Analysis, An Assessment of Economic Conditions and the Stance of Monetary Policy*, "It is the base-case view of Dallas Fed economists that U.S. gross domestic product (GDP) will grow at a rate of approximately 2 to 2.25 percent in 2020. This forecast is based on our expectation that global growth is likely to remain sluggish but will show signs of stabilization due to some calming of trade uncertainties-particularly as a result of the ratification of the United States-Mexico-Canada Agreement, the Phase One agreement with China, and some greater clarity regarding Brexit." The analysis continues with "Of course, this outlook is clouded by the impact of the

coronavirus originating in Wuhan, China. This development will likely mean slower growth in China and risks the downside for global growth.” As for the implications for Texas and the U.S.Economy, the report states “Despite a more challenging environment for oil and gas production, Dallas Fed economists still expect 2020 job growth in Texas to be approximately 2.1 percent.”

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.”

Fortunately, Longview’s economy continues to grow more diversified. Local industries and businesses have shown signs of growth. Major industrial employers like Komatsu, Nucor, Crosby Lebus, Colony Cabinets and others are expanding their operations and adding employees. The addition of a new one million square foot Dollar General Distribution Center is another sign that Longview continues to benefit from its prime location as a distribution hub. Sectors such as financial services, medical services, and other service sectors continue to grow and expand. After several years of downturn, the sales tax revenues in Longview are nearly back to the peak experienced in 2014.

MAJOR INITIATIVES

For the Year

Similar to the last few years, the message of the FY 2018-2019 budget was that the City of Longview is weathering the storm of a still recovering economy, and we remain financially strong. The budget did not contain a tax rate increase, nor did 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, the City had continued growth for the FY 2018–2019 fiscal year.

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 has contributed to the health fund just over \$1.4 million in the FY 2018-2019 budget.

The FY 2018-2019 budget also included 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. The City has increase the contribution towards the pension from 18% to 19%.

In addition, the FY 2018-2019 budget used 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 were also 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 were also utilized to replace roofs at the Broughton Recreation Center and the Fire Training Center at Teague Park. These funds were also 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.

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 2019-2020 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.

For the past several years, the City of Longview has experienced some lean economic times, resulting in budgets focused on immediate needs with other items being deferred. Thankfully, we've seen improvement to local economics this past year, which has allowed for more flexibility within the budget.

In spite of a few years from 2014 – 2018 with diminished sales tax, the City of Longview maintained an overall strong financial position with very healthy reserves. In addition to our very solid level of reserves, this past year, the City has also seen sales tax revenues steadily increasing, along with a moderate 3.5% growth in property values. As a result, this budget process allowed the City to fund some projects that have been deferred or delayed in years past.

One of those previously deferred projects is the implementation of a market pay plan for general government employees. In 2015, the City adjusted salaries for police officers; moving our pay plan to align with our neighbor the City of Tyler. In 2018, we adjusted salaries for the Fire Department, again aligning with Tyler salaries. In this year's budget, there is a market-based pay adjustment for the remaining general government employees. Rather than comparing solely to Tyler, this market-based adjustment was aligned with 16 other communities, with a goal of achieving 95% of the market. Police and Fire received 3% raises as well.

As mentioned earlier, the City had experienced a negative trend in sales tax revenue for the last several years, but after a positive 2018-2019, the budget reflects optimism about continued growth for the 2019 – 2020 fiscal year. The Fiscal Year 2019-20 budget projects \$23,993,378, which is an increase of approximately 4.0% from our FY 2018-2019 end-of-year estimated collections.

This budget also includes a minimal increase to our water and wastewater rates. Longview's water utility is what is called an enterprise fund. As such, rates are set so revenues cover expenses. The city has not adjusted water or wastewater rates since October 2014. Over the past five years, we have delayed utility rate increases, primarily thanks to savings related to decreased utility debt payments and refinancing. We have also experienced savings by cash funding utility projects. Our goal is for the utility fund to be completely debt-free by 2029. That said, annual operating expenses have continued to increase. The City is required to maintain a minimum debt coverage ratio of 1.25, which is measuring the total expenditures as compared to the total revenue. It is therefore necessary for a slight increase to water and wastewater rates, resulting an approximate 2.17% increase of \$0.92 per month for the typical customer. Even with this increase, Longview's water and wastewater utility rates are still considered very affordable according to the industry's standard measure for relative appropriateness of rates.

LONG-TERM FINANCIAL PLANNING

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

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

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

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

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

FINANCIAL INFORMATION MANAGEMENT AND CONTROL

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

Basis of Accounting

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

Accounting Systems and Budgetary Control

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

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

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

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

In accordance with the State Law of Texas, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the departmental level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Purchase orders that result in an overrun of departmental balances are not released until additional appropriations are made available through transfer from other accounts, either by ordinance of City Council or by administrative transfer. Open encumbrances are reported as reservations of fund balances at September 30, 2019.

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). **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

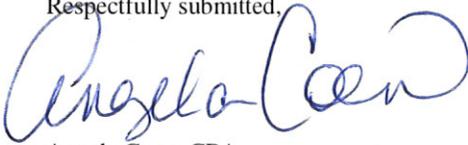
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the twenty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Angela Coen". The signature is fluid and cursive, with the first name "Angela" and last name "Coen" clearly distinguishable.

Angela Coen, CPA
Director of Finance

CITY OF LONGVIEW, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019

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



Government Finance Officers Association

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

Presented to

**City of Longview
Texas**

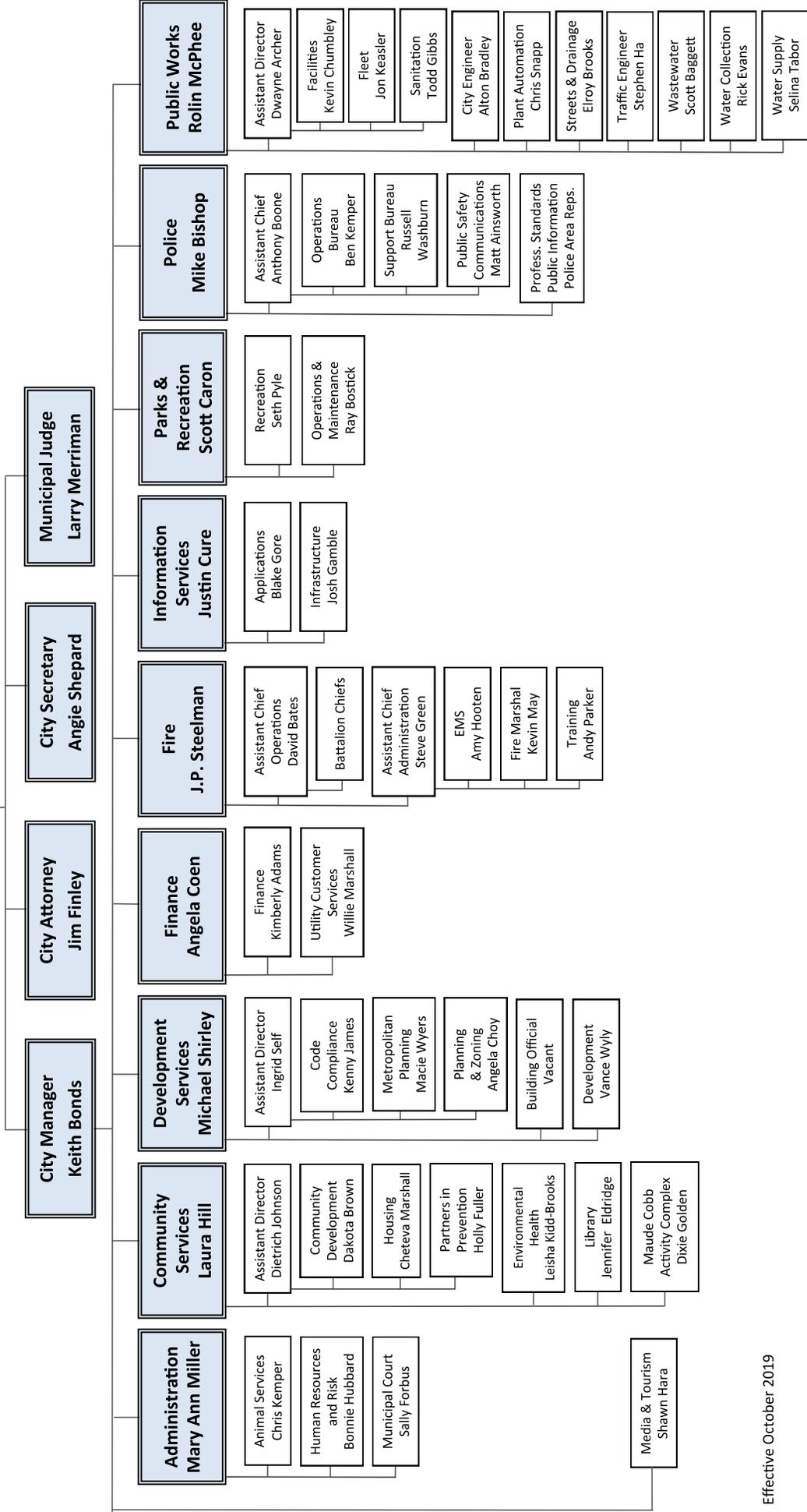
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

Citizens
City Council



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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, 2019, 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, 2019, 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 3-13 and 81-86 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 March 27, 2020, 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 & Peters, PC

Longview, Texas

March 27, 2020



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

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

As Management of the City of Longview, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. 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, 2019, by \$98,265,118 (net position).
- The City's total net position decreased by \$1,352,161 for the year ended September 30, 2019. The decrease in net position can be attributed to several factors.
 - Increased expenses:
 - Pension Plans liability increased:
 - Net increase of \$62,419,609
 - Fire Pension increase of \$47,632,404
 - TMRS Pension decrease of \$14,787,205
 - Increased cost for pay initiatives, comprehensive plan projects.
 - Construction of projects in the Capital Projects fund using prior year receipt of funds, along with cost associated with the new bond issuance projects.
 - Increased interest costs associated with the new bond issuance.
 - The first installment to a three year phased Enterprise Resource Planning Software system.
 - Offset by increased revenues:
 - Receipt of 2019 Comprehensive Plan Bond Funds of \$51,053,865
 - An increase in tax revenue of \$2,381,043 over the prior year collections was realized.
 - An increase in investment interest income was recognized.
 - An increase in Business-type activities revenues of \$1,471,532
 - An increase in other revenue sources was recognized in governmental type activities, such as building permits, interest earnings, and building inspection fees.
- As of September 30, 2019, the City's governmental funds reported combined ending fund balances of \$80,116,674, a total increase of \$47,251,512 in comparison with the prior fiscal year. This increase was mainly due to the following:
 - Use of fund balance in the General Fund of \$1,853,464 for vehicle replacement, comprehensive plan projects, Health Savings Account incentives, an ERP system, and a few one-time projects.
 - Increase in sales tax revenues of \$1,218,042.
 - Increase in property tax revenues of \$178,540.
 - Receipt of 2019 Comprehensive Plan Bond Funds of \$51,053,865
 - An increase in other revenue sources was recognized in governmental type activities, such as building permits, interest earnings, and building inspection fees.
 - Construction of projects in the Capital Projects fund using prior year receipt of funds, along with cost associated with the new bond issuance projects.
 - An overall decrease in capital outlay
 - A decrease in interfund transfers, due to a one-time transfer to supplement the health fund in FY 17-18, not funded in FY 18-19.

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 39-80 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 81-87 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 87-111 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$98,265,118 as of September 30, 2019. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is \$88,584,742 and the governmental net position is \$9,680,376. 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 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$98,337,951	\$51,455,876	\$40,920,592	\$39,828,233	\$139,258,543	\$91,284,109
Capital assets	131,530,325	129,441,289	103,302,120	102,109,316	234,832,445	231,550,605
Total assets	229,868,276	180,897,165	144,222,712	141,937,549	374,090,988	322,834,714
Total Deferred outflows of of resources	63,193,434	12,899,920	3,600,894	1,586,623	66,794,328	14,486,543
Long-Term liabilities	253,771,570	149,908,463	55,581,709	52,590,956	309,353,279	202,499,419
Other liabilities	6,981,682	6,542,236	2,100,721	2,387,949	9,082,403	8,930,185
Total liabilities	260,753,252	156,450,699	57,682,430	54,978,905	318,435,682	211,429,604
Total Deferred inflows of of resources	22,628,082	24,389,500	1,556,434	1,884,874	24,184,516	26,274,374
Net Position						
Net investment in capital assets	70,581,667	67,506,088	61,175,931	55,168,156	131,757,598	122,674,244
Restricted	9,138,557	8,590,805	7,266,161	7,631,782	16,404,718	16,222,587
Unrestricted	(70,039,848)	(63,140,007)	20,142,650	23,860,455	(49,897,198)	(39,279,552)
Total net position	\$ 9,680,376	\$ 12,956,886	\$88,584,742	\$86,660,393	\$ 98,265,118	\$99,617,279

Governmental Activities

The City’s general revenues increase by approximately 4.95% or \$3,346,586 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 \$1,522,551 for 2019 while property taxes realized a \$569,731 increase of funds. Other revenue increase were in franchise taxes, industrial agreements, and interest earnings.

CITY OF LONGVIEW'S GENERAL REVENUES

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Taxes	\$ 66,489,543	\$64,108,500	\$ -	\$ -	\$66,489,543	\$ 64,108,500
Other	4,524,287	3,558,744	771,375	1,404,571	5,295,662	4,963,315
Total	<u>\$ 71,013,830</u>	<u>\$67,667,244</u>	<u>\$771,375</u>	<u>\$ 1,404,571</u>	<u>\$ 71,785,205</u>	<u>\$ 69,071,815</u>

Governmental and business-type activities decreased the City’s net position by \$1,352,161, with the governmental resulting in a decrease of \$3,276,510 combined with an increase to business of \$1,924,349. 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.
- The Parks department added two authorized positions for the Longview Arboretum.
- In 2018 the City included a mid-year compensation increase of 3%
- Comprehensive plan initiative of the removal of sub-standard structures throughout the city increased demolition cost from \$100,000 to \$180,000.
- Construction of projects in the Capital Projects fund using prior year receipt of funds, along with cost associated with the new bond issuance projects.
- Use of fund balance in the General Fund of \$1,853,464 for vehicle replacement, comprehensive plan projects, Health Savings Account incentives, an ERP system, and a few one-time projects.

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, offset by:
- 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 \$1,678,816 for salaries and benefits and \$1,328,203 for contractual obligations such as landfill charges.

TABLE 3

CITY OF LONGVIEW'S STATEMENT OF ACTIVITIES

	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 10,152,651	\$ 9,614,866	\$ 38,459,904	\$ 41,246,827	\$ 48,612,555	\$ 50,861,693
Operating grants and contributions	9,365,977	9,689,044	-	-	9,365,977	9,689,044
Capital grants and contributions	4,988,971	3,051,330	1,303,626	-	6,292,597	3,051,330
General revenues:						
Taxes	66,489,543	64,107,800	-	-	66,489,543	64,107,800
Other	4,524,287	3,558,744	771,375	1,404,571	5,295,662	4,963,315
Total revenues	95,521,429	90,021,784	40,534,905	42,651,398	136,056,334	132,673,182
Expenses:						
General government	2,344,086	4,792,693	-	-	2,344,086	4,792,693
Public safety	53,905,067	46,175,956	-	-	53,905,067	46,175,956
Public works	15,500,300	13,706,076	-	-	15,500,300	13,706,076
Development services	2,172,236	1,840,100	-	-	2,172,236	1,840,100
Culture and recreation	11,472,140	10,559,038	-	-	11,472,140	10,559,038
Public transit	2,297,651	1,890,804	-	-	2,297,651	1,890,804
Public welfare	7,743,072	7,251,846	-	-	7,743,072	7,251,846
Arts and culture	-	-	-	-	-	-
Interest and fiscal	3,141,721	2,299,379	-	-	3,141,721	2,299,379
Water utilities	-	-	32,587,197	31,753,093	32,587,197	31,753,093
Sanitation	-	-	5,836,225	5,265,908	5,836,225	5,265,908
Nonmajor - Longview	-	-	-	-	-	-
Recreation	-	-	416,297	349,186	416,297	349,186
Total expenses	98,576,273	88,515,892	38,839,719	37,368,187	137,415,992	125,884,079
Increases in net assets before transfers	(3,054,844)	1,505,892	1,695,186	5,283,211	(1,359,658)	6,789,103
Transfers	(221,666)	(273,949)	221,666	273,949	-	-
Change in net assets	(3,276,510)	1,231,943	1,916,852	5,557,160	(1,359,658)	6,789,103
Net position- beginning	12,956,886	24,384,789	86,660,393	82,631,719	99,617,279	107,016,508
Special items	-	10,708	-	-	-	10,708
Prior period adjustment	-	(12,670,554)	7,497	(1,528,486)	7,497	(14,199,040)
Total net position	\$ 9,680,376	\$ 12,956,886	\$ 88,584,742	\$ 86,660,393	\$ 98,265,118	\$ 99,617,279

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2019, the City had \$234,832,458 (net of accumulated depreciation) invested in a broad range of capital assets, a net increase (including additions and disposals) of \$3,281,854 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 LONG VIEW'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$6,214,386	\$5,810,639	\$765,576	\$765,576	\$6,979,962	\$6,576,215
Buildings	97,842,563	97,035,626	198,626,292	21,616,360	296,468,855	118,651,986
Equipment	55,809,094	54,025,727	34,722,673	34,089,468	90,531,767	88,115,195
Infrastructure	169,746,885	164,126,232	38,419,599	212,156,860	208,166,484	376,283,092
Construction in progress	21,010,833	17,043,718	13,122,945	7,230,920	34,133,778	24,274,638
Accumulated depreciation	(219,093,436)	(208,600,653)	(182,354,965)	(173,749,869)	(401,448,401)	(382,350,522)
Total	\$131,530,325	\$129,441,289	\$103,302,120	\$102,109,315	\$234,832,445	\$231,550,604

Current Year Major Additions:

	2019
Harrison Rd/FM2206 Utility Relocation	\$ 2,999,490
Cherokee WTP Clarifier/Filter Replacement	2,093,857
Arboretum	1,574,696
Cotton Street Improvements	1,519,231
Guthrie Creek Shared Use Path	1,278,360
Multimodal Center - Transfer Station	1,247,183
Police Dept - New Building	1,233,996
Guthrie Hike & Bike Trail	781,400
Whatley road Lift Station & force Main Improv	684,190
Enterprise Resource Planning System	583,000
	\$ 13,995,403

The City's 2018-2019 Five-Year Capital Improvements Program has approximately \$222,269,200 in projects, of which \$10,789,700 has been adopted for completion in the current year. The projects are as follows: Drainage - \$300,000, Water - \$3,908,400 and Wastewater - \$5,851,300, Streets, and Municipal Facilities - \$730,000.

Completing these programs will result in drainage improvements to mitigate repetitive house flooding at Birdsong and Ralph roads in accordance with a Federal Emergency Management Agency grant. These programs will also replace the eroded bridge and culvert on Brent Road. It will also help to provide water main loops for fire protection near Pine Hill Estates, Hampshire Place, Hughey Crest, and Ware Acres. In addition, these programs will replace waterlines on Rockdale, Hailey, Benton, and Stacener; and to replace sewer lines at Berry, Cotton, Ninth, and Village Streets. These programs also allow for replacement of the antiquated SCADA Radio system with new long-range radio technology at water and sewer sites. Finally, the program will complete the Maude Cobb Activity Center North parking lot rehabilitation.

Additional information regarding the City's capital assets can be found in Note 4 on pages 52-57 of this report.

Debt Administration

At the end of the current fiscal year, the City had \$143,045,000 in general obligation and certificates of obligation, and revenue bonds outstanding. This represents an increase of \$40,610,000 compared to the prior year. The following table shows the debt outstanding at September 30, 2019:

TABLE 5

CITY OF LONGVIEW'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General and certificates						
of obligatin bonds	\$104,820,000	\$64,210,000	\$ -	\$ -	\$104,820,000	\$64,210,000
Revenue bonds	-	-	38,225,000	42,150,000	38,225,000	42,150,000
Total	<u>\$104,820,000</u>	<u>\$64,210,000</u>	<u>\$38,225,000</u>	<u>\$42,150,000</u>	<u>\$143,045,000</u>	<u>\$106,360,000</u>

As of September 30, 2018, the City had \$104,820,000 of General Obligation Bonds and no Certificate of Obligation bonds for a total of \$104,820,000 of outstanding tax supported debt. The current debt service requirement on existing tax-supported debt is \$10,452,665.

On January 17, 2019 the City issued General Obligation Improvements Bonds to finance costs of (1) public safety facilities for the City’s fire and police departments, (2) improvements to streets and roads in the City and related infrastructure, (3) improvements and additions to the City park facilities and related infrastructure, and (4) for payment of costs related to the issuance of the Bonds. This issue will be the first installment from the City’s 2018 voter authorization. The remaining authorization is expected to be sold in two separate series in 2021 and 2023.

As of September 30, 2019, the City had \$26,367,761 water and \$11,857,239 sewer for a total of \$38,225,000 of Water and Sewer Revenue Bonds outstanding. The current debt service requirement is \$5,182,175. 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 FY18-19 was not required.

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, 2019, the City had a total of \$3,595,859 of outstanding obligations.

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

TABLE 6

CITY OF LONGVIEW'S CAPITAL LEASE OBLIGATIONS

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Capital Lease obligations	\$2,638,222	\$3,091,700	\$957,637	\$1,673,657	\$3,595,859	\$4,765,357
Total	<u>\$2,638,222</u>	<u>\$3,091,700</u>	<u>\$957,637</u>	<u>\$1,673,657</u>	<u>\$3,595,859</u>	<u>\$4,765,357</u>

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 71-75 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 \$80,116,476 an increase of \$47,215,512 in comparison to the prior year. Approximately 18% of this amount, \$14,978,334, 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 \$14,978,334 while total fund balance was \$19,932,451. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25% of total General Fund expenditures, while the total fund balance represents 34% of that same amount.

The fund balance of the City of Longview's General Fund increased \$748,447 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
- An increase in debt service cost due to the issuance of the 2019 Comprehensive Plan General Obligation Bonds
- 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 \$2,081,517, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$27,655 the decrease is attributed interest earnings and the collections of penalties.

The Capital Projects Fund has a total fund balance of \$49,137,211 all of which is either restricted or committed for the capital project funding. The net increase in fund balance during the current year in the Capital Projects Fund was \$46,030,964. This increase is due to the issuance of the 2019 Comprehensive Plan General Obligation Bonds. For additional information regarding project commitments see page 77.

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 \$17,640,499 and those for the Solid Waste Disposal Fund amounted to \$549,503.

The Water Utilities Fund experienced an increase in net position of \$2,416,737 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 zero budget amendments.

Total revenue was above budget by \$1,502,827. The details of the more significant variances of budget to actual collections are detailed below:

- \$924,233 increase in anticipated sales taxes
- \$115,094 increase in anticipated property taxes
- \$95,885 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
- \$30,840 increase in municipal court fines
- \$108,187 decrease in franchise fees.
- \$254,950 increase in charges for services, such as ambulance services, animal services, and park and recreational services

Total expenditures for the General Fund were \$1,060,827 under the final expenditure budget. The details of the more significant variances of budget to actual expenditures are detailed below:

- \$494,493 decrease in police due to vacancies in personnel
- \$136,715 increase in fire due to unanticipated capital outlay
- \$141,441 increase in street maintenance
- \$ 17,914 decrease in city attorney due to savings in litigation costs
- \$101,466 decrease in public safety communications due to vacancies in personnel
- \$162,177 decrease in traffic maintenance supplies
- \$ 25,544 decrease in grounds maintenance

NEXT YEAR'S BUDGET AND RATES

- Estimates a 3.40% increase in overall appraised property values, resulting in an estimated \$3,565,659 increase in property tax collections
- The increase to property tax collects were mainly due to an increase in the Debt Service portion of the tax rate of 5 cents.
- Estimates a 9.51% increase in sales tax collection, which is an estimated increase of \$3,126,332
- Includes a property tax rate of \$0.5599
- Includes the implementation of a market pay plan for general government employees
- Include no increase in residential sanitation rates
- Does 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, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business Activities	Total	Longview Economic Development Corporation
ASSETS				
Cash and cash equivalents	\$ 3,519,571	\$ 1,520,403	\$ 5,039,974	\$ 123,357
Investments	20,027,614	22,555,620	42,583,234	14,289,253
Receivables (net of allowances for uncollectibles)				
Taxes	8,193,235	-	8,193,235	987,850
Accounts	1,143,826	5,432,956	6,576,782	-
Other	988,751	-	988,751	-
Internal balances	(1,449,009)	1,449,009	-	-
Intergovernmental receivable	1,673,006	1,298,626	2,971,632	-
Accrued interest	55,646	25,499	81,145	-
Inventories	436,354	1,118,929	1,555,283	-
Prepaid and other assets	50	2,932	2,982	5,752
Notes receivable	600,000	-	600,000	8,285,600
Advance receivable	4,991,893	-	4,991,893	-
Investment in property	-	-	-	2,116,435
Restricted assets:				
Cash and cash equivalents	5,475,556	944,164	6,419,720	864,005
Investments	52,681,458	6,572,454	59,253,912	644,800
Capital assets:				
Land	6,214,386	765,576	6,979,962	4,653,174
Buildings and improvements	97,842,563	21,616,360	119,458,923	185,149
Machinery and equipment	55,809,094	34,722,673	90,531,767	159,448
Infrastructure	169,746,885	215,429,531	385,176,416	4,135,782
Construction in progress	21,010,833	13,122,945	34,133,778	-
Less: accumulated depreciation	(219,093,436)	(182,354,965)	(401,448,401)	(2,465,557)
Total capital assets	<u>131,530,325</u>	<u>103,302,120</u>	<u>234,832,445</u>	<u>6,667,996</u>
Total assets	<u>229,868,276</u>	<u>144,222,712</u>	<u>374,090,988</u>	<u>33,985,048</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	62,718,885	3,496,767	66,215,652	-
Deferred outflows related to OPEB	474,549	104,127	578,676	-
Total deferred outflows of resources	<u>63,193,434</u>	<u>3,600,894</u>	<u>66,794,328</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
LIABILITIES				
Accounts payable and accrued expenses	4,909,418	1,850,263	6,759,681	-
Payables from restricted assets:				
Accounts payable and accrued expenses	1,115,101	-	1,115,101	57,476
Meter deposits	-	250,458	250,458	-
Family self-sufficiency escrow	22,078	-	22,078	-
Unearned grant funds	827,324	-	827,324	-
Other liabilities	-	-	-	-
Other payables	107,761	-	107,761	-
Noncurrent liabilities:				
Due within one year	8,644,196	9,824,494	18,468,690	3,552,678
Due in more than one year	245,127,374	45,757,215	290,884,589	15,683,915
Total liabilities	<u>260,753,252</u>	<u>57,682,430</u>	<u>318,435,682</u>	<u>19,294,069</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	22,300,971	1,497,891	23,798,862	-
Deferred inflows related to OPEB	269,461	58,543	328,004	-
Advance of grant funds	57,650	-	57,650	-
Total deferred inflows of resources	<u>22,628,082</u>	<u>1,556,434</u>	<u>24,184,516</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	70,581,667	61,175,931	131,757,598	2,504,996
Restricted for:				
Grant requirements	2,194,593	-	2,194,593	-
Capital projects	180,159	-	180,159	864,005
Debt service	2,081,517	7,266,161	9,347,678	644,800
Municipal court facilities	40,264	-	40,264	-
911 Emergency operations	325,456	-	325,456	-
Tourism/convention facilities	3,382,727	-	3,382,727	-
Other purposes	261,113	-	261,113	-
Other public safety	672,728	-	672,728	-
Unrestricted	(70,039,848)	20,142,650	(49,897,198)	10,677,178
Total net position	<u>\$ 9,680,376</u>	<u>\$ 88,584,742</u>	<u>\$ 98,265,118</u>	<u>\$ 14,690,979</u>

CITY OF LONGVIEW, TEXAS

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

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 2,344,086	\$ 372,131	\$ -	\$ -
Public safety	53,905,067	7,532,258	536,521	13,500
Public works	15,500,300	-	383,976	1,668,787
Developmental services	2,172,236	1,051,462	244,785	-
Culture and recreation	11,472,140	778,698	22,968	2,048,935
Public transit	2,297,651	222,886	6,578,550	1,257,749
Public welfare	7,743,072	195,216	1,599,177	-
Interest and fiscal charges	3,141,721	-	-	-
Total governmental activities	<u>98,576,273</u>	<u>10,152,651</u>	<u>9,365,977</u>	<u>4,988,971</u>
Business-type activities:				
Water utilities	32,587,197	32,601,788	-	1,303,626
Sanitation	5,836,225	5,511,847	-	-
Nonmajor funds - Longview Recreation Association	416,297	346,269	-	-
Total business-type activities	<u>38,839,719</u>	<u>38,459,904</u>	<u>-</u>	<u>1,303,626</u>
Total primary government	<u>\$ 137,415,992</u>	<u>\$ 48,612,555</u>	<u>\$ 9,365,977</u>	<u>\$ 6,292,597</u>
Component unit				
Longview Economic Development Corporatior	<u>\$ 6,146,405</u>	<u>\$ 734,350</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

Transfers

Total general revenues and special items

Change in net position

Net position - beginning

Prior Period Adjustment

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
\$ (1,971,955)	\$ -	\$ (1,971,955)	\$ -
(45,822,788)	-	(45,822,788)	-
(13,447,537)	-	(13,447,537)	-
(875,989)	-	(875,989)	-
(8,621,539)	-	(8,621,539)	-
5,761,534	-	5,761,534	-
(5,948,679)	-	(5,948,679)	-
(3,141,721)	-	(3,141,721)	-
<u>(74,068,674)</u>	<u>-</u>	<u>(74,068,674)</u>	<u>-</u>
-	1,318,217	1,318,217	-
-	(324,378)	(324,378)	-
-	(70,028)	(70,028)	-
-	-	-	-
<u>-</u>	<u>923,811</u>	<u>923,811</u>	<u>-</u>
<u>\$ (74,068,674)</u>	<u>\$ 923,811</u>	<u>\$ (73,144,863)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,412,055)</u>
29,528,952	-	29,528,952	-
28,575,066	-	28,575,066	5,715,013
5,612,697	-	5,612,697	-
2,772,828	-	2,772,828	-
1,746,400	-	1,746,400	-
1,679,320	771,375	2,450,695	326,735
965,139	-	965,139	116,491
133,428	-	133,428	-
(221,666)	221,666	-	-
<u>70,792,164</u>	<u>993,041</u>	<u>71,785,205</u>	<u>6,158,239</u>
(3,276,510)	1,916,852	(1,359,658)	746,184
12,956,886	86,660,393	99,617,279	13,944,795
-	7,497	7,497	-
<u>\$ 9,680,376</u>	<u>\$ 88,584,742</u>	<u>\$ 98,265,118</u>	<u>\$ 14,690,979</u>

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FUND FINANCIAL STATEMENTS

CITY OF LONGVIEW, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS			
Cash and cash equivalents	\$ 843,519	\$ 2,054,963	\$ 56,600
Investments	14,747,483	-	49,726,152
Accounts receivable, net	7,735,152	702,541	-
Prepaid expenses	-	-	-
Intergovernmental receivable	-	-	-
Inventory	286,191	-	-
Due from other funds	1,250,207	12,547	-
Accrued interest	21,476	-	33,418
Total assets	<u>\$ 24,884,028</u>	<u>\$ 2,770,051</u>	<u>\$ 49,816,170</u>
LIABILITIES			
Accounts payable	906,343	-	678,959
Accrued payroll and benefits	1,753,359	-	-
Due to other funds	107,208	-	-
Other payables	233,569	-	-
Unearned grant funds	-	-	-
Family self-sufficiency escrow	-	-	-
Total liabilities	<u>3,000,479</u>	<u>-</u>	<u>678,959</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	807,271	688,534	-
Unavailable revenue - other	1,143,827	-	-
Advance of grant funds	-	-	-
Total deferred inflows of resources	<u>1,951,098</u>	<u>688,534</u>	<u>-</u>
Fund balances:			
Nonspendable	286,191	-	-
Restricted	93,022	2,081,517	48,624,278
Committed	-	-	512,933
Assigned	4,574,904	-	-
Unassigned	14,978,334	-	-
Total fund balances	<u>19,932,451</u>	<u>2,081,517</u>	<u>49,137,211</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,884,028</u>	<u>\$ 2,770,051</u>	<u>\$ 49,816,170</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
\$ 3,534,796	\$ 6,489,878
4,514,625	68,988,260
1,379,278	9,816,971
50	50
1,673,006	1,673,006
-	286,191
57,010	1,319,764
-	54,894
<u>\$ 11,158,765</u>	<u>\$ 88,629,014</u>

\$ 451,722	\$ 2,037,024
8,474	1,761,833
934,219	1,041,427
325,914	559,483
375,602	375,602
22,078	22,078
<u>2,118,009</u>	<u>5,797,447</u>

-	1,495,805
18,028	1,161,855
57,650	57,650
<u>75,678</u>	<u>2,715,310</u>

-	286,191
6,783,855	57,582,672
2,181,223	2,694,156
-	4,574,904
-	14,978,334
<u>8,965,078</u>	<u>80,116,257</u>

\$ 11,158,765

126,559,293

8,249,553

7,659,422

(212,904,149)

\$ 9,680,376

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
REVENUES			
Taxes	\$ 50,591,235	\$ 7,252,975	\$ -
Fines and forfeitures	1,979,789	-	-
Licenses and permits	1,322,608	-	-
Intergovernmental	-	-	891,865
Charges for services	5,287,264	-	-
Investment earnings	576,221	29,185	837,928
Industrial agreements	1,746,400	-	-
Miscellaneous	499,700	1,487	-
Total revenues	<u>62,003,217</u>	<u>7,283,647</u>	<u>1,729,793</u>
EXPENDITURES			
Current:			
General government	948,915	-	2,918
Public safety	44,115,194	-	-
Public works	4,603,053	-	432
Developmental services	1,808,476	-	-
Public welfare	1,038,482	-	-
Culture and recreation	5,532,760	-	-
Public transit	-	-	-
Debt service:			
Principal	430,199	5,060,000	-
Interest and other charges	100,293	2,195,992	557,827
Capital outlay	669,439	-	6,734,851
Total expenditures	<u>59,246,811</u>	<u>7,255,992</u>	<u>7,296,028</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,756,406	27,655	(5,566,235)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Proceeds from sale of bonds	-	-	45,670,000
Premium on sale of bonds	-	-	5,383,865
Transfers in	169,860	-	543,334
Transfers out	(2,177,819)	-	-
Total other financing sources and uses	<u>(2,007,959)</u>	<u>-</u>	<u>51,597,199</u>
NET CHANGE IN FUND BALANCES	748,447	27,655	46,030,964
FUND BALANCES, BEGINNING	19,184,004	2,053,862	3,106,247
FUND BALANCES, ENDING	<u>\$ 19,932,451</u>	<u>\$ 2,081,517</u>	<u>\$ 49,137,211</u>

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

<u>Total Nonmajor Funds</u>	<u>Total Governmental</u>
\$ 8,558,109	\$ 66,402,319
105,944	2,085,733
-	1,322,608
13,326,160	14,218,025
1,356,130	6,643,394
149,105	1,592,439
-	1,746,400
422,475	923,662
<u>23,917,923</u>	<u>94,934,580</u>
239,290	1,191,123
1,317,866	45,433,060
5,921,648	10,525,133
284,530	2,093,006
6,340,649	7,379,131
2,521,622	8,054,382
1,990,254	1,990,254
24,954	5,515,153
6,071	2,860,183
5,097,953	12,502,243
<u>23,744,837</u>	<u>97,543,668</u>
173,086	(2,609,088)
24,895	24,895
-	45,670,000
-	5,383,865
396,245	1,109,439
(149,999)	(2,327,818)
<u>271,141</u>	<u>49,860,381</u>
444,227	47,251,293
8,520,851	32,864,964
<u>\$ 8,965,078</u>	<u>\$ 80,116,257</u>

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CITY OF LONGVIEW, TEXAS

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

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

Net change in fund balances - total governmental funds:	\$ 47,251,293
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.	2,362,329
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.	(17,826)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	448,146
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.	(44,620,149)
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.	(7,935,419)
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.	802,825
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.	(1,640,836)
The Water Utilities 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.	(646,821)
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.	719,948
Change in net position of governmental activities	<u><u>\$ (3,276,510)</u></u>

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

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

	Budgeted Amounts	
	Original	Final
REVENUE		
Taxes	\$ 49,660,095	\$ 49,660,095
Fines, forfeits, and penalties	1,930,500	1,930,500
Licenses, permits, and fees	1,154,534	1,154,534
Charges for services	5,032,315	5,032,315
Investment earning	397,652	397,652
Contractual fees	1,752,400	1,752,400
Miscellaneous revenue	404,750	404,750
Total revenue	<u>60,332,246</u>	<u>60,332,246</u>
EXPENDITURES		
Current:		
General government	705,990	705,990
Public safety	45,172,826	45,180,418
Public works	5,083,791	5,294,868
Development services	1,618,871	1,695,244
Public welfare	1,089,187	1,089,187
Culture and recreation	5,655,719	5,690,597
Public transit	-	-
Debt service:		
Principal	430,202	430,202
Interest and other charges	100,293	100,293
Capital outlay	244,539	244,539
Total expenditures	<u>60,101,417</u>	<u>60,431,337</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>230,829</u>	<u>(99,091)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	138,840	138,840
Transfers out	<u>(2,161,574)</u>	<u>(2,161,574)</u>
Total other financing sources (uses)	<u>(2,022,734)</u>	<u>(2,022,734)</u>
NET CHANGE IN FUND BALANCE	(1,791,905)	(2,121,825)
FUND BALANCE - BEGINNING	19,184,004	19,184,004
FUND BALANCE - END	<u>\$ 17,392,099</u>	<u>\$ 17,062,179</u>

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

Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
\$ 50,591,235	\$ (33,237)	\$ 50,557,998	\$ 897,903
1,979,789	-	1,979,789	49,289
1,322,608	-	1,322,608	168,074
5,287,264	(206,073)	5,081,191	48,876
576,221	(5,284)	570,937	173,285
1,746,400	-	1,746,400	(6,000)
499,700	76,453	576,153	171,403
<u>62,003,217</u>	<u>(168,141)</u>	<u>61,835,076</u>	<u>1,502,830</u>
948,915	11,352	960,267	(254,277)
44,115,194	368,023	44,483,217	697,201
4,603,053	(32,086)	4,570,967	723,901
1,808,476	3,425	1,811,901	(116,657)
1,038,482	1,144	1,039,626	49,561
5,532,760	9,808	5,542,568	148,029
-	-	-	-
430,199	-	430,199	3
100,293	-	100,293	(0)
669,439	-	669,439	(424,900)
<u>59,246,811</u>	<u>361,666</u>	<u>59,608,477</u>	<u>822,860</u>
<u>2,756,406</u>	<u>(529,807)</u>	<u>2,226,599</u>	<u>2,325,689</u>
169,860	-	169,860	31,020
<u>(2,177,819)</u>	<u>714,319</u>	<u>(2,892,138)</u>	<u>(730,564)</u>
<u>(2,007,959)</u>	<u>714,319</u>	<u>(2,722,278)</u>	<u>(699,544)</u>
748,447	184,512	(495,679)	1,626,145
19,184,004	-	19,184,004	-
<u>\$ 19,932,451</u>	<u>\$ 184,512</u>	<u>\$ 18,688,325</u>	<u>\$ 1,626,145</u>

CITY OF LONGVIEW, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Enterprise Funds	
	Water Utilities	Sanitation
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,067,168	\$ 375,412
Investments	21,363,482	993,434
Accounts receivable, net	4,658,510	774,446
Intergovernmental receivable	1,298,626	-
Due from other funds	-	-
Inventories	1,118,929	-
Accrued interest	25,499	-
Other assets	2,932	-
Restricted assets:		
Cash and cash equivalents	944,164	-
Investments	6,572,454	-
Total current assets	37,051,764	2,143,292
Non-current assets:		
Advance receivable	1,106,330	-
Capital assets:		
Land	760,000	5,576
Buildings	21,386,062	213,798
Water and sewer system	215,429,531	-
Machinery and equipment	27,073,624	7,598,862
Construction in progress	13,122,945	-
Less accumulated depreciation	(176,274,533)	(6,032,940)
Total non-current assets	102,603,959	1,785,296
Total assets	139,655,723	3,928,588
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	2,930,185	552,521
Deferred outflows related to OPEB	83,009	20,600
Total deferred outflows of resources	3,013,194	573,121

(continued)

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

Enterprise Funds		
Nonmajor - Longview Recreation Association	Total	Internal Service Funds
\$ 77,823	\$ 1,520,403	\$ 2,505,247
198,704	22,555,620	3,720,814
-	5,432,956	508,841
-	1,298,626	-
-	-	89,661
-	1,118,929	150,163
-	25,499	752
-	2,932	-
-	944,164	-
-	6,572,454	-
<u>276,527</u>	<u>39,471,583</u>	<u>6,975,478</u>
-	1,106,330	-
-	765,576	-
16,500	21,616,360	406,696
-	215,429,531	-
50,187	34,722,673	18,935,780
-	13,122,945	-
(47,492)	(182,354,965)	(14,371,444)
<u>19,195</u>	<u>104,408,450</u>	<u>4,971,032</u>
<u>295,722</u>	<u>143,880,033</u>	<u>11,946,510</u>
14,061	3,496,767	617,401
518	104,127	22,261
<u>14,579</u>	<u>3,600,894</u>	<u>639,662</u>

CITY OF LONGVIEW, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

(Continued)

SEPTEMBER 30, 2019

	Enterprise Funds	
	Water Utilities	Sanitation
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 580,262	\$ 173,957
Accrued liabilities	29,515	21,067
Compensated absences	130,352	27,555
Capital lease obligation	45,398	165,837
Due to other funds	239,299	48,503
Claims and judgments	-	-
Current liabilities payable from restricted assets:		
Accounts payable - construction	1,064,607	-
Accrued interest payable	99,566	-
Revenue bonds	3,985,000	-
Customer deposits	250,458	-
Total current liabilities	6,424,457	436,919
Non-current liabilities:		
Advance payable	4,991,893	1,106,330
Compensated absences	818,135	172,948
Other post-employment benefits	2,700,907	708,346
Capital lease obligation	199,001	547,401
Net pension liability	4,058,689	765,314
Revenue bonds payable	36,077,221	-
Total non-current liabilities	48,845,846	3,300,339
Total liabilities	55,270,303	3,737,258
DEFERED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	1,255,188	236,680
Deferred inflows related to OPEB	45,768	12,540
Total deferred inflows of resources	1,300,956	249,220
NET POSITION		
Net investment in capital assets	61,191,009	(34,272)
Restricted for debt service	7,266,160	-
Unrestricted	17,640,489	549,503
Total net position	\$ 86,097,658	\$ 515,231

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.

Enterprise Funds		
Nonmajor - Longview Recreation Association	Total	Internal Service Funds
\$ 9,553	\$ 763,772	\$ 191,348
245	50,827	2,720
4,817	162,724	21,136
-	211,235	1,362
3,153	290,955	77,043
-	-	1,189,537
-	1,064,607	-
-	99,566	-
-	3,985,000	-
-	250,458	-
<u>17,768</u>	<u>6,879,144</u>	<u>1,483,146</u>
-	6,098,223	-
30,234	1,021,317	132,659
4,672	3,413,925	424,513
-	746,402	5,971
19,480	4,843,483	848,007
-	36,077,221	-
<u>54,386</u>	<u>52,200,571</u>	<u>1,411,150</u>
<u>72,154</u>	<u>59,079,715</u>	<u>2,894,296</u>
6,023	1,497,891	276,913
<u>235</u>	<u>58,543</u>	<u>15,577</u>
<u>6,258</u>	<u>1,556,434</u>	<u>292,490</u>
19,195	61,175,932	4,963,699
-	7,266,160	-
<u>212,694</u>	<u>18,402,686</u>	<u>4,435,687</u>
<u>\$ 231,889</u>	<u>86,844,778</u>	<u>\$ 9,399,386</u>
	<u>1,739,964</u>	
	<u>\$ 88,584,742</u>	

CITY OF LONGVIEW, TEXAS

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

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Funds	
	Water Utilities	Sanitation
OPERATING REVENUES		
Water revenue	\$ 19,406,862	\$ -
Sewer revenue	12,204,359	-
Solid waste collections	-	5,511,847
Installation fees	519,281	-
Penalties	471,287	-
Recreation revenue	-	-
Premiums	-	-
Vehicle revenue	-	-
GIS revenue	-	-
Miscellaneous	-	-
Total operating revenues	32,601,789	5,511,847
OPERATING EXPENSES		
Administrative	448,898	-
Utility services	1,721,680	-
Water supply	3,474,212	-
Water distribution	3,125,730	-
Water purification	4,596,300	-
Sanitary sewer maintenance	1,970,608	-
Sanitary sewer treatment	3,949,987	-
Plant automation	612,056	-
Public works engineering	655,929	-
Non-departmental expense	3,145,484	-
Sanitation services	-	4,806,787
Claims and premiums, net of reimbursements	-	-
Fleet service	-	-
Depreciation	7,653,613	948,281
Recreation expenses	-	-
Total operating expenses	31,354,497	5,755,068
OPERATING INCOME (LOSS)	1,247,292	(243,221)

(continued)

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

Nonmajor Enterprise Funds		Internal Service Funds
Nonmajor - Longview Recreation Association	Total	
\$ -	\$ 19,406,862	\$ -
-	12,204,359	-
-	5,511,847	-
-	519,281	-
-	471,287	-
346,273	346,273	-
-	-	13,886,398
-	-	2,802,270
-	-	2,179,327
-	-	295,515
346,273	38,459,909	19,163,510
-	448,898	4,982,953
-	1,721,680	-
-	3,474,212	-
-	3,125,730	-
-	4,596,300	-
-	1,970,608	-
-	3,949,987	-
-	612,056	-
-	655,929	-
-	3,145,484	-
-	4,806,787	-
-	-	11,030,028
-	-	2,523,911
3,190	8,605,084	1,380,178
411,911	411,911	-
415,101	37,524,666	19,917,070
(68,828)	935,243	(753,560)

CITY OF LONGVIEW, TEXAS

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

PROPRIETARY FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Enterprise Funds	
	Water Utilities	Sanitation
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenues	742,754	\$ 22,620
Intergovernmental revenue	1,298,626	-
Donated assets	5,000	-
Miscellaneous revenues	-	-
Gain (loss) on sale of capital asset	-	-
Interest expense	(1,098,601)	(24,389)
Total non-operating revenues (expenses)	947,779	(1,769)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,195,071	(244,990)
Transfers in	221,666	-
Transfers out	-	-
	2,416,737	(244,990)
CHANGE IN NET POSITION		
TOTAL NET POSITION, BEGINNING	83,673,425	760,221
PRIOR PERIOD ADJUSTMENT	7,496	-
TOTAL NET POSITION, ENDING	86,097,658	515,231

Change in net position, per above

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

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

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

<u>Nonmajor Enterprise Funds</u>		<u>Total</u>	<u>Internal Service Funds</u>
Nonmajor - Longview Recreation Association			
\$ 6,001	\$	771,375	\$ 86,881
-		1,298,626	-
-		5,000	-
-		-	42,964
-		-	108,533
-		(1,122,990)	-
<u>6,001</u>		<u>952,011</u>	<u>238,378</u>
(62,827)		1,887,254	(515,182)
-		221,666	1,146,574
-		-	<u>(103,513)</u>
(62,827)		2,108,920	527,879
294,716		84,728,362	8,871,507
-		7,496	-
<u>231,889</u>		<u>86,844,778</u>	<u>9,399,386</u>
		2,108,920	
		<u>(192,068)</u>	
	\$	<u><u>1,916,852</u></u>	

CITY OF LONGVIEW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities Enterprise Funds		
	Water Utilities	Sanitation	Nonmajor-Longview Recreation Association
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from City departments/customers	\$ 32,956,566	\$ 5,527,636	\$ 346,273
Cash received from premiums/contributions	-	-	-
Cash payments for claims	-	-	-
Cash payments for goods and services	(15,659,448)	(2,972,917)	(319,655)
Cash payments to employees/retirees	(7,712,368)	(1,757,893)	(53,686)
Net cash provided by (used in) operating activities	<u>9,584,750</u>	<u>796,826</u>	<u>(27,068)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received for miscellaneous items	-	-	-
Net cash provided by (used) in noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfer in from other funds for capital purchase	221,666	-	-
Proceeds on sale of capital asset	-	-	-
Acquisition and construction of capital assets	(9,574,575)	-	-
Principal paid on advance from other funds	-	(107,800)	-
Principal paid on revenue bonds	(3,925,000)	-	-
Principal paid on advance payable for capital related financing	(646,821)	-	-
Interest paid on revenue bonds	(1,422,490)	-	-
Principal paid on capital leases	(43,779)	(672,240)	-
Interest and fiscal charges on debt	(29,918)	(24,390)	-
Net cash used in capital and related financing activities	<u>(15,420,917)</u>	<u>(804,430)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments from other funds	107,800	-	-
Proceeds from maturities of investments	2,899,148	-	-
Reinvestments of investments	-	(168,294)	(17,639)
Interest on investments	731,204	22,620	6,001
Net cash used in investing activities	<u>3,738,152</u>	<u>(145,674)</u>	<u>(11,638)</u>
NET INCREASE (DECREASE) IN CASH	(2,098,015)	(153,278)	(38,706)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>4,109,347</u>	<u>528,690</u>	<u>116,529</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 2,011,332</u></u>	<u><u>\$ 375,412</u></u>	<u><u>\$ 77,823</u></u>

(continued)

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

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 38,830,475	\$ 4,998,281
-	15,158,867
-	(11,057,016)
(18,952,020)	(4,978,068)
<u>(9,523,947)</u>	<u>(2,449,886)</u>
10,354,508	1,672,178
-	42,964
-	42,964
221,666	1,146,574
-	153,251
(9,574,575)	(1,169,429)
(107,800)	-
(3,925,000)	-
(646,821)	-
(1,422,490)	-
(716,019)	(1,313)
<u>(54,308)</u>	<u>(48)</u>
(16,225,347)	129,035
107,800	-
2,899,148	-
(185,933)	(1,102,940)
759,825	86,858
<u>3,580,840</u>	<u>(1,016,082)</u>
(2,289,999)	828,095
<u>4,754,566</u>	<u>1,677,152</u>
<u>\$ 2,464,567</u>	<u>\$ 2,505,247</u>

CITY OF LONGVIEW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities Enterprise Funds		
	Water Utilities	Sanitation	Nonmajor Longview Recreation Association
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,247,292	\$ (243,221)	\$ (68,828)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	7,653,613	948,281	3,190
Change in assets and liabilities:			
Decrease (increase) in assets:			
Receivables	158,893	15,789	-
Inventories	195,886	-	-
Prepaid expense	250	-	-
Due from other funds	-	-	-
Deferred outflows related to pension	(1,686,765)	(319,354)	(8,152)
Increase (decrease) in liabilities:			
Accounts payable	(17,158)	7,666	809
Due to other funds	239,152	48,129	3,153
Accrued liabilities	(248,788)	(71,222)	(3,156)
Customer deposits	(29,014)	-	-
Claims payable	-	-	-
Compensated absences	4,955	(6,232)	35,051
Other post employment benefits	(92,959)	10,574	327
Net pension liability	2,434,122	458,984	11,681
Deferred inflows of resources	(274,729)	(52,568)	(1,143)
Total adjustments	8,337,458	1,040,047	41,760
Net cash provided by (used in) operating activities	<u>\$ 9,584,750</u>	<u>\$ 796,826</u>	<u>\$ (27,068)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Donated capital assets	<u>\$ 12,496</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Current assets:			
Cash and cash equivalents	\$ 1,067,168	\$ 375,412	\$ 77,823
Restricted assets - cash and cash equivalents	944,164	-	-
Total cash and cash equivalents	<u>\$ 2,011,332</u>	<u>\$ 375,412</u>	<u>\$ 77,823</u>

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

	Governmental Activities
Total	Internal Service Funds
\$ 935,243	\$ (753,560)
8,605,084	1,380,178
174,682	11,374
195,886	5,300
250	-
-	185,725
(2,014,271)	439,852
(8,683)	50,774
290,434	38,941
(323,166)	(81,415)
(29,014)	-
-	(26,988)
33,774	(8,549)
(82,058)	(21,558)
2,904,787	508,404
(328,440)	(56,300)
9,419,265	2,425,738
\$ 10,354,508	\$ 1,672,178
\$ 12,496	\$ -
\$ 1,520,403	\$ 2,505,247
944,164	-
\$ 2,464,567	\$ 2,505,247

CITY OF LONGVIEW
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2019

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,595,708
Receivables	
Contribution receivable	97,881
Interest and dividends	10,998
Other receivables	29,903
Total receivables	138,782
Other assets	300
Investments, at fair value	
Equity securities	6,694,787
Mutual funds	16,256,448
Alternative investments	16,872,738
Total investments	39,823,973
Equipment, at cost, net of accumulated depreciation	1,764
Total assets	41,560,527
NET POSITION	
Net position restricted for pension benefits	\$ 41,560,527

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, 2019**

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 2,357,367
Members	<u>2,168,281</u>
Total contributions	4,525,648
Investment income	
Interest and dividend income	1,070,044
Net appreciation in fair value of investments	(2,072,661)
Less investment expense	<u>(137,393)</u>
Total investment income	(1,140,010)
Total additions	<u>3,385,638</u>
DEDUCTIONS	
Benefits paid to members	5,925,144
Refunds of contributions	168,503
Administrative expenses	<u>84,987</u>
Total deductions	<u>6,178,634</u>
Net decrease	(2,792,996)
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of year	<u>44,353,523</u>
End of year	<u>\$ 41,560,527</u>

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

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**NOTES TO THE
FINANCIAL STATEMENTS**

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 component 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, 2018.

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, 2019**

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, 2019, \$2,950,219 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, Pets Are Worth Saving (PAWS), Keep Longview Beautiful, Parks and Leisure Services (PALS), Longview Arboretum and Nature Center, AMBUCS Too, and Ivy League Garden Club. During the fiscal year ended September 30, 2019, these nonprofit organizations expended, on behalf of the City, \$1,116,668 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, 2019

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, 2019**

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, 2019 are as follows:

	Governmental Activities	Business Activities
Customer deposits	\$ -	\$ 250,458
Capital projects	49,305,175	-
Debt service/bond reserves	2,054,963	7,266,160
Agency account	42,719	-
Special revenue purposes	6,754,157	-
Total restricted assets	\$ 58,157,014	\$ 7,516,618

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, 2019**

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, 2019**

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, 2019**

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, 2019 is as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Special Revenue</u>	<u>Total</u>
Fund balances:					
Nonspendable:	\$ 286,191	\$ -	\$ -	\$ -	\$ 286,191
Restricted for:					
Capital projects	-	-	48,624,278	-	48,624,278
Debt service	-	2,081,517	-	-	2,081,517
Municipal court facilities	-	-	-	40,263	40,263
Purposes of grantors and donors	-	-	-	2,194,593	2,194,593
911 Emergency operations	-	-	-	325,456	325,456
Tourism/convention facilities	-	-	-	3,382,725	3,382,725
Other public safety	-	-	-	672,728	672,728
Other purposes	93,022	-	-	168,090	261,112
Total restricted	<u>93,022</u>	<u>2,081,517</u>	<u>48,624,278</u>	<u>6,783,855</u>	<u>57,582,672</u>
Committed to:					
Drainage improvements	-	-	512,933	2,181,223	2,694,156
Assigned to:					
Encumbrances	1,466,969	-	-	-	1,466,969
Vehicle Replacement	1,115,137	-	-	-	1,115,137
Capital Projects	1,149,333	-	-	-	1,149,333
Fire Engine	843,465	-	-	-	843,465
Total assigned	<u>4,574,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,574,904</u>
Unassigned	14,978,334	-	-	-	14,978,334
Total fund balances	<u>\$ 19,932,451</u>	<u>\$ 2,081,517</u>	<u>\$ 49,137,211</u>	<u>\$ 8,965,078</u>	<u>\$ 80,116,257</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, 2019

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 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 has determined that GASB No. 83 is not applicable to its CAFR.

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 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 has implemented this statement.

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.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

New Accounting Pronouncements (Cont'd)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issued 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, 2020. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes 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 that “other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of the \$8,249,553 are as follows:

Advance receivable from the Water Utilities Fund	\$	4,991,893
Unavailable revenue - property taxes		1,495,805
Unavailable revenue - other		1,161,855
Note receivable - Chapter 380 agreement		600,000
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	\$	8,249,553

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, and vehicle replacement 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 \$7,659,422 difference are as follows:

Net position of the internal service funds	\$	9,399,386
Less: Internal net payable representing charges in excess of cost to business-type activities - prior years		(1,932,032)
Internal net receivable representing charges in excess of cost to business-type activities - current year		192,068
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$	7,659,422

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Explanation of certain differences between the governmental fund balance sheet and the government-wide statements of net position (Cont'd)

Another element of that reconciliation explains the “long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.”

The details of this \$(212,904,149) difference are as follows:

Bonds payable and related charges	\$ (104,820,000)
Bond premium, net	(6,926,443)
Capital leases payable	(2,630,890)
Accrued interest payable	(2,031,594)
Compensated absences	(6,228,893)
Net pension liability	(113,468,754)
Deferred outflow related to pensions	62,101,484
Deferred inflow related to pensions	(22,024,058)
Other post employment benefits (OPEB) liability	(17,073,405)
Deferred outflow related to OPEB	452,288
Deferred inflow related to OPEB	<u>(253,884)</u>
Net adjustment to reconcile fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (212,904,149)</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 \$2,362,329 difference are as follows:

Capital outlay	\$ 12,502,668
Donated assets	136,923
Depreciation expense	<u>(10,277,262)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,362,329</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, 2019**

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 \$(44,620,149) difference are as follows:

Debt issued or incurred:	
General obligation debt	\$ (45,670,000)
Premium on bonds issued	(5,383,865)
Principal repayments:	
General obligation debt	5,060,000
Capital lease financing	452,165
Amortization of bond related costs	
Net premium/discount	921,551
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ (44,620,149)

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 \$(1,640,836) difference are as follows:

Compensated absences	\$ (439,248)
Accrued interest	(1,201,588)
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities	\$ (1,640,836)

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. During the current fiscal year, a budget was not adopted for the Police Academy Fund, as the fund was established during the year. The legal 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, 2019**

IV. DETAILED NOTES ON ALL FUNDS

NOTE 1: DEPOSITS AND INVESTMENTS

Cash and investments as of September 30, 2019 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	\$ 5,039,976
Restricted cash and cash equivalents	6,419,720
Investments	42,583,234
Restricted investments	<u>59,253,912</u>
	113,296,842
Component Units *	
Cash and cash equivalents	123,357
Restricted cash and cash equivalents	2,459,713
Investments	14,289,253
Restricted investments	<u>40,468,773</u>
	57,341,096
Total Cash and Investments	<u>\$ 170,637,938</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 \$19,198 and \$50,802, respectively, at September 30, 2019, 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, 2019, 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, 2019**

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, 2019, 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:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Primary government		
Money Market Funds	\$ 27,885,013	0.00
Texpool	9,699,878	0.09
Texas Class	334,730	0.09
Certificate of Deposits	63,917,525	0.85
Total primary government	101,837,146	
Component units		
Money Market Funds	14,934,053	
Equity Securities	6,694,787	
Mutual funds	16,256,448	
Alternative Investments	16,872,738	
Total component units	54,758,026	
Total Reporting Entity	\$ 156,595,172	

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, 2019**

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, 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.
- TexPool and Texas CLASS investments are valued at net asset value (NAV) per share (which approximates fair value) even though it is calculated using the amortized cost method in TexPool and Texas CLASS. The carrying value of the City's investments in these pools is the same as the value of the pool shares.
- 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:

	<u>Total</u>	<u>Assets at Fair Value as of September 30, 2019</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Primary Government:				
Money Market Funds	\$ 27,885,013	\$ 27,885,013	\$ -	\$ -
Certificates of Deposit	63,917,525	-	63,917,525	-
Total investments at fair value	<u>91,802,538</u>	<u>27,885,013</u>	<u>63,917,525</u>	<u>-</u>
Investments measured at NAV				
TexPool	9,699,878			
Texas CLASS	334,730			
Total investments measured at NAV	<u>10,034,608</u>			
Total investments of the reporting entity	<u>\$ 101,837,146</u>			

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1: DEPOSITS AND INVESTMENTS (Cont'd)

Concentration of Credit Risk (Cont'd)

Component Units:	<u>Total</u>	<u>Assets at Fair Value as of September 30, 2019</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Funds	\$ -	\$ -	\$ -	\$ -
Equity Securities	6,694,787	6,694,787	-	-
Mutual Funds	16,256,448	16,256,448	-	-
Total investments at fair value	<u>\$ 22,951,235</u>	<u>\$ 22,951,235</u>	<u>\$ -</u>	<u>\$ -</u>
 Investments measured at NAV				
Alternative investments	<u>16,872,738</u>			
Total investments measured at NAV	<u>16,872,738</u>			
Total investments of the component units	<u>\$ 39,823,973</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, 2019, were 98.41% 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 \$5,872,702,870.

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, 2019, 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, 2019**

NOTE 3: RECEIVABLES

Receivables at September 30, 2019 for the government's individual major funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, consist of the following:

	General	Debt Service	Nonmajor Governmental Funds	Water Utilities	Solid Waste Disposal	Internal Service	Total
Receivables:							
Taxes	\$ 858,932	\$ 709,637	\$ -	\$ -	\$ -	\$ -	\$ 1,568,569
Sales taxes	3,951,415	-	987,854	-	-	-	4,939,269
Hotel taxes		-	265,010	-	-	-	265,010
Franchise fees	1,318,039	-	118,035	-	-	-	1,436,074
Trade accounts		-	-	2,559,004	435,353	-	2,994,357
Unbilled trade accts		-	-	2,120,585	311,422	-	2,432,007
Municipal court	2,525,371	-	-	-	-	-	2,525,371
Ambulance	1,695,929	-	-	-	-	-	1,695,929
Other	471,531	-	8,379	-	34,887	508,841	1,023,638
Gross receivables	10,821,217	709,637	1,379,278	4,679,589	781,662	508,841	18,880,224
Less: Allowance for uncollectibles	3,086,065	7,096	-	21,079	7,216	-	3,121,456
Receivables, net	\$ 7,735,152	\$ 702,541	\$ 1,379,278	\$ 4,658,510	\$ 774,446	\$ 508,841	\$ 15,758,768

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4: CAPITAL ASSETS

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

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,810,639	\$ 403,747	\$ -	\$ 6,214,386
Construction in progress	<u>17,043,717</u>	<u>11,451,072</u>	<u>7,483,956</u>	<u>21,010,833</u>
Total capital assets, not being depreciated:	<u>22,854,356</u>	<u>11,854,819</u>	<u>7,483,956</u>	<u>27,225,219</u>
Capital assets, being depreciated:				
Buildings and improvements	97,035,626	806,937	-	97,842,563
Infrastructure	164,126,232	5,620,653	-	169,746,885
Equipment	<u>54,025,727</u>	<u>3,010,567</u> (1)	<u>1,227,200</u>	<u>55,809,094</u>
Total capital assets being depreciated	<u>315,187,585</u>	<u>9,438,157</u>	<u>1,227,200</u>	<u>323,398,542</u>
Less accumulated depreciation for:				
Buildings and improvements	57,789,300	4,194,230	-	61,983,530
Infrastructure	113,465,103	4,483,370	-	117,948,473
Equipment	<u>37,346,250</u>	<u>2,979,837</u>	<u>1,164,654</u>	<u>39,161,433</u>
Total accumulated depreciation	<u>208,600,653</u>	<u>11,657,437</u>	<u>1,164,654</u>	<u>219,093,436</u>
Total capital assets, being depreciated, net	<u>106,586,932</u>	<u>(2,219,280)</u>	<u>62,546</u>	<u>104,305,106</u>
Governmental activities capital assets, net	<u>\$ 129,441,288</u>	<u>\$ 9,635,539</u>	<u>\$ 7,546,502</u>	<u>\$ 131,530,325</u>

(1) Additions include donated assets to the City in the amount of \$136,923

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4: CAPITAL ASSETS (Cont'd)

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 765,576	\$ -	\$ -	\$ 765,576
Construction in progress	7,230,920	9,246,582	3,354,558	13,122,944
Total capital assets, not being depreciated:	<u>7,996,496</u>	<u>9,246,582</u>	<u>3,354,558</u>	<u>13,888,520</u>
Capital assets, being depreciated:				
Buildings	21,616,360	-	-	21,616,360
Water and sewer systems	212,156,860	3,272,671 (1)	-	215,429,531
Machinery and equipment	34,089,468	633,203	-	34,722,671
Total capital assets being depreciated:	<u>267,862,688</u>	<u>3,905,874</u>	<u>-</u>	<u>271,768,562</u>
Less accumulated depreciation for:				
Buildings	19,087,541	160,474	-	19,248,015
Water and Sewer Systems	129,038,638	6,683,577	-	135,722,215
Machinery and equipment	25,623,690	1,761,033	-	27,384,723
Total accumulated depreciation	<u>173,749,869</u>	<u>8,605,084</u>	<u>-</u>	<u>182,354,953</u>
Total capital assets, being depreciated, net	<u>94,112,819</u>	<u>(4,699,210)</u>	<u>-</u>	<u>89,413,609</u>
Water Utilities capital assets, net	<u>\$ 102,109,316</u>	<u>\$ 4,547,372</u>	<u>\$3,354,558</u>	<u>\$103,302,129</u>

(1) Additions include donated assets to the City in the amount of \$12,496, of which \$7,496 is reported as a prior period adjustment

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4: CAPITAL ASSETS (Cont'd)

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
Longview Economic Development Corporation:				
Capital assets, not being depreciated:				
Business Park land	\$ 4,653,174	\$ -	\$ -	\$ 4,653,174
Total capital assets, not being depreciated:	<u>4,653,174</u>	<u>-</u>	<u>-</u>	<u>4,653,174</u>
Capital assets, being depreciated:				
Office equipment and furniture	148,038	11,410	-	159,448
Office improvements	185,149	-	-	185,149
Business Park improvements	4,135,782	-	-	4,135,782
Total capital assets, being depreciated:	<u>4,468,969</u>	<u>11,410</u>	<u>-</u>	<u>4,480,379</u>
Less accumulated depreciation:				
Office equipment and furniture	120,257	6,764	-	127,021
Office improvements	173,295	1,798	-	175,093
Business Park improvements	1,959,285	204,158	-	2,163,443
Total accumulated depreciation	<u>2,252,837</u>	<u>212,720</u>	<u>-</u>	<u>2,465,557</u>
Total capital assets, being depreciated, net	<u>2,216,132</u>	<u>(201,310)</u>	<u>-</u>	<u>2,014,822</u>
Capital assets, net	<u>\$ 6,869,306</u>	<u>\$ (201,310)</u>	<u>\$ -</u>	<u>\$ 6,667,996</u>

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

Governmental activities:	
General Government	\$ 172,659
Public Safety	1,510,889
Public Works	4,799,259
Development	174,896
Public welfare	228,957
Culture and Recreation	3,083,274
Public Transit	307,325
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,380,178</u>
Total depreciation expense - governmental activities	<u>\$ 11,657,437</u>
Business-type activities:	
Water Utilities	\$ 7,653,613
Solid Waste Disposal	948,281
Nonmajor funds - Longview Recreation Fund	<u>3,190</u>
Total depreciation expense - business-type activities	<u>\$ 8,605,084</u>
Discretely presented component unit:	
Longview Economic Development Corporation	<u>\$ 212,720</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5: DEFINED BENEFIT PENSION PLANS

Texas Municipal Retirement System

Plan Description

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

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
Service	100% Repeating,	100% Repeating,
Updated Service Credit	Transfers	Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	502
Inactive employees entitled to but not yet receiving benefits	326
Active employees	<u>648</u>
Total	<u><u>1,476</u></u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 10.96% and 11.12% in calendar years 2019 and 2018, respectively. The city's contributions to TMRS for the year ended September 30, 2019, were \$3,543,121, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Total Pension Liability in the December 31, 2018 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, 2018, 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. 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, 2019**

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

**Texas Municipal Retirement System (Cont'd)
Net Pension Liability (Cont'd)**

Asset Class	Target allocation	Long-Term Expected Real Rate of Return (Arithmetic)
U.S. Equities	17.50%	4.55%
International Equities	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
	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, 2019**

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

Texas Municipal Retirement System (Cont'd)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance 12/31/17	\$ 176,992,516	\$ 167,123,333	\$ 9,869,183
Changes for the year:			
Service Costs	4,660,159	-	4,660,159
Interest	11,772,380	-	11,772,380
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(875,088)	-	(875,088)
Changes of assumptions	-	-	-
Contributions - employer	-	3,577,923	(3,577,923)
Contributions - employee	-	2,296,545	(2,296,545)
Net investment income	-	(5,002,413)	5,002,413
Benefit payments, including refunds of employee contributions	(9,833,920)	(9,833,920)	-
Administrative expense	-	(96,752)	96,752
Other changes	-	(5,055)	5,055
Net changes	5,723,531	(9,063,672)	14,787,203
Balance at 12/31/18	\$ 182,716,047	\$ 158,059,661	\$ 24,656,386

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	\$ 48,092,843	\$ 24,656,386	\$ 5,198,329

Pension Plan Fiduciary Net Position

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

Pension expense and deferred outflows of resources related to pensions

For the year ended September 30, 2019, the City recognized pension expense of \$6,685,472 related to the TMRS Plan.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Texas Municipal Retirement System (Cont'd)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 16,845	\$ (1,262,180)
Differences between projected and actual investment earning	15,017,419	(6,360,920)
Contributions subsequent to the measurement date	2,716,659	-
Total	<u>\$ 17,750,923</u>	<u>\$ (7,623,100)</u>

\$2,716,659 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31	
2018	\$ 2,644,169
2019	637,199
2020	879,666
2021	3,250,130
2022	-
Total	<u>\$ 7,411,164</u>

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

Inactive employees or beneficiaries currently receiving benefits	397
Inactive employees entitled to but not yet receiving benefits	84
Active employees	<u>648</u>
Total	<u>1,129</u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.21% for 2019 and 0.21% for 2018, 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, 2019 and 2018 were \$19,697 and \$19,658, 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, 2019**

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, 2018 and was determined by an actuarial valuation as of that date.

	Increase (Decrease)
	Total OPEB Liability
Balance at 12/31/17	\$ 2,340,723
Changes for the year:	
Service cost	81,987
Interest	78,509
Changes of benefit terms	-
Differences in expected and actual experience	192,725
Changes in assumptions	(157,421)
Benefit payments	(19,677)
Net changes	176,123
Balance at 12/31/18	\$ 2,516,846

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

Summary of Actuarial Assumptions

Inflation rate	2.5% per annum
Salary increases	3.50% to 10% including inflation
Discount rate	3.71%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	2.71%	3.71%	4.71%
Total OPEB Liability \$	2,941,293	\$ 2,516,846	\$ 2,183,329

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019, the city recognized OPEB expense of \$202,292.

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

	Deferred (Inflows) Outflows of Resources
Differences in expected and actual experience	\$ 155,303
Changes in actuarial assumptions	(16,790)
Contributions subsequent to the measurement date	14,395
Total	\$ 152,908

\$14,395 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 Dec 31

2019	\$	41,796
2020		41,796
2021		41,796
2022		12,096
2023		1,029
	\$	138,513

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, 2018.

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.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Longview Firemen's Relief and Retirement Fund (LFRRF)

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

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

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

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

Employees covered by benefit terms

As of the most recent measurement date, December 31, 2018, the membership consisted of the following:

	2017	2018
Inactive employees or beneficiaries currently receiving benefits	147	149
Inactive employees entitled to but not yet receiving benefits	1	1
Active employees	175	174
Total	323	324

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, 2019	
Measurement Date	December 31, 2018	
Contractually required contribution:		
City	2,357,367	19%
Members	2,168,281	15%/17%
Contribution made during measurement period		
City	2,139,846	18%
Members	2,090,185	15%/17%
Contribution Deficiency (Excess)	\$ -	

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2018 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

<u>Net Pension Liability</u>	
Measurement Date	December 31, 2018
Total Pension Liability	136,064,381
Fiduciary Net Position	<u>(41,560,527)</u>
Net Pension Liability	<u>\$ 94,503,854</u>

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of December 31, 2018 using the following actuarial assumptions applied to all measurement periods:

	<u>2018</u>	<u>2017</u>
Inflation	2.30%	2.30%
Salary increase	Service Based	Service Based
Discount rate	5.45%	8.00%
Investment rate of return	7.75%	8.00%

Mortality rates - Healthy lives: RP 2000 projected to valuation date (scale AA)
for blue collar members - sex distinct

Mortality rates - Disabled lives: RP 2000 disability 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	30.00%	3.48%
Equities	45.00%	7.82%
Alternative Investments	<u>25.00%</u>	4.32%
	100.00%	

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 7.75%; the municipal bond rate is 4.10% (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 5.45%.

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, 2019 is as follows:

	Increase (Decrease)		Net Pension Liability (a)-(b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balance 12/31/17	\$ 91,224,973	\$ 44,353,523	\$ 46,871,450
Changes for the year:			
Service Costs	1,916,430	-	1,916,430
Interest	7,207,566	-	7,207,566
Changes of benefit terms	-	-	-
Difference between expected and actual experience	3,234,597	-	3,234,597
Changes of assumptions	38,574,462	-	38,574,462
Contributions - employer	-	2,357,367	(2,357,367)
Contributions - employee	-	2,168,281	(2,168,281)
Net investment income	-	(1,140,010)	1,140,010
Benefit payments, including refunds of employee contributions	(6,093,647)	(6,093,647)	-
Administrative expense	-	(84,987)	84,987
Other changes	-	-	-
Net changes	44,839,408	(2,792,996)	47,632,404
Balance at 12/31/18	\$136,064,381	\$ 41,560,527	\$ 94,503,854

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 4.45%	Discount Rate 5.45%	1% Increase in Discount Rate 6.45%
City Net Pension	\$ 113,943,451	\$ 94,503,854	\$ 78,590,715

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 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, 2019, the city recognized pension expense of \$8,098,098 for the LFRRF.

At September 30, 2019, 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 between expected and actual economic experience	\$ 4,019,301	\$ -
Changes of Assumptions	37,055,766	14,720,874
Difference between projected and actual investment earning	5,551,833	1,436,646
Contributions subsequent to the measurement date	1,837,830	-
Total	\$ 48,464,730	\$ 16,157,520

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, 2019. 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	\$ 9,807,839	\$ (5,916,694)
2020	8,588,163	(5,916,694)
2021	8,082,822	(1,760,632)
2022	8,082,822	(1,281,750)
2023	6,092,533	(1,281,750)
Thereafter	5,972,721	-
Total	\$ 46,626,900	\$ (16,157,520)

Plan Provisions

Effective October 1, 2018 the member contribution rate increased from 18% to 19% 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	3.00% per year
Maximum accrual rate	75% of AFC
Longevity supplement	\$80/month
Member contribution rate	15.00%
Vesting requirement	20 years
Maximum DROP Period	3 years

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 152 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, 2019 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 benefits	151	152
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	823	831
Total	974	983

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		
	Employed		
	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, 2017 and included updated procedures that rolled forward the TOL to the measurement date of September 30, 2019.

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

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7: POST EMPLOYMENT BENEFITS (Cont'd)

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	2.50% per annum
Salary growth	2.75% average, including inflation
Discount rate	3.58%
Healthcare cost trend rate	Initial rate of 5.7% 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 3.58%. 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.

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.

Discount Rate Sensitivity			
	1% Decrease 2.75%	Discount Rate 3.75%	1% Increase 4.75%
City's total OPEB liability	\$ 19,419,403	\$ 18,394,999	\$ 17,433,242

Healthcare Cost Trend Rate			
	1% Decrease 4.31%	Trend Rate 5.31%	1% Increase 6.31%
City's total OPEB liability	\$ 16,985,382	\$ 18,394,999	\$ 19,965,439

Schedule of Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/18	\$ 19,331,816
Changes for the year:	
Service cost	216,279
Interest	694,577
Changes of benefit terms	-
Differences in expected and actual experience	-
Changes in assumptions	204,404
Benefit payments	(2,052,077)
Net changes	(936,817)
Balance at 9/30/19	\$ 18,394,999

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7: POST EMPLOYMENT BENEFITS (Cont'd)

OPEB Expense and Deferred Outflows/(Inflows) of Resources

For the year ended September 30, 2019 the City recognized \$929,819 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	\$ (201,149)
Changes in actuarial assumptions	298,920
Total	\$ 97,771

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

Year ended September 30:	
2020	\$ 18,963
2021	18,963
2022	18,965
2023	40,880
2024	-
Total	\$ 97,771

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, 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, \$3,230,931 net of accumulated depreciation, is included within Note 4.

Future minimum lease payments are as follows:

Capital Lease Obligation:	Governmental Activities		
Fiscal Year Ending	Principal	Interest	Total
September 30,			
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	540,291	22,861	563,152
2025-2029	116,500	3,588	120,088
	\$ 2,638,222	\$ 297,629	\$ 2,935,851

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8: LEASE OBLIGATIONS (Cont'd)

Business Type Activities

The City has entered into lease agreements, as lessee, for financing the acquisition of sanitation trucks and Motorola radio equipment. These leases qualify as capital leases for accounting purposes and, therefore have been recorded as such in the government-wide financial statements. The equipment acquired through capital lease, \$1,574,263 net of accumulated depreciation, is included within Note 4. Future minimum lease payments are as follows:

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2020	211,234	31,277	242,511
2021	218,058	24,453	242,511
2022	225,104	17,408	242,512
2023	232,379	10,132	242,511
2024	70,862	2,619	73,481
Total	<u>\$ 957,637</u>	<u>\$ 85,889</u>	<u>\$ 1,043,526</u>

NOTE 9: LONG-TERM DEBT

Governmental activities:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2019 are as follows:

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019	Amounts Due Within One Year
<u>Governmental activities</u>					
General obligation and certificates of obligation	\$ 64,210,000	\$ 45,670,000	\$ (5,060,000)	\$ 104,820,000	\$ 5,185,000
Less: bond premiums	2,464,129	5,385,352	(923,038)	6,926,443	923,038
Total bonds payable	66,674,129	51,055,352	(5,983,038)	111,746,443	6,108,038
Capital lease obligation	3,091,700	-	(453,478)	2,638,222	469,640
Accrued Compensated Absences	5,971,098	4,031,766	(3,620,173)	6,382,691	876,982
Claims payable	1,216,525	\$ 11,003,040	(11,030,028)	1,189,537	1,189,537
Net pension obligation -	-				
Pension Trust Fund	46,871,450	12,443,580	35,188,824	94,503,854	-
Pension TMRS	7,930,488	14,840,022	(2,957,603)	19,812,907	-
Other post-employment benefits obligation	18,176,553	321,174	(999,810)	17,497,917	-
Total governmental activities	<u>\$149,931,943</u>	<u>\$ 93,694,934</u>	<u>\$ 10,144,694</u>	<u>\$ 253,771,571</u>	<u>\$ 8,644,197</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Governmental activities (Cont'd)

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, 2019 of the general obligation debt for the next five years and thereafter are as follows:

General Obligation Debt:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2020	5,185,000	5,267,665	10,452,665
2021	6,105,000	3,953,363	10,058,363
2022	5,815,000	3,787,628	9,602,628
2023	5,385,000	3,600,683	8,985,683
2024	5,600,000	3,380,813	8,980,813
2025-2029	31,240,000	13,460,236	44,700,236
2030-2034	26,315,000	7,135,755	33,450,755
2035-2039	19,175,000	2,361,200	21,536,200
Total	104,820,000	42,947,343	147,767,343

Long-term debt at September 30, 2019, includes the following individual issues (not including unamortized premiums of \$6,926,443):

General Long-Term Debt:	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2019
General Obligation Bonds:				
Issue of 2011/maturing 2030	2.7	\$ 22,400,000	\$ 1,080,000	\$ 17,040,000
Issue of 2013/maturing 2033	0.360-4.100	23,170,000	140,000	22,460,000
Issue of 2014/maturing 2019	1.4	5,975,000	1,540,000	-
Issue of 2015/maturing 2022	2.00-5.00	9,660,000	1,250,000	5,975,000
Issue of 2016/maturing 2031	2.00-5.00	14,875,000	1,050,000	13,675,000
Issue of 2019/maturing 2039	3.00-5.00	45,670,000	-	45,670,000
Total general obligation		\$ 121,750,000	\$ 5,060,000	\$ 104,820,000

In February 2019, the city issued \$45,670,000 of General Obligation Improvement Bonds, Series 2019. The proceeds from the sale of the bonds will be used to finance costs of 1) public safety facilities, 2) improvements to streets, roads, and related infrastructure, 3) improvements and additions to the City park facilities, and 4) pay for the costs related to the issuance of the bonds. The bonds were issued at a premium of \$5,383,865 which is being amortized through September 2028, the date on which the bonds are available to be called.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Business Type Activities:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2019 are as follows:

	2018	Additions	Retirements	Balance September 30, 2019	Amounts Due Within One Year
<u>Business-type activities</u>					
Waterworks and Sewer System - Revenue bonds	\$ 42,150,000	\$ -	\$ (3,925,000)	\$ 38,225,000	\$ 3,985,000
Waterworks and Sewer System - Revenue bonds - state revolving	-	-	-	-	-
Less: bond premiums	2,182,355	-	(345,134)	1,837,221	345,134
Total bonds payable	44,332,355	-	(4,270,134)	40,062,221	4,330,134
Capital lease obligation	1,673,656	-	(716,019)	957,637	211,235
Accrued Compensated Absences	1,150,267	609,683	(575,909)	1,184,041	162,724
Net Pension Liability - TMRS	1,938,696	3,627,804	(723,018)	4,843,482	
Other post-employment benefits obligation	3,495,983	99,749	(181,807)	3,413,925	-
Total business-type activities	<u>\$ 52,590,957</u>	<u>\$ 4,337,236</u>	<u>\$ (6,466,887)</u>	<u>\$ 50,461,306</u>	<u>\$ 4,704,093</u>

The principal and interest requirements at September 30, 2019 of the revenue bond debt for the next five years and thereafter are as follows:

Fiscal Year Ending September 30	<u>Business-type Activities</u>		
	Principal	Interest	Total
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	4,300,000	762,605	5,062,605
2025-2029	17,555,000	1,621,375	19,176,375
Total	<u>\$38,225,000</u>	<u>\$ 6,584,487</u>	<u>\$ 44,809,487</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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

Business Type Activities:

Long-term debt at September 30, 2019, includes the following individual issues (not including unamortized premiums of \$1,837,221):

Water Utilities Debt:

	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2019
Revenue Bonds:				
Issue of 2011/Maturing 2028	3.00-4.00	6,000,000	275,000	4,725,000
Issue of 2012/Maturing 2024	2.00-2.75	8,300,000	955,000	4,535,000
Issue of 2015/Maturing 2029	2.00-4.00	31,950,000	1,865,000	20,795,000
Issue of 2016/Maturing 2028	2.00-5.00	9,025,000	830,000	8,170,000
Total revenue bonds		<u>\$ 55,275,000</u>	<u>\$ 3,925,000</u>	<u>\$ 38,225,000</u>

Federal Arbitrage:

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

Discretely Presented Component Unit:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2019 are as follows:

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019	Amounts Due Within One Year
Sales tax revenue bonds	\$ 9,145,000	\$ -	\$ 855,000	\$ 8,290,000	\$ 877,000
Accrued Compensated absences	23,418	24,557	29,269	18,706	18,706
Total governmental activities	<u>\$ 9,168,418</u>	<u>\$ 24,557</u>	<u>\$ 29,269</u>	<u>\$ 18,706</u>	<u>\$ 18,706</u>

The principal and interest requirements at September 30, 2019, for the component unit debt for the next five years and, thereafter, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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	971,000	118,682	1,089,682
2025-2030	3,665,000	335,309	4,000,309
	<u>\$ 8,290,000</u>	<u>\$ 1,165,569</u>	<u>\$ 9,455,569</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.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 10: INTERFUND TRANSACTIONS

The composition of interfund balances as of September 30, 2019, is as follows:

	Due from				Total
	General	Debt Service	Other Non-Major	Internal Service	
Due to:					
General	\$ -	\$ 12,547	\$ 5,000	\$ 89,661	\$ 107,208
Other Nonmajor	882,209	-	52,010	-	934,219
Water Utilities	239,299	-	-	-	239,299
Sanitation	48,503	-	-	-	48,503
Longview Recreation	3,153	-	-	-	3,153
Internal Service	77,043	-	-	-	77,043
	<u>\$1,250,207</u>	<u>\$ 12,547</u>	<u>\$ 57,010</u>	<u>\$ 89,661</u>	<u>\$ 1,409,425</u>

Interfund balances relate to the following:

- (1) An interfund balance of \$882,209 was created by the General Fund to offset negative cash balances in the other nonmajor funds of \$784,031 as they wait for their grant reimbursements. Also included in the interfund balance is a reimbursement due of \$98,178 for the last payroll of the fiscal year.
- (2) Interfund balances of \$239,299, \$48,503, and \$3,153 were created by the General Fund for reimbursements due for the last payroll of the fiscal year from Water Utilities, Sanitation, and Longview Recreation, respectively.
- (3) \$12,547 was created by the General Fund to pay the Debt Service portion of the September property tax collections.
- (4) \$5,000 was created by the General Fund to the Donated Revenue Fund for a sponsorship. \$52,010 was created by the Housing Fund to reimburse the Grant fund for prepayment of expenditures; both funds are classified as Other Nonmajor funds.
- (5) \$89,661 was created by the General Fund to offset the Group Health Fund (an internal service fund) contributions for the last payroll of the fiscal year.

During fiscal year ending September 30, 2014, the Water Utilities Fund loaned \$2,370,244 to the Sanitation Fund, 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, 2019 the outstanding balance is \$1,106,330.

During the fiscal year ending September 30, 2017, 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. This interfund loan is recorded as an advance payable/receivable in the government-wide and proprietary funds statements of net position. At September 30, 2019 the outstanding balance is \$4,991,893. The advance is scheduled to be paid in 2025.

Transfers between funds during the year were as follows:

	Transfers In					Total
	Governmental					
	General	Capital Projects	Nonmajor Governmental	Internal Service	Water/Sewer Capital Projects	
Transfers Out:						
General	\$ -	\$ 443,334	\$ 366,245	\$ 1,146,574	\$ 221,666	\$ 2,177,819
Internal Service	119,861	-	30,000	-	-	149,861 *
Nonmajor Governmental	50,000	100,000	-	-	-	150,000
Totals	<u>\$ 169,861</u>	<u>\$ 543,334</u>	<u>\$ 396,245</u>	<u>\$ 1,146,574</u>	<u>\$ 221,666</u>	<u>\$ 2,477,680</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 10: INTERFUND TRANSACTIONS (Cont'd)

* \$149,861 transferred out of Internal Service is offset by \$46,348 of long term debt to the Debt Service Fund. The total transfer out of Internal Service is \$103,513. Long term liabilities are not reported on the fund financial statements; therefore the transfer is out of balance by that amount.

Significant amounts transferred between funds related to the following activities:

- (1) \$443,334 was transferred from the General Fund to the Capital Projects Fund for the purchase of a new utility billing software system.
- (2) \$366,245 was transferred from the General Fund to Nonmajor Funds for the following purposes:
 - a. \$300,000 was transferred for the City's match on federal and state transit funding.
 - b. \$50,000 was transferred to Convention and Visitor's Bureau for operational expenditures.
 - c. \$16,245 was transferred to the Grants Fund for operational expenditures.
- (3) \$1,146,574 was transferred from the General Fund to Internal Service funds for the following purposes:
 - a. \$1,034,174 was transferred from the General Fund to the Vehicle Replacement Fund for new vehicle purchases.
 - b. 112,400 was transferred from the General Fund to the Fleet Fund for make-ready expenditures for new vehicles purchased.
- (4) \$221,666 was transferred from the General Fund to the Water Utilities capital project fund for the purchase of a new utility billing software system.
- (5) \$119,861 was transferred from Media Development Internal Service Fund to the General Fund to close the fund. In addition, \$30,000 from transferred from Media Development Internal Service Fund to the Nonmajor Cable Franchise Fund.
- (6) \$72,035 was transferred from the Nonmajor Funds to the General Fund for the following purposes:
 - a. \$49,753 was transferred from the Animal Services Donation Fund for operational expenditures
 - b. \$247 was transferred from the Grant Fund to clear the balance of an expired grant
- (7) \$100,000 was transferred from the Nonmajor Drainage Fund to the Capital Projects Fund for drainage projects.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Grant Audits

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

Construction Commitments

The City has active construction projects as of September 30, 2019. The projects include street construction, park construction, drainage construction, and the construction of water and sewer facilities. At year-end the City's commitments with contractors are as follows:

Project	to-Date	Commitment
Streets/Traffic	\$ 2,692,064	\$ 4,772,105
Parks/Facilities	7,542,750	7,741,898
Water & Wastewater	9,450,170	12,568,029
Drainage	429,670	351,855
Sanitation		443,334
	<u>\$ 20,114,654</u>	<u>\$ 25,877,221</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.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 11: COMMITMENTS AND CONTINGENCIES (Cont'd)

Water Purchase Contracts

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

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

Encumbrances

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Non Major</u>
Streets projects	\$ 204,647	\$ 7,877,260	\$ -
Animal Shelter	-	-	1,275
Public Safety	6,000	54,413	1,607
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	-	-
Total	<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 12: 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 \$69,144 for the payment of future claims related to the self-insurance period.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 12: RISK MANAGEMENT (Cont'd)

Group Health

The City is self-insured for health and dental coverage. The City's group health plan provides City employees with health and dental insurance through the Group Health and Life Insurance Fund (the "GHF"). The premiums for insurance coverage are paid from funds obtained from payroll deductions and charges to City departments and participating employees. The City utilizes an independent administrator for the plan and is self-insured up to \$125,000 per participant and \$9,731,826 in the aggregate at September 30, 2019. The City has accrued a liability of \$1,082,493 for estimated unreported claims at September 30, 2019.

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.

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, 2019. Settlements have not exceeded coverages for the past 4 years.

Changes in the balance of claims liabilities during fiscal 2018 and 2019 are as follows:

Fund	Liability Beginning of Year	Claims and Changes in Estimates	Claim payments and Changes in Estimates	Liability End of Year
<u>2019</u>				
General Liability	\$ 37,900	\$ 627,833	\$ 627,833	\$ 37,900
Workers' Compensation	52,246	472,500	455,602	69,144
Group Health	1,126,379	9,991,276	10,035,162	1,082,493
Total	<u>\$ 1,216,525</u>	<u>\$ 11,091,609</u>	<u>\$ 11,118,597</u>	<u>\$ 1,189,537</u>
<u>2018</u>				
General Liability	\$ 105,836	\$ 406,581	\$ 474,517	\$ 37,900
Workers' Compensation	58,582	363,678	474,506	52,246
Group Health	976,504	8,193,571	10,296,454	1,126,379
Total	<u>\$ 1,140,922</u>	<u>\$ 8,963,830</u>	<u>\$ 11,245,477</u>	<u>\$ 1,216,525</u>

NOTE 13: 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.

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 13: TAX ABATEMENTS (Cont'd)

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 was made during fiscal year ended September 30, 2018 in the amount of \$340,000 and the remainder of the loan was disbursed at the 50% project completion benchmark during the fiscal year ended September 30, 2019. 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.

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 \$11,098 in fiscal year 2019.

Beginning in fiscal year 2020, the City expects abated taxes of \$522,836 in connection with the completion of a distribution center.

NOTE 14: SUBSEQUENT EVENTS

In 2020, the COVID-19 virus pandemic has disrupted businesses and markets world-wide. The long term effects are unknown but the City reasonably expects a decrease in its sales tax revenue and potential budget amendments for unanticipated expenditures in response to this pandemic.

Subsequent events have been evaluated through March 27, 2020, the date the financial statements were available to be issued.

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**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)

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Total Pension Liability					
Service Cost	\$ 3,778,731	\$ 4,103,003	\$ 4,593,624	\$ 4,642,229	\$ 4,660,159
Interest (on the Total Pension Liability)	10,103,220	10,620,763	10,896,320	11,383,482	11,772,380
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	948,510	(11,718)	61,173	(1,168,939)	(875,088)
Changes of Assumptions	-	2,950,991	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(7,126,894)	(8,071,359)	(8,341,759)	(8,374,651)	(9,833,920)
Net Change in Total Pension Liability	7,703,567	9,591,680	7,209,358	6,482,121	5,723,531
Total Pension Liability - Beginning	146,005,790	153,709,357	163,301,037	170,510,395	176,992,516
Total Pension Liability - Ending (a)	\$ 153,709,357	\$ 163,301,037	\$ 170,510,395	\$ 176,992,516	\$ 182,716,047
Plan Fiduciary Net Position					
Contributions - Employer	\$ 3,193,102	\$ 3,050,893	\$ 3,169,672	\$ 3,365,533	\$ 3,577,923
Contributions - Employee	2,145,523	2,118,246	2,249,554	2,274,010	2,296,545
Net Investment Income (Loss)	7,975,023	214,693	9,640,128	20,678,765	(5,002,413)
Benefit Payments, Including Refunds of Employee Contributions	(7,126,894)	(8,071,359)	(8,341,759)	(8,374,651)	(9,833,920)
Administrative Expense	(83,268)	(130,783)	(108,908)	(107,232)	(96,752)
Other	(6,846)	(6,459)	(5,868)	(5,434)	(5,055)
Net Change in Plan Fiduciary Net Position	6,096,640	(2,824,769)	6,602,819	17,830,991	(9,063,672)
Plan Fiduciary Net Position - Beginning	139,417,651	145,514,291	142,689,522	149,292,341	167,123,332
Plan Fiduciary Net Position - Ending (b)	\$ 145,514,291	\$ 142,689,522	\$ 149,292,341	\$ 167,123,332	\$ 158,059,660
Net Pension Liability - Ending (a) - (b)	\$ 8,195,066	\$ 20,611,515	\$ 21,218,054	\$ 9,869,184	\$ 24,656,387
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.67%	87.38%	87.56%	94.42%	86.51%
Covered Payroll	\$ 30,650,330	\$ 30,235,839	\$ 32,100,794	\$ 32,486,119	\$ 32,794,923
Net Pension Liability as a Percentage of covered Payroll	26.74%	68.17%	66.10%	30.38%	75.18%

* 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	9/30/2019
Actuarially Determined Contribution	\$ 2,819,998	\$ 3,170,744	\$ 3,305,877	\$ 3,528,424	\$ 3,543,121
Contributions in relation to the actuarially determined contribution	2,819,998	3,170,744	3,305,877	3,528,424	3,543,121
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,976,170	\$ 31,967,618	\$ 32,327,223	\$ 32,763,038	\$ 32,794,923
Contributions as a percentage of covered payroll	10.08%	9.92%	10.23%	10.77%	10.80%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an 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 generational 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)

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Total Pension Liability					
Service Cost	\$ 2,461,547	\$ 2,562,618	\$ 1,634,710	\$ 2,217,155	\$ 1,916,430
Interest	5,985,503	6,180,033	6,830,915	6,826,511	7,207,566
Changes of Benefit Terms	(2,623,533)	34,875	-	-	-
Differences Between Expected and Actual Experience	-	867,622	627,424	838,680	3,234,597
Changes of Assumptions	-	(24,936,371)	6,985,902	(8,972,247)	38,574,462
Contributions - Buy Back	71,784	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(5,437,240)	(5,117,793)	(6,185,788)	(6,422,915)	(6,093,647)
Net Change in Total Pension Liability	458,061	(20,409,016)	9,893,163	(5,512,816)	44,839,408
Total Pension Liability - Beginning	106,795,581	107,253,642	86,844,626	96,737,789	91,224,973
Total Pension Liability - Ending (a)	<u>\$ 107,253,642</u>	<u>\$ 86,844,626</u>	<u>\$ 96,737,789</u>	<u>\$ 91,224,973</u>	<u>\$ 136,064,381</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,887,320	\$ 2,073,574	\$ 2,105,902	\$ 2,139,846	\$ 2,357,367
Contributions - Employee	1,769,363	1,838,268	1,986,998	2,090,185	2,168,281
Contributions - Buy Back	71,784	-	-	-	-
Net Investment Income	926,866	(2,517,145)	1,452,965	5,587,322	(1,140,010)
Benefit Payments, Including Refunds of Employee Contributions	(5,437,240)	(5,117,793)	(6,185,788)	(6,422,915)	(6,093,647)
Administrative Expense	(116,460)	(118,575)	(116,238)	(97,453)	(84,987)
Other	103,261	226,675	-	-	-
Net Change in Plan Fiduciary Net Position	(795,106)	(3,614,996)	(756,161)	3,296,985	(2,792,996)
Plan Fiduciary Net Position - Beginning	46,222,801	45,427,695	41,812,699	41,056,538	44,353,523
Plan Fiduciary Net Position - Ending (b)	<u>\$ 45,427,695</u>	<u>\$ 41,812,699</u>	<u>\$ 41,056,538</u>	<u>\$ 44,353,523</u>	<u>\$ 41,560,527</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 61,825,947</u>	<u>\$ 45,031,927</u>	<u>\$ 55,681,251</u>	<u>\$ 46,871,450</u>	<u>\$ 94,503,854</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.36%	48.15%	42.44%	48.62%	30.54%
Covered Payroll	\$ 11,767,235	\$ 12,224,779	\$ 12,308,076	\$ 12,329,307	\$ 12,876,406
Net Pension Liability as a Percentage of covered Payroll	525.41%	368.37%	452.40%	380.16%	733.93%

* 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)

	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019
Actuarially Determined Contribution	\$ 1,887,320	\$ 2,073,574	\$ 2,105,902	\$ 2,291,701	\$ 2,357,367
Contributions in relation to the actuarially determined contribution	2,001,879	2,102,166	2,082,720	2,385,130	2,139,846
Contribution deficiency (excess)	\$ (114,559)	\$ (28,592)	\$ 23,182	\$ (93,429)	\$ 217,521
Covered payroll	\$ 12,102,341	\$ 12,595,243	\$ 12,558,113	\$ 13,513,487	\$ 13,246,982
Contributions as a percentage of covered payroll	15.59%	16.46%	16.77%	16.96%	17.80%

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:

Service	Increase
<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 First NR Eligibility	Rate
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:

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

Mortality rates - healthy lives: RP2000 projected to valuation date (scale AA) 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)

	9/30/2018	9/30/2019
Total OPEB Liability		
Service Cost	\$ 229,103	\$ 216,279
Interest (on the Total OPEB Liability)	765,345	694,577
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(335,249)	-
Changes of Assumptions	225,661	204,404
Benefit Payments, Including Refunds of Employee Contributions	(1,585,622)	(2,052,077)
Net Change in Total OPEB Liability	(700,762)	(936,817)
Total OPEB Liability - Beginning	20,032,578	19,331,816
Total OPEB Liability - Ending (a)	\$ 19,331,816	\$ 18,394,999
Covered Employee Payroll	\$ 32,485,859	\$ 46,375,842
Net OPEB Liability as a Percentage of covered Employee Payroll	59.51%	39.67%

* 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	12/31/2018
Total OPEB Liability		
Service Cost	\$ 68,220	\$ 81,987
Interest (on the Total OPEB Liability)	77,815	78,509
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	192,725
Changes of Assumptions	179,946	(157,421)
Benefit Payments, Including Refunds of Employee Contributions	(19,492)	(19,677)
Net Change in Total OPEB Liability	<u>306,489</u>	<u>176,123</u>
Total OPEB Liability - Beginning	<u>2,034,234</u>	<u>2,340,723</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 2,340,723</u></u>	<u><u>\$ 2,516,846</u></u>
 Covered Employee Payroll	 \$ 32,485,859	 \$ 32,794,923
 Net OPEB Liability as a Percentage of covered Employee Payroll	 7.21%	 7.67%

* 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	3.71% (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 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.

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**COMBINING FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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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.
- **Police Academy** – to account for academy registration fees from outside entities to attend the City's police academy.

CITY OF LONGVIEW, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Municipal Court	Community Development Block Grant	Housing Assistance	Transit System	Police Department Special
ASSETS					
Cash and cash equivalents	\$ 11,385	\$ -	\$ 2,026,498	\$ 19,198	\$ 53,621
Investments	30,128			50,802	141,897
Accounts receivable, net	-	-	8,379	-	-
Prepaid expenses	-	-	-	-	-
Due from other funds	-	-	-	-	-
Intergovernmental receivables	-	173,690	-	268,808	-
Total assets	<u>\$ 41,513</u>	<u>\$ 173,690</u>	<u>\$ 2,034,877</u>	<u>\$ 338,808</u>	<u>\$ 195,518</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,250	12,633	2,775	-	-
Accrued liabilities	-	362	-	-	-
Due to other funds	-	160,695	52,009	-	-
Other payables	-	-	-	281,158	38,956
Unearned grant funds	-	-	-	-	-
Family self-sufficiency escrow	-	-	22,078	-	-
Total liabilities	<u>1,250</u>	<u>173,690</u>	<u>76,862</u>	<u>281,158</u>	<u>38,956</u>
DEFERRED INFLOWS OF RESOURCES					
Advance of grant funds	-	-	-	57,650	-
Unavailable revenue	-	-	18,028	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>18,028</u>	<u>57,650</u>	<u>-</u>
Fund balances:					
Restricted for:					
Municipal court facilities	40,263	-	-	-	-
Purposes of grantors and donors	-	-	1,939,987	-	-
911 Emergency operations	-	-	-	-	-
Tourism and convention facilities	-	-	-	-	-
PEG access channels	-	-	-	-	-
Other public safety	-	-	-	-	156,562
Committed to:					
Drainage improvements	-	-	-	-	-
Assigned to:					
Other post-employment benefits	-	-	-	-	-
Total fund balances	<u>40,263</u>	<u>-</u>	<u>1,939,987</u>	<u>-</u>	<u>156,562</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,513</u>	<u>\$ 173,690</u>	<u>\$ 2,034,877</u>	<u>\$ 338,808</u>	<u>\$ 195,518</u>

<u>E-911</u>	<u>Hotel Occupancy Tax</u>	<u>Maude Cobb Activity Fund</u>	<u>Drainage Sales Tax</u>	<u>School Crossing Guard</u>	<u>Grants</u>	<u>Donations</u>	<u>Federal Motor Carrier Violations</u>
\$ 67,516	\$ 656,559	\$ 147,448	\$ 211,648	\$ 3,349	\$ -	\$ 61,091	\$ 39,456
178,664	1,737,426	389,922	1,083,618	8,864	-	161,660	104,412
101,032	265,010	-	987,854	-	-	-	-
-	-	50	-	-	-	-	-
-	-	-	-	-	52,010	5,000	-
-	-	-	-	-	1,230,508	-	-
<u>\$ 347,212</u>	<u>\$ 2,658,995</u>	<u>\$ 537,420</u>	<u>\$ 2,283,120</u>	<u>\$ 12,213</u>	<u>\$ 1,282,518</u>	<u>\$ 227,751</u>	<u>\$ 143,868</u>
2,268	1,831	77,513	58,299	-	232,400	20,219	1,633
1,231	196	1,299	3,505	129	1,061	-	-
18,257	6,001	16,528	40,093	1,962	628,559	-	-
-	-	5,800	-	-	-	-	-
-	-	-	-	-	375,602	-	-
-	-	-	-	-	-	-	-
<u>21,756</u>	<u>8,028</u>	<u>101,140</u>	<u>101,897</u>	<u>2,091</u>	<u>1,237,622</u>	<u>20,219</u>	<u>1,633</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	44,896	207,532	-
325,456	-	-	-	-	-	-	-
-	2,650,967	436,280	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,122	-	-	142,235
-	-	-	2,181,223	-	-	-	-
-	-	-	-	-	-	-	-
<u>325,456</u>	<u>2,650,967</u>	<u>436,280</u>	<u>2,181,223</u>	<u>10,122</u>	<u>44,896</u>	<u>207,532</u>	<u>142,235</u>
<u>\$ 347,212</u>	<u>\$ 2,658,995</u>	<u>\$ 537,420</u>	<u>\$ 2,283,120</u>	<u>\$ 12,213</u>	<u>\$ 1,282,518</u>	<u>\$ 227,751</u>	<u>\$ 143,868</u>

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CITY OF LONGVIEW, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2019

	Red Flex	Cable Franchise	Convention & Visitors Bureau	Animal Shelter Donations	Police Academy	Totals
ASSETS						
Cash and cash equivalents	\$ 99,146	\$ 43,417	\$ 93,236	\$ 597	\$ 631	\$ 3,534,796
Investments	262,363	114,891	246,728	1,581	1,669	4,514,625
Accounts receivable, net	-	17,003	-	-	-	1,379,278
Prepaid expenses	-	-	-	-	-	50
Due from other funds	-	-	-	-	-	57,010
Intergovernmental receivables	-	-	-	-	-	1,673,006
Total assets	<u>\$ 361,509</u>	<u>\$ 175,311</u>	<u>\$ 339,964</u>	<u>\$ 2,178</u>	<u>\$ 2,300</u>	<u>\$ 11,158,765</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	-	7,221	33,680	-	-	451,722
Accrued liabilities	-	-	691	-	-	8,474
Due to other funds	-	-	10,115	-	-	934,219
Other payables	-	-	-	-	-	325,914
Unearned grant funds	-	-	-	-	-	375,602
Family self-sufficiency escrow	-	-	-	-	-	22,078
Total liabilities	<u>-</u>	<u>7,221</u>	<u>44,486</u>	<u>-</u>	<u>-</u>	<u>2,118,009</u>
DEFERRED INFLOWS OF RESOURCES						
Advances of grant funds	-	-	-	-	-	57,650
Unavailable revenue	-	-	-	-	-	18,028
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,678</u>
Fund balances:						
Restricted for:						
Municipal court facilities	-	-	-	-	-	40,263
Purposes of grantors and donors	-	-	-	2,178	-	2,194,593
911 Emergency operations	-	-	-	-	-	325,456
Tourism and convention facilities	-	-	295,478	-	-	3,382,725
PEG access channels	-	168,090	-	-	-	168,090
Other public safety	361,509	-	-	-	2,300	672,728
Committed to:						
Drainage improvements	-	-	-	-	-	2,181,223
Assigned to:						
Other post-employment benefits	-	-	-	-	-	-
Total fund balances	<u>361,509</u>	<u>168,090</u>	<u>295,478</u>	<u>2,178</u>	<u>2,300</u>	<u>8,965,078</u>
Total liabilities and fund balances	<u>\$ 361,509</u>	<u>\$ 175,311</u>	<u>\$ 339,964</u>	<u>\$ 2,178</u>	<u>\$ 2,300</u>	<u>\$ 11,158,765</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Municipal Court	Community Development Block Grant	Housing Assistance	Transit System	Police Department Special	E-911
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	504,376	6,349,824	2,720,003	-	-
Fines and forfeitures	73,756	-	-	-	6,368	-
Charges for services	-	-	-	222,886	-	669,633
Investment earnings	526	-	44,281	-	3,137	5,315
Miscellaneous	-	-	26,638	21,050	2,500	-
Total revenues	<u>74,282</u>	<u>504,376</u>	<u>6,420,743</u>	<u>2,963,939</u>	<u>12,005</u>	<u>674,948</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	47,035	-	-	-	8,404	701,437
Public works	-	-	-	-	-	-
Developmental services	-	244,732	-	-	-	-
Public welfare	-	-	6,149,394	-	-	-
Culture and recreation	-	-	-	-	-	-
Public transit	-	-	-	1,990,254	-	-
Debt service:						
Principal	-	-	-	11,383	-	-
Interest and other charges	-	-	-	2,769	-	-
Capital outlay	5,510	259,644	-	1,259,533	-	10,000
Total expenditures	<u>52,545</u>	<u>504,376</u>	<u>6,149,394</u>	<u>3,263,939</u>	<u>8,404</u>	<u>711,437</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21,737	-	271,349	(300,000)	3,601	(36,489)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	300,000	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	21,737	-	271,349	-	3,601	(36,489)
FUND BALANCES, BEGINNING	18,526	-	1,668,638	-	152,961	361,945
FUND BALANCES, ENDING	<u>\$ 40,263</u>	<u>\$ -</u>	<u>\$ 1,939,987</u>	<u>\$ -</u>	<u>\$ 156,562</u>	<u>\$ 325,456</u>

Hotel Occupancy Tax	Maude Cobb Activity Fund	Drainage Sales Tax	School Crossing Guard	Grants	Donations	Federal Motor Carrier Violations
\$ 1,329,570	\$ 971,258	\$ 5,715,012	\$ -	\$ -	\$ -	\$ -
-	-	-	-	3,751,957	-	-
-	-	-	-	-	-	25,820
-	427,603	-	33,583	-	-	-
30,312	13,346	31,209	170	-	-	3,196
-	26,230	1,470	-	-	323,150	-
<u>1,359,882</u>	<u>1,438,437</u>	<u>5,747,691</u>	<u>33,753</u>	<u>3,751,957</u>	<u>323,150</u>	<u>29,016</u>
-	569	-	-	-	192,906	-
-	-	-	40,027	428,555	34,016	56,209
-	-	5,675,949	-	245,699	-	-
-	-	-	-	39,798	-	-
-	-	-	-	188,685	636	-
611,135	1,354,851	-	-	22,968	3,500	-
-	-	-	-	-	-	-
-	4,378	9,193	-	-	-	-
-	1,065	2,237	-	-	-	-
306,324	194,783	91,082	-	2,826,331	116,590	10,945
<u>917,459</u>	<u>1,555,646</u>	<u>5,778,461</u>	<u>40,027</u>	<u>3,752,036</u>	<u>347,648</u>	<u>67,154</u>
442,423	(117,209)	(30,770)	(6,274)	(79)	(24,498)	(38,138)
-	-	-	-	-	-	-
-	-	-	-	16,245	-	-
-	-	(100,000)	-	(247)	-	-
<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>15,998</u>	<u>-</u>	<u>-</u>
442,423	(117,209)	(130,770)	(6,274)	15,919	(24,498)	(38,138)
2,208,544	553,489	2,311,993	16,396	28,977	232,030	180,373
<u>\$ 2,650,967</u>	<u>\$ 436,280</u>	<u>\$ 2,181,223</u>	<u>\$ 10,122</u>	<u>\$ 44,896</u>	<u>\$ 207,532</u>	<u>\$ 142,235</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, 2019

	Red Flex	Cable Franchise	Convention & Visitors Bureau	Animal Shelter Donations	Police Academy	Totals
REVENUES						
Taxes	\$ -	\$ 70,269	\$ 472,000	\$ -	\$ -	\$ 8,558,109
Intergovernmental	-	-	-	-	-	13,326,160
Fines and forfeitures	-	-	-	-	-	105,944
Charges for services	-	-	-	-	2,425	1,356,130
Investment earnings	6,992	3,104	7,516	-	1	149,105
Miscellaneous	-	-	-	21,437	-	422,475
Total revenues	6,992	73,373	479,516	21,437	2,426	23,917,923
EXPENDITURES						
Current:						
General government	-	45,815	-	-	-	239,290
Public safety	2,057	-	-	-	126	1,317,866
Public works	-	-	-	-	-	5,921,648
Developmental services	-	-	-	-	-	284,530
Public welfare	-	-	-	1,934	-	6,340,649
Culture and recreation	-	-	513,341	15,827	-	2,521,622
Public transit	-	-	-	-	-	1,990,254
Debt service:						
Principal	-	-	-	-	-	24,954
Interest and other charges	-	-	-	-	-	6,071
Capital outlay	-	17,211	-	-	-	5,097,953
Total expenditures	2,057	63,026	513,341	17,761	126	23,744,837
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,935	10,347	(33,825)	3,676	2,300	173,086
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	24,895	-	-	-	-	24,895
Transfers in	-	30,000	50,000	-	-	396,245
Transfers out	-	-	-	(49,752)	-	(149,999)
Total other financing sources and uses	24,895	30,000	50,000	(49,752)	-	271,141
NET CHANGE IN FUND BALANCES	29,830	40,347	16,175	(46,076)	2,300	444,227
FUND BALANCES, BEGINNING	331,679	127,743	279,303	48,254	-	8,520,851
FUND BALANCES, ENDING	<u>\$ 361,509</u>	<u>\$ 168,090</u>	<u>\$ 295,478</u>	<u>\$ 2,178</u>	<u>\$ 2,300</u>	<u>\$ 8,965,078</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, 2019**

	<u>Budgeted Amounts</u>			Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final	Actual			
REVENUE						
Property taxes	\$ 7,139,529	\$ 7,139,529	\$ 7,252,975	\$ 16,983	\$ 7,269,958	\$ 130,429
Interest revenue	22,000	22,000	29,185	-	29,185	7,185
Miscellaneous	-	-	1,487	-	1,487	1,487
Total revenue	<u>7,161,529</u>	<u>7,161,529</u>	<u>7,283,648</u>	<u>16,983</u>	<u>7,300,631</u>	<u>139,102</u>
EXPENDITURES						
Debt Service:						
Paying Agent	-	-	-	-	-	-
Principal retirement	5,060,000	5,060,000	5,060,000	-	5,060,000	-
Interest and fiscal charges	2,198,880	2,198,880	2,195,993	-	2,195,993	2,887
Total expenditures	<u>7,258,880</u>	<u>7,258,880</u>	<u>7,255,993</u>	<u>-</u>	<u>7,255,993</u>	<u>2,887</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(97,351)</u>	<u>(97,351)</u>	<u>27,655</u>	<u>16,983</u>	<u>44,638</u>	<u>141,989</u>
OTHER FINANCING SOURCES (USES)						
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>
NET CHANGE IN FUND BALANCE	<u>(97,351)</u>	<u>(97,351)</u>	<u>27,655</u>	<u>16,983</u>	<u>44,638</u>	<u>141,989</u>
FUND BALANCE - BEGINNING	<u>2,053,862</u>	<u>2,053,862</u>	<u>2,053,862</u>	<u>-</u>	<u>2,053,862</u>	<u>-</u>
FUND BALANCE - END	<u>\$ 1,956,511</u>	<u>\$ 1,956,511</u>	<u>\$ 2,081,517</u>	<u>\$ 16,983</u>	<u>\$ 2,098,500</u>	<u>\$ 141,989</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, 2019**

	<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>				
REVENUE						
Intergovernmental	\$ 891,865	\$ 891,865	\$ 891,865	\$ -	\$ 891,865	\$ -
Investment earnings	837,928	837,928	837,928	(33,418)	804,510	(33,418)
Total revenue	<u>1,729,793</u>	<u>1,729,793</u>	<u>1,729,793</u>	<u>(33,418)</u>	<u>1,696,375</u>	<u>(33,418)</u>
EXPENDITURES						
Current:						
General government	487,603	487,603	2,918	-	2,918	484,685
Public Works	-	-	432	-	432	(432)
Debt Service:						
Interest and other fiscal charges	-	-	557,827	-	557,827	(557,827)
Capital Outlay	5,101,130	13,301,056	6,734,851	-	6,734,851	6,566,205
Total expenditures	<u>5,588,733</u>	<u>13,788,659</u>	<u>7,296,028</u>	<u>-</u>	<u>7,296,028</u>	<u>6,492,631</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(3,858,940)</u>	<u>(12,058,866)</u>	<u>(5,566,235)</u>	<u>(33,418)</u>	<u>(5,599,653)</u>	<u>6,459,213</u>
OTHER FINANCING SOURCES (USES)						
Premium on bonds issued	(598,690)	(598,690)	5,383,865	-	-	598,690
Proceeds from long-term debt	51,053,865	51,053,865	45,670,000	-	45,670,000	(5,383,865)
Transfers in	543,333	543,333	543,334	-	543,334	(1)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>50,998,508</u>	<u>50,998,508</u>	<u>51,597,199</u>	<u>-</u>	<u>46,213,334</u>	<u>(4,785,176)</u>
NET CHANGE IN FUND BALANCE	47,139,568	38,939,642	46,030,964	(33,418)	40,613,681	11,244,389
FUND BALANCE - BEGINNING	3,106,247	3,106,247	3,106,247	-	3,106,247	-
FUND BALANCE - END	<u>\$ 50,245,815</u>	<u>\$ 42,045,889</u>	<u>\$ 49,137,211</u>	<u>\$ (33,418)</u>	<u>\$ 43,719,928</u>	<u>\$ 11,244,389</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, 2019**

	<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>				
REVENUE						
Fines and forfeitures	\$ 70,000	\$ 70,000	\$ 73,756	\$ -	\$ 73,756	\$ 3,756
Investment earnings	500	500	526	-	526	26
Total revenue	<u>70,500</u>	<u>70,500</u>	<u>74,282</u>	<u>-</u>	<u>74,282</u>	<u>3,782</u>
EXPENDITURES						
Current:						
Public safety	68,829	68,829	47,035	-	47,035	21,794
Capital outlay	-	-	5,510	-	5,510	(5,510)
Total expenditures	<u>68,829</u>	<u>68,829</u>	<u>52,545</u>	<u>-</u>	<u>52,545</u>	<u>16,284</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	1,671	1,671	21,737	-	21,737	20,066
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,671	1,671	21,737	-	21,737	20,066
FUND BALANCE - BEGINNING	18,526	18,526	18,526	-	18,526	-
FUND BALANCE - END	<u>\$ 20,197</u>	<u>\$ 20,197</u>	<u>\$ 40,263</u>	<u>\$ -</u>	<u>\$ 40,263</u>	<u>\$ 20,066</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, 2019**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Intergovernmental	\$ 501,768	\$ 953,870	\$ 504,376	\$ (173,691)	\$ 330,685	\$ (623,185)
Total revenue	<u>501,768</u>	<u>953,870</u>	<u>504,376</u>	<u>(173,691)</u>	<u>330,685</u>	<u>(623,185)</u>
EXPENDITURES						
Current:						
Developmental services	439,792	444,420	244,732	362	245,094	199,326
Capital outlay	361,976	659,450	259,644	-	259,644	399,806
Total expenditures	<u>801,768</u>	<u>1,103,870</u>	<u>504,376</u>	<u>362</u>	<u>504,738</u>	<u>599,132</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(300,000)	(150,000)	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(300,000)	(150,000)	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-	-	-
FUND BALANCE - END	<u>\$ 300,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Intergovernmental	\$ 2,895,442	\$ 2,895,442	\$ 2,720,003	\$ (12,350)	\$ 2,707,653	\$ (187,789)
Charges for services	203,500	203,500	222,886	(222,886)	-	(203,500)
Miscellaneous	-	-	21,050	-	21,050	21,050
Total revenue	<u>3,098,942</u>	<u>3,098,942</u>	<u>2,963,939</u>	<u>(235,236)</u>	<u>2,728,703</u>	<u>(370,239)</u>
EXPENDITURES						
Current:						
Public transit	2,165,558	2,165,558	1,990,254	(222,886)	1,767,368	398,190
Debt Service:						
Principal	-	-	11,383	-	11,383	(11,383)
Interest and other fiscal charges	-	-	2,769	-	2,769	(2,769)
Capital outlay	1,233,384	1,233,384	1,259,533	(12,350)	1,247,183	(13,799)
Total expenditures	<u>3,398,942</u>	<u>3,398,942</u>	<u>3,263,939</u>	<u>(235,236)</u>	<u>3,028,703</u>	<u>370,239</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	300,000	300,000	300,000	-	300,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-	-	-
FUND BALANCE - END	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019**

	<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>				
REVENUE						
Fines and forfeitures	\$ 7,500	\$ 7,500	\$ 6,368	\$ -	\$ 6,368	\$ (1,132)
Intergovernmental	-	-	-	-	-	-
Investment earnings	400	400	3,137	-	3,137	2,737
Miscellaneous	-	-	2,500	-	2,500	2,500
Total revenue	<u>7,900</u>	<u>7,900</u>	<u>12,005</u>	<u>-</u>	<u>12,005</u>	<u>4,105</u>
EXPENDITURES						
Current:						
Public safety	40,060	40,060	8,404	-	8,404	31,656
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>40,060</u>	<u>40,060</u>	<u>8,404</u>	<u>-</u>	<u>8,404</u>	<u>31,656</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(32,160)	(32,160)	3,601	-	3,601	35,761
OTHER FINANCING SOURCES (USES)						
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>
NET CHANGE IN FUND BALANCE	(32,160)	(32,160)	3,601	-	3,601	35,761
FUND BALANCE - BEGINNING	152,961	152,961	152,961	-	152,961	-
FUND BALANCE - END	<u>\$ 120,801</u>	<u>\$ 120,801</u>	<u>\$ 156,562</u>	<u>\$ -</u>	<u>\$ 156,562</u>	<u>\$ 35,761</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, 2019

	<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>				
REVENUE						
Charges for services	\$ 670,131	\$ 670,131	\$ 669,633	\$ (4,925)	\$ 664,707	\$ (5,424)
Investment earnings	2,000	2,000	5,315	-	5,315	3,315
Total revenue	<u>672,131</u>	<u>672,131</u>	<u>674,948</u>	<u>(4,925)</u>	<u>670,023</u>	<u>(2,108)</u>
EXPENDITURES						
Current:						
Public safety	750,728	750,728	701,437	(1,231)	700,206	50,522
Capital outlay	10,000	10,000	10,000	-	10,000	-
Total expenditures	<u>760,728</u>	<u>760,728</u>	<u>711,437</u>	<u>(1,231)</u>	<u>710,206</u>	<u>50,522</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(88,597)</u>	<u>(88,597)</u>	<u>(36,489)</u>	<u>(3,694)</u>	<u>(40,183)</u>	<u>48,414</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(4,418)	(4,418)	-	-	-	(4,418)
Total other financing sources (uses)	<u>(4,418)</u>	<u>(4,418)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,418)</u>
NET CHANGE IN FUND BALANCE	(93,015)	(93,015)	(36,489)	(3,694)	(40,183)	43,996
FUND BALANCE - BEGINNING	361,945	361,945	361,945	-	361,945	-
FUND BALANCE - END	<u>\$ 268,930</u>	<u>\$ 268,930</u>	<u>\$ 325,456</u>	<u>\$ (3,694)</u>	<u>\$ 321,762</u>	<u>\$ 43,996</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, 2019

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ 1,086,914	\$ 1,086,914	\$ 1,329,570	\$ (3,279)	\$ 1,326,291	\$ 239,377
Investment earnings	11,000	11,000	30,312	-	30,312	19,312
Total revenue	<u>1,097,914</u>	<u>1,097,914</u>	<u>1,359,882</u>	<u>(3,279)</u>	<u>1,356,603</u>	<u>258,689</u>
EXPENDITURES						
Current:						
Culture and recreation	663,980	663,980	611,135	196	611,331	52,649
Capital outlay	777,000	929,101	306,324	-	306,324	622,777
Total expenditures	<u>1,440,980</u>	<u>1,593,081</u>	<u>917,459</u>	<u>196</u>	<u>917,655</u>	<u>675,426</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(343,066)</u>	<u>(495,167)</u>	<u>442,423</u>	<u>(3,475)</u>	<u>438,948</u>	<u>934,115</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(343,066)	(495,167)	442,423	(3,475)	438,948	934,115
FUND BALANCE - BEGINNING	2,208,544	2,208,544	2,208,544	-	2,208,544	-
FUND BALANCE - END	<u>\$ 1,865,478</u>	<u>\$ 1,713,377</u>	<u>\$ 2,650,967</u>	<u>\$ (3,475)</u>	<u>\$ 2,647,492</u>	<u>\$ 934,115</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, 2019

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ 971,258	\$ 971,258	\$ 971,258	\$ -	\$ 971,258	\$ 0
Charges for services	420,000	420,000	427,603	-	427,603	7,603
Investment earnings	3,000	3,000	13,346	-	13,346	10,346
Miscellaneous revenue	27,350	27,350	26,230	-	26,230	(1,120)
Miscellaneous	-	-	-	-	-	-
Total revenue	<u>1,421,608</u>	<u>1,421,608</u>	<u>1,438,437</u>	<u>-</u>	<u>1,438,437</u>	<u>16,829</u>
EXPENDITURES						
Current:						
General government	-	-	569	-	569	(569)
Culture and recreation	1,315,226	1,335,226	1,354,851	(1,299)	1,353,552	(18,326)
Debt service:						
Principal	4,378	4,378	4,378	-	4,378	-
Interest and other charges	1,065	1,065	1,065	-	1,065	-
Capital outlay	314,242	314,242	194,783	-	194,783	119,459
Total expenditures	<u>1,634,911</u>	<u>1,654,911</u>	<u>1,555,646</u>	<u>(1,299)</u>	<u>1,554,347</u>	<u>100,564</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(213,303)</u>	<u>(233,303)</u>	<u>(117,209)</u>	<u>1,299</u>	<u>(115,910)</u>	<u>117,393</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(1,299)	(1,299)	1,299
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,299)</u>	<u>(1,299)</u>	<u>1,299</u>
NET CHANGE IN FUND BALANCE	<u>(213,303)</u>	<u>(233,303)</u>	<u>(117,209)</u>	<u>-</u>	<u>(117,209)</u>	<u>118,692</u>
FUND BALANCE - BEGINNING	<u>553,489</u>	<u>553,489</u>	<u>553,489</u>	<u>-</u>	<u>553,489</u>	<u>-</u>
FUND BALANCE - END	<u>\$ 340,186</u>	<u>\$ 320,186</u>	<u>\$ 436,280</u>	<u>\$ -</u>	<u>\$ 436,280</u>	<u>\$ 118,692</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, 2019**

	<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>				
REVENUE						
Taxes	\$ 5,463,955	\$ 5,463,955	\$ 5,715,012	\$ (28,357)	\$ 5,686,655	\$ 222,700
Investment earnings	15,000	15,000	31,209	-	31,209	16,209
Miscellaneous revenue	-	-	1,470	-	1,470	1,470
Total revenue	<u>5,478,955</u>	<u>5,478,955</u>	<u>5,747,691</u>	<u>(28,357)</u>	<u>5,719,334</u>	<u>240,379</u>
EXPENDITURES						
Current:						
Public works	5,881,404	5,994,423	5,675,949	(3,505)	5,672,444	321,979
Debt service:						
Principal	9,194	9,194	9,193	-	9,193	1
Interest and other charges	2,236	2,236	2,237	-	2,237	(1)
Capital outlay	-	2,500	91,082	-	91,082	(88,582)
Total expenditures	<u>5,892,833</u>	<u>6,008,352</u>	<u>5,778,461</u>	<u>(3,505)</u>	<u>5,774,956</u>	<u>233,396</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(413,878)</u>	<u>(529,397)</u>	<u>(30,770)</u>	<u>(24,852)</u>	<u>(55,622)</u>	<u>473,775</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-		-	-	-
Transfers out	(100,000)	(100,000)	(100,000)	-	(100,000)	0
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(513,878)	(629,397)	(130,770)	(24,852)	(155,622)	473,775
FUND BALANCE - BEGINNING	2,311,993	2,311,993	2,311,993	-	2,311,993	-
FUND BALANCE - END	<u>\$ 1,798,115</u>	<u>\$ 1,682,596</u>	<u>\$ 2,181,223</u>	<u>\$ (24,852)</u>	<u>\$ 2,156,371</u>	<u>\$ 473,775</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, 2019**

	<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>				
REVENUE						
Charges for services	\$ 34,800	\$ 34,800	\$ 33,583	\$ -	\$ 33,583	\$ (1,217)
Investment earnings	-	-	170	-	170	170
Total revenue	<u>34,800</u>	<u>34,800</u>	<u>33,753</u>	<u>-</u>	<u>33,753</u>	<u>(1,047)</u>
EXPENDITURES						
Current:						
Fines and forfeitures	54,354	54,354	40,027	(129)	39,898	14,456
Total expenditures	<u>54,354</u>	<u>54,354</u>	<u>40,027</u>	<u>(129)</u>	<u>39,898</u>	<u>14,456</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(19,554)</u>	<u>(19,554)</u>	<u>(6,274)</u>	<u>129</u>	<u>(6,145)</u>	<u>13,409</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(19,554)</u>	<u>(19,554)</u>	<u>(6,274)</u>	<u>129</u>	<u>(6,145)</u>	<u>13,409</u>
FUND BALANCE - BEGINNING	<u>16,396</u>	<u>16,396</u>	<u>16,396</u>	<u>-</u>	<u>16,396</u>	<u>-</u>
FUND BALANCE - END	<u>\$ (3,158)</u>	<u>\$ (3,158)</u>	<u>\$ 10,122</u>	<u>\$ 129</u>	<u>\$ 10,251</u>	<u>\$ 13,409</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, 2019**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Intergovernmental	\$ 6,299,571	\$ 6,299,571	\$ 3,751,957	\$ (196,810)	\$ 3,555,147	\$ (2,744,423)
Total revenue	<u>\$ 6,299,571</u>	<u>\$ 6,299,571</u>	<u>\$ 3,751,957</u>	<u>\$ (196,810)</u>	<u>\$ 3,555,147</u>	<u>\$ (2,744,423)</u>
EXPENDITURES						
Current:						
General government	\$ 247	\$ 247	\$ -	\$ -	\$ -	\$ 247
Public safety	484,886	484,886	428,555	(120)	428,435	56,451
Public works	371,131	371,131	245,699	(18)	245,681	125,450
Community Development	1,322,869	1,504,016	39,798	709,181	748,979	755,037
Culture and recreation	1,500	1,500	22,968	-	22,968	(21,468)
Public transit	-	-	-	-	-	-
Public welfare	406,625	406,625	188,685	-	188,685	217,940
Capital outlay	780,160	3,402,749	2,826,331	-	2,826,331	576,418
Total expenditures	<u>3,367,418</u>	<u>6,171,154</u>	<u>3,752,036</u>	<u>709,043</u>	<u>4,461,079</u>	<u>1,710,075</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>2,932,153</u>	<u>128,417</u>	<u>(79)</u>	<u>(905,853)</u>	<u>(905,932)</u>	<u>(1,034,349)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	16,245	-	16,245	16,245
Transfers out	-	-	(247)	-	(247)	(247)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>15,998</u>	<u>-</u>	<u>15,998</u>	<u>15,998</u>
NET CHANGE IN FUND BALANCE	2,932,153	128,417	15,919	(905,853)	(889,934)	(1,018,351)
FUND BALANCE - BEGINNING PRIOR PERIOD ADJUSTMENTS	28,977	28,977	28,977	-	28,977	-
FUND BALANCE - END	<u>\$ 2,961,130</u>	<u>\$ 157,394</u>	<u>\$ 44,896</u>	<u>\$ (905,853)</u>	<u>\$ (860,957)</u>	<u>\$ (1,018,351)</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, 2019

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Miscellaneous revenue	\$ 252,000	\$ 252,000	\$ 323,150	\$ -	\$ 323,150	\$ 71,150
Total revenue	<u>252,000</u>	<u>252,000</u>	<u>323,150</u>	<u>-</u>	<u>323,150</u>	<u>71,150</u>
EXPENDITURES						
Current:						
General government	219,746	369,746	192,906	-	192,906	176,840
Public safety	(15,000)	-	34,016	-	34,016	(34,016)
Public welfare	-	-	636	-	636	(636)
Culture and recreation	-	-	3,500	-	3,500	(3,500)
Capital outlay	46,379	46,379	116,590	-	116,590	(70,211)
Total expenditures	<u>251,125</u>	<u>416,125</u>	<u>347,648</u>	<u>-</u>	<u>347,648</u>	<u>68,477</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	875	(164,125)	(24,498)	-	(24,498)	139,627
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	875	(164,125)	(24,498)	-	(24,498)	139,627
FUND BALANCE - BEGINNING	232,030	232,030	232,030	-	232,030	-
FUND BALANCE - END	<u>\$ 232,905</u>	<u>\$ 67,905</u>	<u>\$ 207,532</u>	<u>\$ -</u>	<u>\$ 207,532</u>	<u>\$ 139,627</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, 2019**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Fines and forfeitures	\$ 42,000	\$ 42,000	\$ 25,820	\$ -	\$ 25,820	\$ (16,180)
Investment earnings	-	2,000	3,196	-	3,196	1,196
Total revenue	<u>42,000</u>	<u>44,000</u>	<u>29,016</u>	<u>-</u>	<u>29,016</u>	<u>(14,984)</u>
EXPENDITURES						
Current:						
Public safety	56,984	56,984	56,209	-	56,209	775
Capital Outlay	50,000	50,000	10,945	-	10,945	39,055
Total expenditures	<u>106,984</u>	<u>106,984</u>	<u>67,154</u>	<u>-</u>	<u>56,209</u>	<u>39,830</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(64,984)</u>	<u>(62,984)</u>	<u>(38,138)</u>	<u>-</u>	<u>(27,193)</u>	<u>24,846</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(64,984)</u>	<u>(62,984)</u>	<u>(38,138)</u>	<u>-</u>	<u>(27,193)</u>	<u>24,846</u>
FUND BALANCE - BEGINNING	<u>180,373</u>	<u>180,373</u>	<u>180,373</u>	<u>-</u>	<u>180,373</u>	<u>-</u>
FUND BALANCE - END	<u>\$ 115,389</u>	<u>\$ 117,389</u>	<u>\$ 142,235</u>	<u>\$ -</u>	<u>\$ 153,180</u>	<u>\$ 24,846</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, 2019

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	3,000	3,000	6,992	-	6,992	3,992
Total revenue	3,000	3,000	6,992	-	6,992	3,992
EXPENDITURES						
Current:						
Public safety	196	196	2,057	-	2,057	(1,861)
Capital Outlay	-	-	-	-	-	-
Total expenditures	196	196	2,057	-	2,057	(1,861)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	2,804	2,804	4,935	-	4,935	2,131
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	24,895	-	24,895	24,895
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	24,895	-	24,895	24,895
NET CHANGE IN FUND BALANCE	2,804	2,804	29,830	-	29,830	27,026
FUND BALANCE - BEGINNING	331,679	331,679	331,679	-	331,679	-
FUND BALANCE - END	\$ 334,483	\$ 334,483	\$ 361,509	\$ -	\$ 361,509	\$ 27,026

**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, 2019**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ 90,485	\$ 90,485	\$ 70,269	\$ 938	\$ 71,207	\$ (19,278)
Investment earnings	1,000	1,000	3,104	-	3,104	2,104
Total revenue	<u>91,485</u>	<u>91,485</u>	<u>73,373</u>	<u>938</u>	<u>74,311</u>	<u>(17,174)</u>
EXPENDITURES						
Current:						
General Government	38,900	38,900	45,815	-	45,815	(6,915)
Capital Outlay	40,150	40,150	17,211	-	17,211	22,939
Total expenditures	<u>79,050</u>	<u>79,050</u>	<u>63,026</u>	<u>-</u>	<u>63,026</u>	<u>16,024</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>12,435</u>	<u>12,435</u>	<u>10,347</u>	<u>938</u>	<u>11,285</u>	<u>(1,150)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	30,000	30,000	-	30,000	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	12,435	42,435	40,347	938	41,285	(1,150)
FUND BALANCE - BEGINNING	127,742	127,742	127,743	-	127,743	-
FUND BALANCE - END	<u>\$ 140,177</u>	<u>\$ 170,177</u>	<u>\$ 168,090</u>	<u>\$ 938</u>	<u>\$ 169,028</u>	<u>\$ (1,150)</u>

**CITY OF LONGVIEW, TEXAS
CONVENTION AND VISTORS BUREAU
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ 472,000	\$ 472,000	\$ 472,000	\$ -	\$ 472,000	\$ -
Investment earnings	2,500	2,500	7,516	-	7,516	5,016
Miscellaneous revenue	-	-	-	-	-	-
Total revenue	<u>474,500</u>	<u>474,500</u>	<u>479,516</u>	<u>-</u>	<u>479,516</u>	<u>5,016</u>
EXPENDITURES						
Current:						
Culture and Recreation	611,384	611,384	513,341	(691)	512,650	98,734
Capital Outlay	-	-	-	-	-	-
Total expenditures	<u>611,384</u>	<u>611,384</u>	<u>513,341</u>	<u>(691)</u>	<u>512,650</u>	<u>98,734</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(136,884)</u>	<u>(136,884)</u>	<u>(33,825)</u>	<u>691</u>	<u>(33,134)</u>	<u>103,750</u>
OTHER FINANCING SOURCES (USES)						
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>
NET CHANGE IN FUND BALANCE	(86,884)	(86,884)	16,175	691	16,866	103,750
FUND BALANCE - BEGINNING	<u>279,302</u>	<u>279,302</u>	<u>279,303</u>	<u>-</u>	<u>279,303</u>	<u>-</u>
FUND BALANCE - END	<u>\$ 192,418</u>	<u>\$ 192,418</u>	<u>\$ 295,478</u>	<u>\$ 691</u>	<u>\$ 296,169</u>	<u>\$ 103,750</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, 2019**

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Miscellaneous revenue	\$ 156,000	\$ 156,000	\$ 21,437	\$ -	\$ 21,437	\$ (134,563)
Total revenue	<u>156,000</u>	<u>156,000</u>	<u>21,437</u>	<u>-</u>	<u>21,437</u>	<u>(134,563)</u>
EXPENDITURES						
Current:						
Public welfare	-	-	1,934	-	1,934	(1,934)
Culture and recreation	150,000	150,000	15,827	-	15,827	134,173
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>17,761</u>	<u>-</u>	<u>17,761</u>	<u>132,239</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	6,000	6,000	3,676	-	3,676	(2,324)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(49,752)	-	(49,752)	49,752
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(49,752)</u>	<u>-</u>	<u>(49,752)</u>	<u>49,752</u>
NET CHANGE IN FUND BALANCE	6,000	6,000	(46,076)	-	(46,076)	47,428
FUND BALANCE - BEGINNING	48,254	48,254	48,254	-	48,254	-
FUND BALANCE - END	<u>\$ 54,254</u>	<u>\$ 54,254</u>	<u>\$ 2,178</u>	<u>\$ -</u>	<u>\$ 2,178</u>	<u>\$ 47,428</u>

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INTERNAL SERVICE FUNDS

- **General Liability Fund** - To account for the City's charges to various funds for general liability coverage and payment of premiums for coverage.
- **Group Health Fund** - To account for the City's self-insured group health and dental plans. This fund is utilized to track the premiums, claims, and administrative expenses of the plans.
- **Workers Compensation Fund** - To account for the City's charges to other funds for workers compensation coverage and payment of premiums for insurance coverage.
- **GIS/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, 2019

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 104,760	\$ 1,293,795	\$ 92,095
Investments	277,221	-	243,706
Accounts receivable, net	-	506,465	-
Due from other funds	-	89,661	-
Inventories	-	-	-
Accrued interest	-	-	-
Total current assets	<u>381,981</u>	<u>1,889,921</u>	<u>335,801</u>
Non-current assets:			
Capital assets:			
Buildings	-	-	-
Machinery and equipment	35,216	-	-
Less accumulated depreciation	<u>(32,802)</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>2,414</u>	<u>-</u>	<u>-</u>
Total assets	<u>384,395</u>	<u>1,889,921</u>	<u>335,801</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	148,178	1,553	-
Deferred outflows related to OPEB	<u>4,124</u>	<u>163</u>	<u>-</u>
Total deferred outflows or resources	<u>152,302</u>	<u>1,716</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,864	27,074	636
Accrued liabilities	851	106	-
Due to other funds	10,181	5,998	-
Claims and judgments	37,900	1,082,493	69,144
Compensated absences	2,688	188	-
Capital lease obligation	-	-	-
Total current liabilities	<u>58,484</u>	<u>1,115,859</u>	<u>69,780</u>
Non-current liabilities:			
Compensated absences	16,869	1,183	-
Capital lease obligation	-	-	-
Net pension liability	205,246	2,992	-
Other post-employment benefits	<u>24,837</u>	<u>1,471</u>	<u>-</u>
Total non-current liabilities	<u>246,952</u>	<u>5,646</u>	<u>-</u>
Total liabilities	<u>305,436</u>	<u>1,121,505</u>	<u>69,780</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	63,475	-	-
Deferred inflows related to OPEB	<u>3,844</u>	<u>74</u>	<u>-</u>
Total deferred inflows or resources	<u>67,319</u>	<u>74</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	2,414	-	-
Unrestricted	<u>161,528</u>	<u>770,058</u>	<u>266,021</u>
Total net position	<u>\$ 163,942</u>	<u>\$ 770,058</u>	<u>\$ 266,021</u>

<u>GIS/IT Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ 79,265	\$ 163,958	\$ 771,374	\$ -	\$ 2,505,247
209,757	433,875	2,556,255	-	3,720,814
-	2,376	-	-	508,841
-	-	-	-	89,661
-	150,163	-	-	150,163
-	-	752	-	752
<u>289,022</u>	<u>750,372</u>	<u>3,328,381</u>	<u>-</u>	<u>6,975,478</u>
16,573	390,123	-	-	406,696
1,602,077	236,043	17,062,444	-	18,935,780
(1,282,433)	(567,768)	(12,488,441)	-	(14,371,444)
<u>336,217</u>	<u>58,398</u>	<u>4,574,003</u>	<u>-</u>	<u>4,971,032</u>
<u>625,239</u>	<u>808,770</u>	<u>7,902,384</u>	<u>-</u>	<u>11,946,510</u>
173,820	287,847	6,003	-	617,401
10,859	6,483	632	-	22,261
<u>184,679</u>	<u>294,330</u>	<u>6,635</u>	<u>-</u>	<u>639,662</u>
29,237	61,635	65,902	-	191,348
999	528	236	-	2,720
38,102	20,047	2,715	-	77,043
-	-	-	-	1,189,537
7,153	10,160	947	-	21,136
-	1,362	-	-	1,362
<u>75,491</u>	<u>93,732</u>	<u>69,800</u>	<u>-</u>	<u>1,483,146</u>
44,893	63,771	5,943	-	132,659
-	5,971	-	-	5,971
229,497	398,707	11,565	-	848,007
202,257	190,260	5,688	-	424,513
<u>476,647</u>	<u>658,709</u>	<u>23,196</u>	<u>-</u>	<u>1,411,150</u>
<u>552,138</u>	<u>752,441</u>	<u>92,996</u>	<u>-</u>	<u>2,894,296</u>
90,135	123,303	-	-	276,913
7,309	4,063	287	-	15,577
<u>97,444</u>	<u>127,366</u>	<u>287</u>	<u>-</u>	<u>292,490</u>
336,217	51,065	4,574,003	-	4,963,699
(175,881)	172,228	3,241,733	-	4,435,687
<u>\$ 160,336</u>	<u>\$ 223,293</u>	<u>\$ 7,815,736</u>	<u>\$ -</u>	<u>\$ 9,399,386</u>

CITY OF LONGVIEW, TEXAS

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
OPERATING REVENUES			
Premiums	\$ 1,094,423	\$ 12,210,566	\$ 581,409
Vehicle revenue	-	-	-
GIS/IT revenue	-	-	-
Miscellaneous	-	295,505	-
Total operating revenues	<u>1,094,423</u>	<u>12,506,071</u>	<u>581,409</u>
OPERATING EXPENSES			
Personnel services	228,290	26,305	-
Supplies	3,805	26,558	-
Maintenance	644	2,353	-
Contractual services	85,395	2,225,964	64,884
Employee retirement expense	67,340	5,485	-
Employee health expense (benefit)	16,589	137,426	-
Claims and premiums, net of reimbursements	539,260	10,035,166	455,602
Depreciation	3,173	-	-
Total operating expenses	<u>944,496</u>	<u>12,459,257</u>	<u>520,486</u>
OPERATING INCOME (LOSS)	149,927	46,814	60,923
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	3,287	604	3,504
Gain (loss) on sale of fixed assets	-	-	-
Miscellaneous	-	-	-
Total non-operating revenue (expenses)	<u>3,287</u>	<u>604</u>	<u>3,504</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	153,214	47,418	64,427
Transfers in	-	-	-
Transfers out	-	-	-
CHANGE IN NET POSITION	153,214	47,418	64,427
TOTAL NET POSITION, BEGINNING	<u>10,728</u>	<u>722,640</u>	<u>201,594</u>
TOTAL NET POSITION, ENDING	<u>\$ 163,942</u>	<u>\$ 770,058</u>	<u>\$ 266,021</u>

<u>GIS/IT Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Media Development</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 13,886,398
-	2,143,068	659,202	-	2,802,270
2,179,327	-	-	-	2,179,327
-	10	-	-	295,515
<u>2,179,327</u>	<u>2,143,078</u>	<u>659,202</u>	<u>-</u>	<u>19,163,510</u>
859,456	424,632	77,677	-	1,616,360
111,959	1,642,350	310	-	1,784,982
8,412	16,187	16,543	-	44,139
726,761	36,449	22,202	-	3,161,655
191,594	127,916	18,116	-	410,451
193,733	130,262	11,267	-	489,277
-	-	-	-	11,030,028
113,130	7,322	1,256,553	-	1,380,178
<u>2,205,045</u>	<u>2,385,118</u>	<u>1,402,668</u>	<u>-</u>	<u>19,917,070</u>
(25,718)	(242,040)	(743,466)	-	(753,560)
7,241	12,220	60,025	-	86,881
-	-	108,533	-	108,533
-	42,964	-	-	42,964
<u>7,241</u>	<u>55,184</u>	<u>168,558</u>	<u>-</u>	<u>238,378</u>
(18,477)	(186,856)	(574,908)	-	(515,182)
-	112,400	1,034,174	-	1,146,574
-	-	-	(103,513)	(103,513)
(18,477)	(74,456)	459,266	(103,513)	527,879
<u>178,813</u>	<u>297,749</u>	<u>7,356,470</u>	<u>103,513</u>	<u>8,871,507</u>
<u>\$ 160,336</u>	<u>\$ 223,293</u>	<u>\$ 7,815,736</u>	<u>\$ -</u>	<u>\$ 9,399,386</u>

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from City departments/customers	\$ -	\$ -	\$ -
Cash received from premiums/contributions	1,094,423	13,483,035	581,409
Cash payments for claims and premiums	(539,260)	(10,079,052)	(438,704)
Cash payments for goods and services	(84,566)	(2,267,914)	(65,068)
Cash payments to employees/retirees	<u>(322,246)</u>	<u>(163,047)</u>	
Net cash provided (used) by operating activities	148,351	973,022	<u>77,637</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received for miscellaneous items	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds for sale of assets	-	-	-
Transfers in from other funds	-	-	-
Acquisition and construction of capital assets	-	-	-
Principal payments on long term debt	-	-	-
Interest charges on long term debt	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Reinvestments of investments	(136,830)	-	(88,495)
Interest on investments	<u>3,287</u>	<u>603</u>	<u>3,504</u>
Net cash provided by (used in) investing activities	(133,543)	603	(84,991)
NET INCREASE (DECREASE) IN CASH	14,808	973,625	(7,354)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>89,952</u>	<u>320,170</u>	<u>99,449</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 104,760</u></u>	<u><u>\$ 1,293,795</u></u>	<u><u>\$ 92,095</u></u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Total</u>
\$ 2,193,077	\$ 2,146,002	\$ 659,202	\$ 4,998,281
-	-	-	15,158,867
-	-	-	(11,057,016)
(847,147)	(1,740,195)	26,822	(4,978,068)
<u>(1,231,131)</u>	<u>(620,522)</u>	<u>(112,940)</u>	<u>(2,449,886)</u>
114,799	(214,715)	573,084	1,672,178
-	42,964	-	42,964
<u>-</u>	<u>42,964</u>	<u>-</u>	<u>42,964</u>
-	-	153,251	153,251
-	112,400	1,034,174	1,146,574
(93,771)	-	(1,075,658)	(1,169,429)
-	(1,313)	-	(1,313)
<u>-</u>	<u>(48)</u>	<u>-</u>	<u>(48)</u>
(93,771)	111,039	111,767	129,035
(50,832)	(39,949)	(786,834)	(1,102,940)
7,241	12,220	60,003	86,858
<u>(43,591)</u>	<u>(27,729)</u>	<u>(726,831)</u>	<u>(1,016,082)</u>
(22,563)	(88,441)	(41,980)	828,095
<u>101,828</u>	<u>252,399</u>	<u>813,354</u>	<u>1,677,152</u>
<u>\$ 79,265</u>	<u>\$ 163,958</u>	<u>\$ 771,374</u>	<u>\$ 2,505,247</u>

(Continued)

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 149,927	\$ 46,814	\$ 60,923
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	3,173	-	-
Change in assets and liabilities:			
Decrease in assets:			
Accounts receivable	-	-	-
Inventories	-	-	-
Due from other funds		185,725	
Deferred outflows of resources	(83,882)	789,951	-
Increase (decrease) in liabilities:			
Accounts payable	5,278	(13,039)	(184)
Due to other funds	10,181	5,998	-
Accrued liabilities	(11,711)	(1,064)	-
Claims payable	-	(43,886)	16,898
Compensated absences payable	914	552	-
Net pension liability	123,092	1,624	-
Other post employment benefits	(34,109)	273	-
Deferred inflows of resources	(14,512)	74	-
Total adjustments	<u>(1,576)</u>	<u>926,208</u>	<u>16,714</u>
Net cash provided (used) by operating activities	<u>\$ 148,351</u>	<u>\$ 973,022</u>	<u>\$ 77,637</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Total</u>
\$ (25,718)	\$ (242,040)	\$ (743,466)	\$ (753,560)
113,130	7,322	1,256,553	1,380,178
13,750	(2,376)	-	11,374
-	5,300	-	5,300
			185,725
(96,631)	(164,606)	(4,980)	439,852
38,051	(45,209)	65,877	50,774
-	20,047	2,715	38,941
(41,410)	(21,883)	(5,347)	(81,415)
-	-	-	(26,988)
(11,992)	7,865	(5,888)	(8,549)
137,636	239,117	6,935	508,404
2,586	9,294	398	(21,558)
(14,603)	(27,546)	287	(56,300)
<u>140,517</u>	<u>27,325</u>	<u>1,316,550</u>	<u>2,425,738</u>
<u>\$ 114,799</u>	<u>\$ (214,715)</u>	<u>\$ 573,084</u>	<u>\$ 1,672,178</u>

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STATISTICAL SECTION (UNAUDITED)

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	119
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	127
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	131
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	136
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services and activities performed by the City.	139

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TABLE 1

CITY OF LONGVIEW, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 70,581,667
Restricted	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	9,138,557
Unrestricted	<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>	<u>(70,039,848)</u>
Total governmental activities net position	<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>	<u>\$ 9,680,376</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 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	\$ 61,175,931
Restricted	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	7,266,161
Unrestricted	<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>	<u>20,142,650</u>
Total business-type activities net position	<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>	<u>\$ 88,584,742</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 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	\$ 131,757,598
Restricted	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	16,404,718
Unrestricted	<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>	<u>(49,897,198)</u>
Total primary government net position	<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>	<u>\$ 98,265,118</u>

Sources: City of Longview Finance Department

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES										
Governmental activities:										
General government	\$ 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	\$ 2,344,086
Public safety	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	53,905,067
Public works	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	15,500,300
Developmental services	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	2,172,236
Culture and recreation	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	11,472,140
Public transit	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	2,297,651
Public welfare	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	7,743,072
Arts and culture										
Interest and fiscal charges	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	3,141,721
Total governmental activities expenses	<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>	<u>98,576,273</u>
Business-type activities:										
Water utilities	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	32,587,197
Sanitation	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	5,836,225
Nonmajor funds - Longview Recreation Association	674,814	738,962	758,580	697,719	767,919	508,908	297,312	357,501	349,186	416,297
Total business-type activities expenses	<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>	<u>38,839,719</u>
Total primary government program expenses	<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>	<u>\$ 137,415,992</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 428,146	\$ 71,172	\$ 93,667	\$ 82,127	\$ 87,507	\$ 77,636	\$ 154,426	\$ 332,593	\$ 365,386	\$ 372,131
Public safety	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	7,532,258
Developmental services	931,644	781,783	1,007,281	1,151,373	1,076,074	994,771	1,019,927	716,792	1,019,833	1,051,462
Culture and recreation	99,511	575,771	658,334	690,640	783,514	786,874	901,112	790,129	799,858	778,698
Public transit	136,655	168,359	381,502	432,345	348,037	334,574	283,205	239,239	225,144	222,886
Public welfare	164,556	160,861	162,078	161,673	163,467	131,888	180,603	173,708	157,498	195,216
Operating grants and contributions	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	9,365,977
Capital grants and contributions	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	4,988,971
Total governmental activities program revenues	<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>	<u>24,507,599</u>
Business-type activities:										
Charges for services:										
Water utilities	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	32,601,788
Sanitation	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	5,511,847
Operating grants and contributions								-	-	-
Capital grants and contributions							2,101	-	-	1,303,626
Nonmajor funds - Longview Recreation Association	602,889	714,995	700,378	708,131	646,023	516,140	398,907	398,017	339,563	346,269
Total business-type activities program revenues	<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>	<u>39,763,530</u>
Total primary government program revenues	<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>	<u>\$ 64,271,129</u>

(continued)

TABLE 2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NET (EXPENSE) REVENUES										
Governmental activities	\$(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)	\$(74,068,674)
Business-type activities	(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	923,811
Total primary government net expense	\$(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)	\$(73,144,863)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property	\$ 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	\$ 29,528,952
Franchise	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	5,612,697
Sales	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	28,575,066
Other	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	2,772,828
Interest	257,225	257,970	235,883	271,565	392,452	397,049	399,602	456,800	637,660	1,679,320
Miscellaneous	2,164,371	2,562,942	820,760	1,810,133	917,424	1,070,355	1,539,374	753,598	972,939	965,139
Gain (loss) on disposition of assets	79,463	293,517	(99,144)	30,525	14,705	27,200	-	153,022	213,145	133,428
Transfers:	2,439,902	2,346,927							(273,949)	(221,666)
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	1,746,400
Special items:	-	-	-	-	(3,714,105)	(1,322,772)	(451,954)	(424,026)	10,708	-
Total governmental activities	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	70,792,164
Business-type activities:										
Interest	172,081	130,876	113,934	114,948	157,225	186,161	169,752	256,486	508,670	771,375
Gain (loss) on disposition of assets	97,102	5,955	-	2,650	5,031	58,659	-	29,604	190,001	
Transfers:	(2,439,902)	(2,346,927)							273,949	221,666
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	(2,084,913)	(2,210,096)	168,657	341,801	163,484	256,823	1,024,693	291,569	1,678,520	993,041
Total primary government	\$ 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	\$ 71,785,205
CHANGE IN NET POSITION										
Governmental activities	\$ 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	\$(3,276,510)
Business-type activities	(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	1,916,852
Total primary government	\$(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	\$(1,359,658)

Sources: City of Longview Finance Department

TABLE 3

CITY OF LONGVIEW, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	\$ 131,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	16,992,517	-	-	-	-	-	-	-	-	-
Nonspendable		155,600	141,623	101,242	181,214	206,026	186,913	227,342	251,386	286,191
Restricted		71,183	75,884	55,046	61,289	61,408	51,590	59,194	111,478	93,022
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	4,574,904
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	14,978,334
Total general fund	\$ 17,123,608	\$ 21,448,068	\$ 19,569,692	\$ 23,383,241	\$ 20,840,224	\$ 17,613,855	\$ 18,098,491	\$ 17,550,319	\$ 19,184,004	\$ 19,932,451
All other governmental funds										
Reserved	\$ 7,029,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital Projects	5,658,710	-	-	-	-	-	-	-	-	-
Special revenue funds	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	57,489,873
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	2,694,157
Assigned		50,000	-	-	-	-	-	-	-	-
Unassigned		(316,480)	(201,248)	(153,269)	(108,269)	(61,269)	(33,179)	-	-	-
Total all other governmental funds	\$ 17,341,004	\$ 34,046,888	\$ 31,827,772	\$ 21,579,090	\$ 39,596,572	\$ 33,173,094	\$ 28,623,042	\$ 19,829,699	\$ 14,018,239	\$ 60,184,030
Total Governmental Funds	\$ 34,464,612	\$ 55,494,956	\$ 51,397,464	\$ 44,962,331	\$ 60,436,796	\$ 50,786,949	\$ 46,721,533	\$ 37,380,018	\$ 33,202,243	\$ 80,116,481

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

Sources: City of Longview Finance Department
Corresp. To page 18 Fund Financials
2018-TB1

Note: This comes from the notes to the financial statements

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CITY OF LONGVIEW, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Taxes	\$ 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	\$ 66,402,319
Licenses and permits	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	1,322,608
Fines and forfeitures	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	2,085,733
Charges for services	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	6,643,394
Intergovernmental	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	14,218,025
Investment income	231,266	208,071	211,732	243,056	351,198	357,935	345,205	411,092	583,679	1,592,439
Contractual fees	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	1,746,400
Developer participation agreements						1,813,557	302,465	1,143,500	-	-
Miscellaneous	988,656	1,106,831	812,143	745,711	780,773	1,055,569	1,512,413	753,598	947,027	923,662
Total revenues	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	94,934,580
EXPENDITURES										
General government	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	1,191,123
Public safety	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	45,432,841
Public works	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	10,525,133
Culture and recreation	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	8,054,382
Developmental services	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	1,833,006
Public welfare	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	7,379,131
Public transit	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	1,990,254
Arts and culture										
Capital outlay	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	12,502,243
Debt service:										
Principal	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	5,515,153
Interest and fiscal charges	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	2,860,183
Bond issue expenses	-									
Total expenditures	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	97,283,449

(continued)

CITY OF LONGVIEW, TEXAS

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$(6,981,136)	\$(2,699,880)	\$(4,140,636)	\$(6,667,089)	\$(8,426,824)	\$(10,102,312)	\$(14,098,753)	\$(9,355,063)	\$(4,664,094)	\$(2,348,869)
OTHER FINANCING SOURCES (USES)										
Issuance of bonds		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	-	-	51,053,865
Premium on refunded bonds					590,622	-	2,926,737	-	-	-
Proceeds from lease							1,064,637	-	-	-
Discount on refunding bonds					(224,900)	-	-	-	-	-
Sale of capital assets	67,055	67,660	32,042	62,193	39,980	41,986	26,963	13,548	25,912	24,895
Proceeds from insurance			18,876		35,586					
Proceeds from capital lease									745,934	
Chapter 380 loan disbursement	-	-	-	-	-	-	-	-	(340,000)	(260,000)
Transfers in	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	1,131,475
Transfers out	(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)	(2,349,854)
Total other financing sources (uses)	2,508,940	23,702,832	50,918	62,193	23,901,289	564,637	10,033,337	13,548	177,620	49,600,381
Special Item						(28,832)				
NET CHANGE IN FUND BALANCES	\$(4,472,196)	\$ 21,002,952	\$(4,089,718)	\$(6,604,896)	\$ 15,474,465	\$(9,566,507)	\$(4,065,416)	\$(9,341,515)	\$(4,486,474)	\$ 47,251,512
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	10.6%	10.3%	11.1%	9.8%	10.3%	9.8%	11.3%	11.2%	9.3%	9.9%

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				
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
2019	4,536,722,923	1,335,979,947	5,872,702,870	0.02	0.50990	5,872,702,870

Source: Gregg County Appraisal District & Harrison County Appraisal District

Compounded Aver GR 0.02 10.00

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
2019	0.38420	0.12570	0.50990	0.26250	1.51300	1.56830	1.52500	1.37000

Source: Tax departments of respective entities

TABLE 7

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

Taxpayer	2019	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
Komatsu Mining Corp	\$ 76,819,460	1.31%
Longview Medical/Longview Regional/Texas HCP Holding	66,540,540	1.13%
Wal-Mart Neighborhood Market/Wal-Mart Real Estate Business/Wal-mart Stores/Sam's Real Estate Business Trust/Sam's East Inc	58,318,080	0.99%
Trinity Tank Car/Trinity Industries Inc/Trinity Chemical Industries	56,587,180	0.96%
AEP Southwestern Electric Power Co/Southwestern Electric Power Co	52,976,540	0.90%
GSHS Inc/Good Shepherd Hospital/GAHC3 Longview Tx Outpatient Mob II LLC/Christus Good Shepherd	52,061,540	0.89%
CROSBY GROUP / LEBUS	46,394,730	0.79%
Nucor Steel Longview	37,483,660	0.64%
Dollar General Distribution of Texas LLC/DG Logistics LLC	34,068,150	0.58%
OHI Asset(Tx) Longview LLC	27,240,580	0.46%
HALLIBURTON ENERGY SERVICES	27,037,490	0.46%
Total	<u>\$ 535,527,950</u>	<u>9.12%</u>

Taxpayer	2010	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
LeTourneau, Inc.	\$ 162,274,910	3.06%
Well Services Division of STC	62,962,540	1.19%
Wal-Mart/Sam's	62,279,530	1.18%
Liberty Pressure Pumping	61,390,720	1.16%
Longview Medical/Longview Regional	52,527,110	0.99%
Rexam Beverage	45,139,200	0.85%
GSHS Inc/Good Shepherd Hospital	38,394,314	0.73%
AEP Southwestern Electric Power Co.	30,398,500	0.57%
Flint Hills Resources	27,630,840	0.52%
Southwestern Bell Telephone Co.	22,566,692	0.43%
Total	<u>\$ 565,564,356</u>	<u>10.68%</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
2010	25,358,256	25,015,899	98.65%	344,612	25,360,511	100.01%
2011	24,999,971	24,649,525	98.60%	295,194	24,944,719	99.78%
2012	26,295,306	25,889,469	98.46%	327,357	26,216,826	99.70%
2013	27,121,455	26,478,068	97.63%	560,703	27,038,771	99.70%
2014	26,925,880	26,465,379	98.29%	371,414	26,836,793	99.67%
2015	27,866,408	27,449,497	98.50%	307,030	27,756,527	99.61%
2016	28,371,765	27,945,789	98.50%	286,087	28,231,876	99.51%
2017	28,456,244	27,968,839	98.29%	301,894	28,270,733	99.35%
2018	28,681,454	28,217,426	98.38%	185,183	28,402,609	99.03%
2019	29,314,758	28,849,780	98.41%	-	28,849,780	98.41%

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			
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
2019	111,746,443	2,638,222	40,062,221	957,637	155,404,523	7.64%	1,903

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		
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
2019	111,746,443	2,081,517	109,664,926	1.8674%	1,343

CITY OF LONGVIEW, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2019

Government Unit	Debt Outstanding	Estimated Percentage Applicable	(1)	Estimated Share of Direct and Overlapping Debt
Total Direct Bonded Debt				
City of Longview	\$ 114,384,665	100.00%		\$ 114,384,665
Total Overlapping Debt				
Harrison County	1,640,000	04.93%		80,852
Longview Independent School District	204,388,000	72.34%		147,854,279
Pine Tree Independent School District	55,485,000	95.66%		53,076,951
Spring Hill Independent School District	39,557,000	100.00%		39,557,000
Hallsville Independent School District	63,410,000	10.13%		<u>6,423,433</u>
Total Overlapping Debt				<u>246,992,515</u>
City direct debt				<u>114,384,665</u>
Total direct and overlapping debt				<u>\$ 361,377,180</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, 2019
(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 2019 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	
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
2019	33,344,542	23,700,885	9,643,657	3,925,000	1,290,350	1.85

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>
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%
2019	81,647	20,102	2,033,663,476	24,908	4.0%

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	2019	
	Employees	Percentage of Total City Employment
Christus Good Shepherd Health System	2,532	2.71%
Eastman Chemical	1,447	1.55%
Longview Independent School District	1,400	1.50%
Wal-Mart (3 Supercenter stores)	1,057	1.13%
Longview Regional Medical Center	1,125	1.20%
Trinity Rail, LLC	960	1.03%
City of Longview	912	0.98%
Pine Tree Independent School District	680	0.73%
Komatsu	604	0.65%
Gregg County	575	0.62%
Total	11,292	12.09%
Employer	2014	
	Employees	Percentage of Total City Employment
Good Shepherd Medical Center	3,100	2.63%
Trinity Rail, LLC	1,898	1.61%
Eastman Chemical	1,552	1.32%
Longview ISD	1,212	1.03%
Wal-mart Supercenters	1,149	0.97%
Longview Regional Medical Center	951	0.81%
City of Longview	837	0.71%
Joy Global	821	0.70%
Pine Tree ISD	655	0.56%
Diagnostic Clinic of Longview	616	0.52%
Total	12,791	10.85%

Note 1: Percentage of City Employment based on Longview MSA employment of 93,408

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	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government									
Administrative services	73	73	80	84	88	90	89	87	87
Human resources	10	11	11	11	11	11	11	11	11
Finance	7	7	7	7	8	7	7	7	6
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	2	2	2	2	2	2
Building inspection	9	9	9	9	7	7	7	9	8
Environmental health	24	18	18	18	11	7	7	7	7
Developmental service	3	3	3	3	16	15	15	15	16
Animal Services	-	-	-	-	-	19	19	25	26
Other	27	34	30	32	33	33	33	35	35
Police									
Officers	177	175	175	172	172	172	172	172	175
Civilians	18	18	18	18	18	18	19	19	17
Fire									
Firefighters and officers	160	159	159	162	163	169	169	169	169
Civilians	7	9	9	9	9	9	9	9	9
Sanitation	29	31	31	31	24	29	29	29	29
Other public works					3	3	3	3	3
Engineering	6	6	6	6	4	4	4	4	6
Administration	3	4	4	4	5	5	5	5	3
Utility services	13	14	14	14	14	14	14	15	16
Streets	23	20	18	18	17	17	17	17	15
Drainage	15	18	21	23	23	24	24	24	24
Fleet services	13	13	13	13	13	13	12	13	13
Traffic maintenance	6	7	7	7	7	7	7	7	6
Facility Services	-	-	-	-	15	7	7	7	6
Beautification	-	-	-	-	-	8	8	8	7
Parks and recreation	52	53	56	56	41	41	41	40	42
Library	18	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	30	30	29	29	29	27	27
Wastewater collection	22	22	23	23	23	23	23	23	23
Wastewater treatment	21	21	21	22	22	22	22	22	22
Plant Automation	4	4	4	4	4	4	4	4	5
Transit	-	-	-	-	-	-	-	-	-
Total	811	815	821	830	834	861	860	867	868

TABLE 17

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Building permits issued	4,518	3,981	3,826	4,063	4,998	5,891	5,068	4,022	5,073	5,599
Police										
Physical arrests	4,653	4,689	5,481	4,994	4,607	4,259	4,735	4,917	5,456	3,219
Parking violations	211	217	81	32	11	3,624	419	63	434	270
Traffic violations	15,133	11,988	21,169	16,837	17,880	13,754	12,777	12,430	10,125	10,590
Fire										
Emergency responses	15,767	16,538	15,654	16,320	16,653	17,197	17,759	18,287	19,310	19,570
Fires extinguished	443	592	389	446	352	372	385	309	344	222
Inspections	3,984	3,179	1,483	912	2,214	3,978	2,739	3,960	3,259	2,959
Refuse collection										
Refuse collected (tons per day)	182	119	118	114	112	126	126	121	123	127
Recyclables collected (tons per day) Including Yard Waste Collected	27	27	30	36	27	18	21	58	54	53
Other public works										
Street resurfacing (miles)	16	15	15	29	18	17	10	9	30	31
Potholes repaired	985	927	869	1,183	1,434	1,866	1,853	1,519	1,401	1,643
Parks and recreation										
Park programs (# participants)	149,570	153,904	97,702	101,324	639,983	316,178	160,225	166,882	156,217	179,842
Facility/field/pavilion rentals	2,505	8,751	5,268	7,000	7,109	1,589	1,770	1,881	1,689	1,731
Recreation centers (# members)	739	752	1,602	1,009	976	1,230	3,225	4,842	9,616	8,559
Recreation programs (#classes)	324	379	264	280	1,903	404	339	304	308	315
Tournaments								82	79	
Library										
Volumes in collection	151,467	138,512	123,754	158,818	143,111	113,836	168,105	155,842	160,005	157,769
Water										
Service connections	28,555	28,802	28,828	29,018	29,008	29,532	29,311	29,468	29,575	29,738
Water main breaks			-			-				
Average daily consumption (thousands of gallons)	16	18	16	17	15	15	15	15	16	14
Wastewater										
Service connections	25,921	26,018	26,084	26,236	28,494	26,511	29,328	29,442	29,761	29,899
Average daily sewage treatment (thousands of gallons)	12	10	11	11	12	14	13	9	21	13
Transit***										
Total route miles	337,770	184,925	294,958	387,757	374,188	304,068	312,973	313,380	313,815	314,753
Passengers	187,026	334,935	214,803	244,150	257,341	252,232	242,356	232,303	249,671	237,504

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	-	-	-	-	-	-	-	-	-	-
Community offices	6	6	6	7	7	7	7	6	7	6
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Hydrants	3,515	3,618	3,655	3,741	3,801	3,858	3,831	3,110	3,771	3,913
Refuse collection										
Collection trucks	21	21	21	21	21	15	16	16	16	17
Other public works										
Asphalt streets (miles)	378	379	384	384.4	482	392	392	390.5	410.7	411.92
Concrete, oil dirt, brick streets (miles)	61	62	57	57.6	60	53.3	53	55	35.14	35.74
Asphalt, oil dirt alleys (miles)	9	9	9	9	1	9	9	9	9	8.27
Traffic signals	136	137	131	134	134	130	134	135	135	137
Parks and recreation										
Acreage developed	651	651	651	651.2	651.2	651.2	651.2	651.2	653.2	653.2
Acreage undeveloped	129	138	138	138.06	138.06	138.06	138.06	138.06	138.06	138.06
Playgrounds	23	24	24	24	24	24	24	24	25	25
Swimming Pools & Splash Pads										7
Fields										52
Parks										34
Libraries										
Number of libraries (public)	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	657	674	757	642.93	739	746	756	763.6	769	705
Plant capacity millions of gallons daily)	52	52	52	52	52	52	52	52	52	52
Wastewater										
Sanitary sewers (miles)	628	643	725	636.82	658	629	651	654	656.28	661
Number of lift stations	21	21	22	22	29	22	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	10	10	8	8	8	8	8	9	11

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
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
2019	29,528,952	28,575,066	5,612,697	2,772,828	66,489,543

Sources: City of Longview Finance Department

**GOVERNMENTAL
COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2019, and the related notes to the financial statements, which collectively comprise the City of Longview, Texas' basic financial statements, and have issued our report thereon dated March 27, 2020.

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.

Henry & Peters, PC

Longview, Texas
March 27, 2020





**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, 2019. The 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, 2019.

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
March 27, 2020



CITY OF LONGVIEW, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Program:				
<u>CDBG - Entitlement Grants Cluster:</u>				
Community Development Block Grants/ Entitlement Grants	14.218	B-16-MC-48-0032	\$ 504,376	\$ 335,908
<u>Housing Voucher Cluster:</u>				
Section 8 Housing Choice Vouchers	14.871	TX459VO	6,080,937	-
HUD Resident Opportunity and Supportive Services - Service Coordinator	14.870		49,382	-
HOME Investment Partnerships Program	14.239	M16-MC480227	39,797	-
Shelter Plus Care	14.238	TX0157L6T071508	219,505	-
LBPHC Lead Base Paint Hazard Control	14.900	TXLHBO706-18	22,000	-
Total U. S. Department of Housing and Urban Development			6,915,997	335,908
<u>U. S. DEPARTMENT OF JUSTICE</u>				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0711	243	-
		2017-DJ-BX-0810	1,107	-
		20158-DJ-BX-0878	7	-
Pass-Through Texas Office of the Governor, Criminal Justice Division:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0016	13,500	-
Total Edward Byrne Memorial Justice Assistance Grant Program			14,857	-
Direct Program:				
Bulletproof Vest Partnership Program	16.607	N/A	19,296	-
Victims of Crime Act Formula Grant Program	16.575	2016-VA-0033	60,316	-
Juvenile Mentoring Program	16.726	2017-JE-FX-0004	72,879	-
U.S. Marshall Service		JLEOTFS4	951	-
Pass-Through City of Dallas, Texas:				
Missing Children's Assistance	16.543	2016-MC-FX-K034	13,000	-
Total U. S. Department of Justice			181,299	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Texas Health and Human Services Commission:				
Block Grant for Treatment of Substance Abuse	93.959	2016-047883-002A	75,773	-
Total U.S Department of Health and Human Services			75,773	-

**CITY OF LONGVIEW, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(CONTINUED)**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Program:				
<u>Federal Transit Cluster:</u>				
Federal Transit Formula Grants	+ 20.507	01-TX90Y171-117-A2 01-TX90Y171-300-A3 01-TX90Y198-300-A4 01-TX90Y198-117-A3 01-TX90Y198-117-A1 01-TX90Y239-117-A1 02-TX90Y171-111-A4 02-TX90Y239-442-A4 02-TX90Y239-442-A2 01-TX340050-111-A1 01-TX95Y027-111-A1	1,054,358	-
Pass-Through Texas Department of Transportation:				
<u>Federal Transit Cluster:</u>				
Urban Bus and Bus Facilities Program	20.526	(ICB) BBF 1901(19)18	50,000	-
Total Federal Transit Cluster			1,104,358	-
<u>Highway Safety Cluster:</u>				
State and Community Highway Safety - STEP	20.600	2017-LONGVIPD-S-1YG-0031 2019-LONGVIPD-IDM-00004	37,297 6,254	-
Metropolitan Planning Organization	20.225	50-19XF0022	241,591	-
Inter City Bus Funds	+ 20.509	ICB 1703 (19) 013_16	1,092,283	-
Total U. S. Department of Transportation			2,481,783	-
<u>FEDERAL BUREAU OF INVESTIGATION</u>				
Pass-Through FBI Department of Treasury:				
Safe Streets Task Force	21.020	FBI Department of Treasury	2,651	-
Total Federal Bureau of Investigation			2,651	-
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u>				
Pass-Through Texas Department of Transportation:				
Public Assistance Grant	97.036	PA-06-TX-4266-PW-00155(0)	138,278	-
Total Federal Emergency Management Agency			138,278	-
<u>FEDERAL HIGHWAY ADMINISTRATION</u>				
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	1,298,626	-
Total Federal Highway Administration			1,298,626	-
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>				
Pass-through Texas State Library and Archives Commission				
Interlibrary Loan Lending Reimbursement Program	45.31	LS-00-18-0044-18	22,968	-
Total Institute of Museum and Library Services			22,968	-
<u>US DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-through Office of the Governor, HSGD:				
Regional Special Operations Team Enhancement Project	97.067	EMW-2017-SS-00005	110,586	-
Total US Department of Homeland Security			110,586	-
Total Expenditures of Federal Awards			<u>\$ 11,227,961</u>	<u>\$ 335,908</u>

+ Denotes Major Program

CITY OF LONGVIEW, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>
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:	<u>Unmodified</u>
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>
20.507	Federal Transit Cluster
20.205	Highway Planning and Construction Cluster
20.509	Inter City Bus Funds

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.