

The City of Longview, Washington

# **Comprehensive Annual Financial Report**

for the year ended December 31, 2014

# INTRODUCTORY SECTION

The City of Longview, Washington

# Comprehensive Annual Financial Report

for the year ended December 31, 2014



Prepared by Department of Finance

*City of Longview*  
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 For the Year Ended December 31, 2014

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# List of City Officials

## **Elective**

### **Councilmembers**

### **Expiration of Term**

Ken Botero .....	January 2016
Tom Hutchinson .....	January 2016
Don Jensen - Mayor .....	January 2016
Chet Makinster .....	January 2018
Mary Jane Melink - Mayor Pro Tem .....	January 2018
Steve Moon .....	January 2018
Mike Wallin .....	January 2016

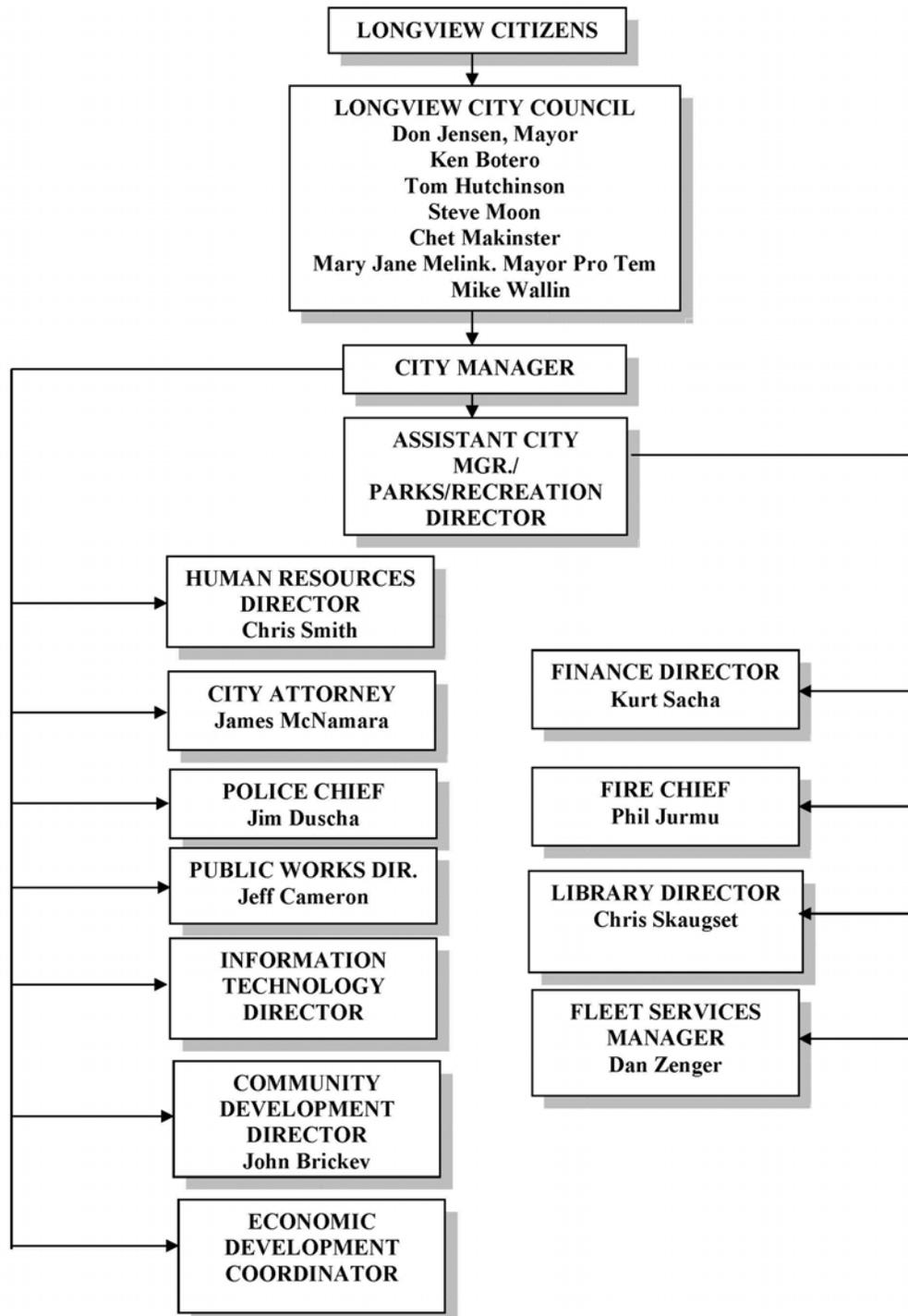
### **District Court Judges**

David Koss, Position 1 .....	January 2019
Edward Putka, Position 2 .....	January 2019
Ronald Marshall, Position 3 .....	January 2019

### **Appointive**

City Manager .....	Bob Gregory
Asst. City Manager/Director of Parks & Recreation .....	David Campbell
City Attorney .....	Jim McNamara
Police Chief .....	Jim Duscha
Fire Chief .....	Phil Jurmu
Public Works Director .....	Jeff Cameron
City Engineer .....	Craig Bozarth, P.E.
Finance Director .....	Kurt H. Sacha
Community Development Director .....	John Brickey
Library Director .....	Chris Skaugset
Information Technology Director .....	Judy Jones
Human Resources Director .....	Chris Smith

# 2014 Organization Chart for the City of Longview





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
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**City of Longview  
Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO



*Longview named one of the top ten prettiest towns in America by Forbes - March 29, 2012*

P.O. Box 128  
Longview, WA 98632-7080  
www.mylongview.com

June 25, 2015

To the Honorable Mayor and City Council, City Manager, and Citizens of the City of Longview:

We are pleased to make available to you the Comprehensive Annual Financial Report (CAFR) of the City of Longview, Washington. This report for the fiscal year January 1, 2014 to December 31, 2014 is hereby submitted as required by the Revised Code of Washington Chapter 43.09.230. The report has been prepared in accordance with generally accepted accounting principles (GAAP).

### **Introduction**

This report consists of management's representations concerning the finances of the City of Longview. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Longview has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Longview's financial statements have been audited by the Washington State Auditor's Office. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2014 are free of material misstatement. The independent audit involved examining on a test basis evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Longview's financial statements for the year ended December 31, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Longview was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government's internal controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards. The City's Single Audit Report is issued separately and is available upon request.

Another state mandate requires the Washington State Auditor's Office to perform additional tests of compliance with state laws and regulations as required by Revised Code of Washington (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the City complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirement of the State Auditor's Office. The City's State compliance report is also available separately upon request.

GAAP 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 compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

This report is presented in three sections: introductory, financial and statistical. The *introductory section* includes this transmittal letter, a table of contents, an organizational chart and list of principal City officials. The *financial section* includes the independent auditor's report prepared by the Washington State Auditor's Office, Management's Discussion and Analysis, the Government Wide Financial Statements, the Fund Financial Statements and Other Required Combining and Supplemental Information. The *statistical section*, which is unaudited, contains financial and demographic information for ten years.

### **Profile of the Government**

With a population of 37,040, the City of Longview is the largest city in Cowlitz County. Longview is located at the junction of Interstate 5 and Washington State Highways 4, 411, 432 and 433, approximately 75 miles east of the Pacific Ocean, 128 miles south of Seattle and 41 miles north of Portland, Oregon. The elevation of the city ranges from 12 to 120 feet above sea level.

Longview is a planned city built by the Long-Bell Lumber Co. between 1919 and 1927. Long-Bell Lumber, a Missouri timber company, needed more timber in the 1920s to supply its large sawmills in Louisiana and Texas. The company purchased 70,000 acres of timber in southwest Washington from Weyerhaeuser Corporation and decided to build a new mill and town nearby. The new town was named Longview to honor Robert A. Long, the chairman of Long-Bell Lumber at the time. Construction of the new town began in 1922 under the direction of Long-Bell officials and was completed in 1927. The city of Longview was incorporated in 1924.

Today, Longview is a modern non-charter code city governed under the council-manager form of government. Under the laws of the State of Washington, status as a non-charter code city confers home-rule authority upon a municipality. We have an elected seven-member city council and an appointed city manager. Council members serve four-year staggered terms, with four positions being elected first and the remaining three positions being elected two years later. The members of the City Council elect the Mayor from among their membership for a two-year term. The City Manager is the administrative head of the government with all departments reporting to him.

The City of Longview provides a full range of municipal services to its citizens. We provide: police, fire, parks and recreation, street maintenance, planning and zoning, code enforcement, information technology, nuisance abatement, library, engineering, water, sewer, storm water and sanitary services and city administration. Waste water treatment is supplied to a majority of the City's residents by a regional sewage treatment plant operated under the provisions of an interlocal agreement which includes the cities of Longview and Kelso, the Beacon Hill Water and Sewer District, and Cowlitz County. The City of Longview is a member of the following regional service agencies: the Cowlitz Transit Authority, Southwest Washington Regional Airport Authority, S.W. Washington Air Pollution Control Authority, Cowlitz Technical Services Agency, the Three Rivers Regional Wastewater Authority Board, and the Regional Water Operating Board. Cowlitz County provides our public health department, solid waste disposal, courts, combined emergency dispatch center and jail. Solid waste collection and recycling, water meter reading, ambulance services and indigent defense are contracted with private firms. Animal control is supplied under contract with the Humane Society of Cowlitz County. The City also operates a municipal golf course open to all golfers and a tennis and racquetball facility for the public. For financial reporting purposes, these services are included in the funds and account groups and their appropriation levels are established by the City Council.

Other local governmental entities offer public services to our community. The Port of Longview oversees industrial, water transfer and terminal facilities on the Columbia River. Longview School District #122,

Lower Columbia College, Eastern Washington University and Washington State University supply public educational services within the city limits and beyond. Cowlitz Public Utility District # 1 administers electric power service throughout the region. The Longview Housing Authority offers low-income housing for the community and Lower Columbia Community Action Program supports services for low-income persons. While we may participate cooperatively in various activities with other public agencies and entities, none of their operations are a part of our reporting entity. Since the City of Longview neither exercises statutory control over nor appoints a majority of the members of the various governing bodies of these agencies, they are not included within our CAFR.

The City of Longview prepares a biennial budget in accordance with RCW 35.A.34. The biennial budget serves as the foundation for the City's financial planning and control. The City prepares its budget based on the goals and objectives established in its long-range strategic planning document titled "*Longview 2023: Our Preferred Future*." The budget process begins in early summer of even-numbered years, with a workshop of the City Council.

The City Council establishes the parameters for staff to follow during the preparation of the preliminary budget. All departments are required to submit requests for appropriation. Throughout the summer and early fall, departments prepare budget estimates based upon current trends, a forecast on the effect of new programs and what is necessary to sustain those services important to the City's residents. Several workshops and public hearings are held throughout the budget process.

The City's budget is adopted by the City Council prior to December 31, the close of the City's fiscal year. Biennial budgets are adopted by the City Council for funds providing customary government services. Long-term project-orientated budgets are adopted as required and amended as additional appropriations are needed. An increase or decrease in total budgeted appropriations of a fund must be authorized by the City Council. Transfers of appropriations within a fund may be authorized by the City Manager. All budgets are accounted for on a line-item basis, with budgetary control at the departmental level within each fund.

#### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Longview operates.

**National Economy.** According to the Federal Open Committee's press release dated March 18, 2015, information suggests that economic activity in the United States has moderated somewhat. Labor market conditions have improved further, with strong job gains and a lower unemployment rate. A range of labor market indicators suggests that underutilization of labor resources continues to diminish. Household spending is rising moderately; declines in energy prices have boosted household purchasing power. Business fixed investment is advancing, while the recovery in the housing sector remains slow and export growth has weakened. Inflation has declines further below the Committee's longer-run objective, largely reflecting declines in energy prices. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations have remained stable.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that with appropriate policy accommodation, economic activity will expand at a moderate pace, with labor market indicators continuing to move toward levels consistent with the Committee's dual mandate. The Committee continues to see the risks to the outlook for economic activity and the labor market as nearly balanced. Inflation is anticipated to remain near its recent low level in the near term, but expects inflation to rise gradually toward 2 percent over the medium term as the labor market improves further and the transitory effects of energy price declines and other factors dissipate.

To support continued progress toward maximum employment and price stability, the Committee continued to reaffirm its view that current 0 to ¼ percent target range for the federal funds rate remains appropriate. Consistent with its previous remarks, the Committee judges that an increase in the target

range for the federal funds rate remains unlikely. The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term.

The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. By keeping the Committee's holdings of longer-term securities at sizable levels, should help to maintain accommodative financial conditions.

When the Committee decides to begin to remove policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent. The Committee currently anticipates that even after employment and inflation are near mandate-consistent levels, economic conditions may warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

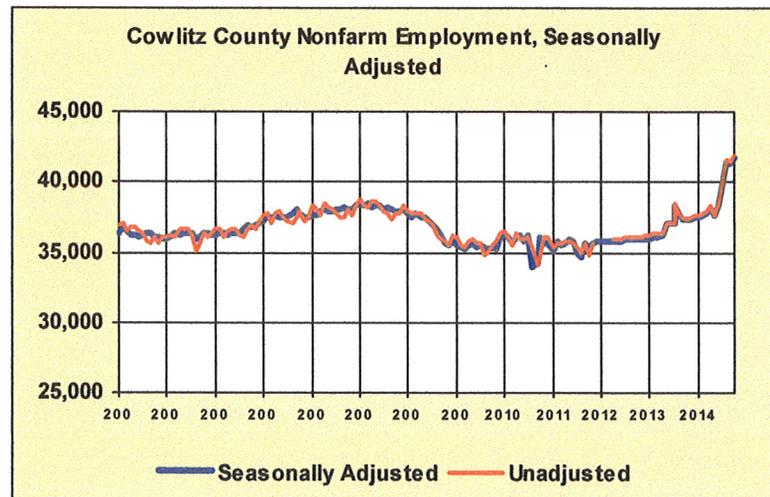
Labor market conditions significantly improved throughout 2014 and into this year. As of July 2015, the national unemployment rate has fallen to 5.5 percent.

**State Economy.** Washington's economy has been slowly accelerating, with the March year-over-year job growth above 0.4 percent. Estimates for March 2014 through March 2015 indicate an increase in employment of 100,000 (3.3%) for the state. Washington ranked 3<sup>rd</sup> in the nation in job growth. The seasonally adjusted unemployment rate for March 2015 is 5.7 percent, down from 6.3 percent in March 2014.

**Local Economy.** Regionally, there appears to be signs of optimism for employment in Southwest Washington. The local labor market is looking better. According to the U.S. Bureau of Labor Statistics estimates, Cowlitz County's non-farm employment rose by 400 jobs in March. Total employment reached 39,100. Construction, mining and logging added 200 jobs, while manufacturing, education and health services, and other services each were up 100 jobs. In addition, government employment appears to have stabilized. Over the year, job counts have grown by 2,000 jobs.

Listed herewith are the March 2014 - 2015 year-to-year adjustments in employment by occupational sector.

- **Construction, mining and logging** added 600 jobs over the year-ago level.
- **Manufacturing** increased by 300
- **Trade, transportation and utilities** increased 500 jobs.
- **Leisure and hospitality** was down 100 from a year ago.
- **Education and health services** rose by 300 jobs.
- **State and local government** jobs also increased by 100 each throughout the year.
- **Other services** were up 200 jobs from a year-ago. This sector includes information services, finance, insurance, real estate and business services.



Source: Cowlitz County Labor Market Summary

The City continued its work on a variety of multifaceted projects and programs over the past year that we believe will yield great dividends to the City and surrounding communities as the national, state and regional economies begin to recover. Participation in county and statewide economic development organizations coupled with an ongoing partnership with Weyerhaeuser Real Estate Development Company (WREDCO) at the City's Mint Farm Industrial Park have allowed Longview to position itself as a prime location for manufacturing and warehouse/distribution companies.

In 1996, the City initiated development of the Mint Farm Industrial Park on 125.6 acres of industrial land purchased from the Weyerhaeuser Company. Phase I of the development plan provided for the development of 88.2 acres for industrial sites fully serviced by road and utility infrastructure. The City of Longview is in an active partner with Weyerhaeuser Real Estate Company for master planning future phases of the entire 436-acre Mint Farm Industrial Park. During 2007-2008 WREDCO made an additional capital investment of over \$10 million including creation of a 65 acre wetland mitigation area, extension of Crocker Avenue roadway/utility improvements, and completion of North Weber Avenue roadway and utilities. In 2010, the City completed the remaining piece of the Mint Farm Industrial Park's public infrastructure- the extension of South Weber Avenue roadway and utilities. Currently, the entire property is shovel-ready for development.

Over the past decade, Longview has made significant infrastructure investments in an effort to prepare itself for the future. Together with Cowlitz County, Longview has made such strides in the area of industrial site development that it has attracted the attention of our governor, various state agencies, and economic development professionals throughout the region. The City of Longview, in partnership with Weyerhaeuser Real Estate Company offers the Mint Farm Industrial Park sites with approximately 200 net usable acres. The Port of Longview developed its West and East Park industrial sites consisting of nearly 300 acres of rail-served property. Recently, the Port of Longview purchased an additional 306 acres west of the Millenium Bulk Logistics (formerly Chinook Ventures) site for industrial development. The Port of Kalama's Kalama River Industrial Park is comprised of 75 fully serviced industrial acres in addition to its already developed 148 acres. The Port of Woodland Industrial Park and surrounding sites added nearly 180 acres of industrial land in close proximity to the Portland/Vancouver metro area. All of these sites have attracted attention in recent years, as is demonstrated by the region's ongoing recruitment efforts and the location of business and industry.

Marketing efforts for the Mint Farm Industrial Park have been rewarded with the development of several industrial plant locations and site purchases. Toyocom Devices of America completed construction of its first U.S. manufacturing facility in 2001. Based in Japan, Toyocom manufactures synthetic quartz crystals utilized in the communications industry. Toyocom's investment in its 8.5-acre facility and equipment is in excess of \$20 million. Toyocom currently operates eight autoclaves for producing crystals at the Mint Farm Industrial Park. The crystals are shipped to Japan for assembly into final products for use in mobile communications equipment, personal computers, cameras, watches and CD/DVD equipment.

Flexible Foam Products, Inc., a subsidiary of Ohio Decorative Products, manufacturer of a broad range of polyurethane foam products for the flooring, bedding, furniture, automotive and packaging industries, has been in operation since 2004. The existing 168,000 square foot facility for their polyurethane foam manufacturing and distribution operations currently employs 85 workers.

Mint Farm Energy Center, LLC, completed construction and began operation of a \$200 million, 286-megawatt power plant in January 2008. The plant produces electrical power from a combined gas-fired steam turbine, and has a maximum output of 320,000 kilowatts per hour, enough energy to supply electricity to approximately 400,000 homes. The plant employs 16 full-time, industry-qualified personnel. In December 2008, the plant was sold to Puget Sound Energy to meet the long-term energy demands of the Puget Sound Energy customer base.

The City is encouraged about the future development potential of the Mint Farm Industrial Park with SteelRiver Infrastructure Partner's 2012 purchase of 100% of the capital stock of Patriot Rail's rail short lines. The Patriot Rail Corporation of Boca Raton, Florida is a leading operator of short line and regional freight railroads. Patriot Rail is known for its ability to form strong partnerships with its customers, communities and employees. The company's mission to grow shareholder value by selectively investing, along with its private equity partners in freight railroad properties throughout North America, is expected to create additional development opportunities at the Mint Farm.

Other noteworthy industrial projects in Longview and Cowlitz County include:

- The completion of the \$250 million capital investment by EGT for a new grain elevator at the Port of Longview.
- Riverside Refinings' announcement to build an \$800 million oil refinery at the Port of Longview that would create 800 jobs.
- Millenium Bulk Logistic Company's plan for a coal export facility requiring an investment in excess of \$100 million.
- NW Innovation Works plans for a \$1.8 billion methanol project at the Port of Kalama. This project calls for 2,000 construction jobs and will employ 240 full-time workers upon completion.
- Export and Harvest States have upgraded their grain elevators at a cost \$45 million at the Port of Kalama.
- American Paper Converting 122,000 sq. ft. expansion of their manufacturing plant in Woodland.

Longview also stands to benefit from several commercial construction projects either recently completed or on the horizon for 2015. Commercial projects of note include:

- Canterbury Park Retirement Community's \$4.8 million construction of a 33-unit complex for senior living.
- A \$6.4 million renovation of the Myklebust Gym underway at Lower Columbia College.
- Stirling Honda's \$2.3 million construction and renovation for a new Honda dealership.
- Waite Specialty's \$1 million construction of a new machine shop.

Community leaders believe Cowlitz County is well positioned for continued economic success. Longview offers new and exciting opportunities with which few others can compare. Proximity to Portland, Oregon, and easy accessibility to a beautiful scenic environment give Longview a unique advantage. The Columbia River, gateway to the Pacific Ocean, abundant natural resources, and a productive labor force all attest to the reason Longview continues to be one of business and industry's top choices for location and expansion.

**Long-term financial planning.** The City of Longview will continue to use its biennial budget process to review funding priorities for the long-term operating and capital needs of the City. Based on input obtained from the Citizens Summit in January 2013 Council established the following goals:

- Provide sustainable water quality and environmental infrastructure
- Continue with their commitment toward effective financial management
- Enhance public safety and emergency response
- Strengthen economic conditions and create new opportunities
- Preserve and enhance neighborhoods
- Improve transportation systems
- Address quality of place issues

For several years the City Council has maintained the practice of fully funding utility enterprise fund activity for Water-Sewer, Sanitary/Recycling and Storm Water through regular, modest rate increases. These annual increases provide adequate funding for operations as well as for the repair and replacement of some the utility's aging infrastructure. Adhering to the City's utility rate model continues to serve

residents well as the City's utility rates remain very competitive when compared with the utility rates of other Washington cities of similar size and location.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Longview for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conforms to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The City of Longview has been the recipient of this prestigious award for the last twenty years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professional, efficient and dedicated staff of the City of Longview's accounting division. I would like to express my personal gratitude to them and to all those who contributed to the preparation of this report. I would also like to thank the members of the City Council, the City Manager and the citizens of Longview for their continued interest and support in the financial operations of the City.

Respectfully submitted,



Kurt H. Sacha  
Asst. City Manager/Finance Director



# FINANCIAL SECTION



# Washington State Auditor's Office

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 25, 2015

Mayor and City Council  
City of Longview  
Longview, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Longview, Cowlitz County, Washington, as of and for the year ended December 31, 2014, 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.

## **Opinion**

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, each major fund and the aggregate remaining fund information of the City of Longview, Cowlitz County, Washington, as of December 31, 2014, 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.

## **Matters of Emphasis**

As described in Note 1, during the year ended December 31, 2014, the City has implemented the Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 22 through 35 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.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 97 through 145 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to 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 financial statements or to the financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated June 25, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

# Management's Discussion and Analysis

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 of Longview for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

## Financial Highlights

- The assets of the City of Longview exceeded its liabilities at the close of the most recent fiscal year by \$126,997 (net position). Of this amount, \$27,185 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Longview's total net position increased by \$6,535, or 5.4% in 2014. While governmental activities increased \$5,655, business-type activities increased \$880.
- As of the close of the current fiscal year, the City of Longview's governmental funds reported combined ending fund balances of \$20,086. Approximately 64 percent, \$12,817 is unrestricted and available for spending at the government's discretion.
- At the end of the current fiscal year, the total fund balance for the general fund was \$11,137. The entire \$11,137 fund balance for the general fund was unrestricted, and represented 35 percent of total general fund expenditures.
- The City of Longview's total governmental long-term debt decreased by \$1,027 (5.8 percent) during the current fiscal year. The key factor behind this decrease was regular principal payments on outstanding bonds. Principal retirements totaling \$3,071 were processed during the current year. The net increase in business-type debt was \$9,049. The increase in business-type debt was due to the issuance of Revenue bonds in the amount of \$9,995 for sewer pump station rehabilitation and replacements and low-impact development stormwater facilities.

(See notes to the financial statements, Note 10 for information related to changes in total debt.)

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Longview's basic financial statements. The City of Longview's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Longview's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Longview's assets and deferred inflows of financial resources, as well as liabilities and deferred inflows of financial resources, with the difference between these two groups 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 of Longview is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 unused vacation leave).

Both of government-wide financial statements distinguish functions of the City of Longview that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Longview include general government, public safety, highways and streets, economic development and culture and recreation. The business-type activities of the City of Longview include a water and sewer utility, a regional water treatment plant utility, a sanitary utility, a storm water utility, public transit and a golf course-tennis/racquetball center.

The government-wide financial statements report activities only for the City of Longview itself, as there is no other organization for which the City is financially accountable.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Longview, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Longview can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Longview maintains 18 individual governmental funds. Information is presented separately for the general fund in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The general fund is the only fund considered to be a major fund. Data from the other 17 governmental funds are combined into a single, aggregated 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 of Longview adopts a biennial 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 of Longview maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Longview uses enterprise funds to account for its water-sewer, sanitary and storm water utilities, public transit, golf course and tennis/racquet center. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Longview's various functions. The City of Longview uses internal service funds to account for its fleet of vehicles, office equipment, technology and software, self-insurance program, facility maintenance, unemployment compensation and employee benefit programs. These services predominantly benefit governmental functions and have been included within governmental activities in the government-wide financial statements with the exception of certain balances that pertain to business activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water-sewer utility, sanitary utility and public transit system, all of which are considered to be major funds of the City of Longview. Conversely, the City's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Longview's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary funds reported by the City of Longview include the Firemen's Pension Trust Fund, the Northwest Health Foundation Private Purpose Trust Fund and the State Agency Fund.

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report presents certain additional information concerning the City of Longview's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Longview, assets exceeded liabilities by \$126,997 at the close of the most recent fiscal year.

By far the largest portion of the City of Longview's net position (60 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Longview uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Longview'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.

### City of Longview's Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 31,606	\$ 30,293	\$ 33,921	\$ 27,305	\$ 65,527	\$ 57,598
Capital assets	<u>49,641</u>	<u>46,572</u>	<u>89,629</u>	<u>86,774</u>	<u>139,270</u>	<u>133,346</u>
Total assets	<u>81,247</u>	<u>76,865</u>	<u>123,550</u>	<u>114,079</u>	<u>204,797</u>	<u>190,944</u>
Deferred outflows	185	200	0	0	185	200
Long-term liabilities outstanding	22,411	23,258	49,178	39,546	71,128	62,804
Other liabilities	<u>2,743</u>	<u>3,180</u>	<u>3,634</u>	<u>4,676</u>	<u>6,838</u>	<u>7,856</u>
Total liabilities	<u>25,154</u>	<u>26,438</u>	<u>52,812</u>	<u>44,222</u>	<u>77,966</u>	<u>70,660</u>
Deferred inflows	<u>19</u>	<u>23</u>	<u>0</u>	<u>0</u>	<u>19</u>	<u>23</u>
Net position:						
Invested in capital assets net of related debt	33,133	29,366	50,284	49,511	83,417	78,877
Restricted	8,184	8,857	8,211	3,070	16,395	11,927
Unrestricted	<u>14,942</u>	<u>12,380</u>	<u>12,243</u>	<u>17,277</u>	<u>27,185</u>	<u>29,657</u>
Total net position	<u>\$ 56,259</u>	<u>\$ 50,604</u>	<u>\$ 70,738</u>	<u>\$ 69,857</u>	<u>\$ 126,997</u>	<u>\$ 120,461</u>

An additional portion of the City of Longview's net position (13 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$27,185) may be used to meet the government's ongoing obligations to citizens and creditors.

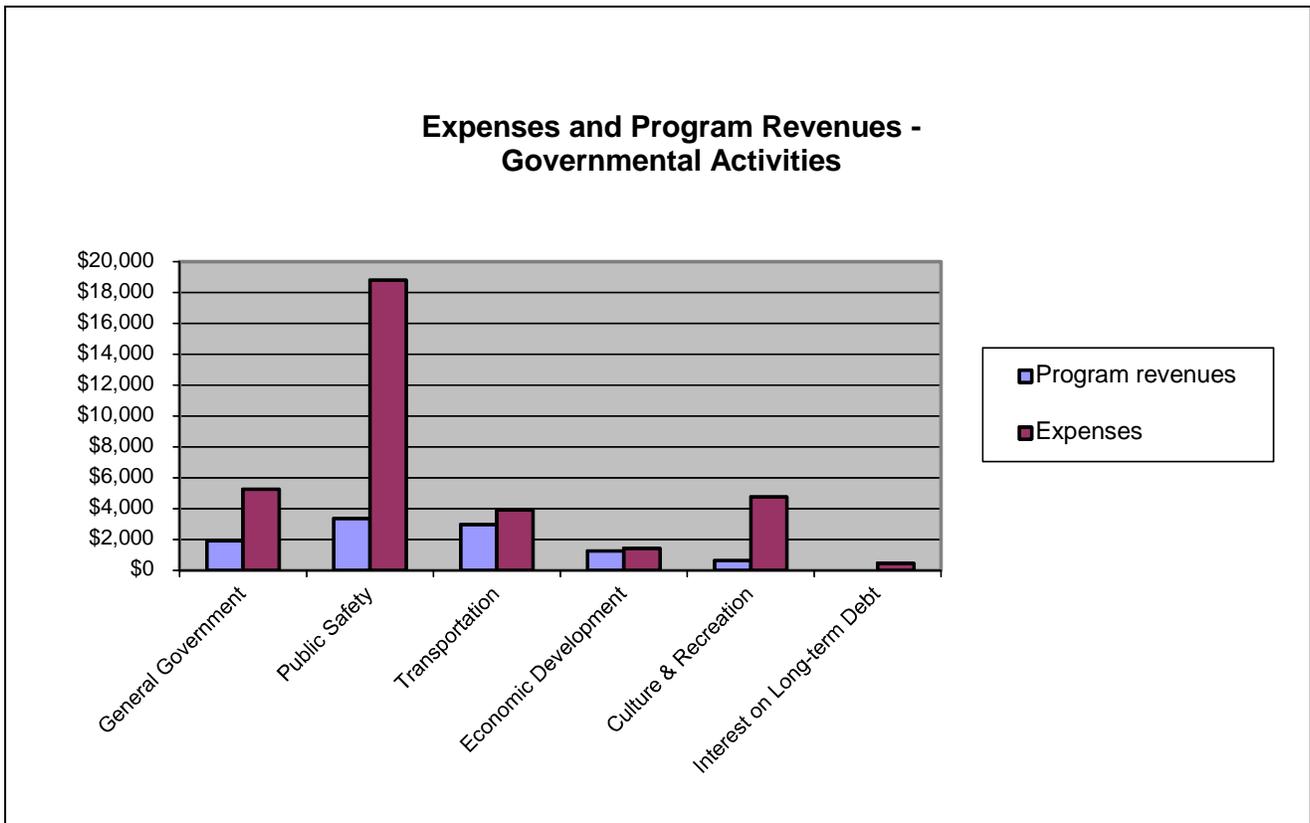
At the end of the current fiscal year, the City of Longview is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true of the prior year.

**Governmental activities.** Governmental activities increased the City of Longview's net position by \$5,434. Key elements of this increase in governmental net position are as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,643	\$ 5,439	\$ 30,751	\$ 30,207	\$ 36,394	\$ 35,646
Operating grants and contributions	1,899	2,067	1,534	2,998	3,433	5,065
Capital grants and contributions	2,563	2,452	784	833	3,347	3,285
General revenues:						
Property taxes	8,981	8,852	-	-	8,981	8,852
Sales taxes	7,546	7,442	-	-	7,546	7,442
Business/other taxes	10,040	9,908	-	-	10,040	9,908
Other	<u>1,669</u>	<u>1,032</u>	<u>45</u>	<u>(289)</u>	<u>1,714</u>	<u>743</u>
Total revenues	<u>38,341</u>	<u>37,192</u>	<u>33,114</u>	<u>33,749</u>	<u>71,455</u>	<u>70,941</u>
Expenses:						
General government	5,245	5,440	-	-	5,245	5,440
Public safety	18,792	18,127	-	-	18,792	18,127
Transportation	3,906	4,111	-	-	3,906	4,111
Economic development	1,417	1,443	-	-	1,417	1,443
Culture and recreation	4,762	4,471	-	-	4,762	4,471
Interest on long-term debt	455	670	-	-	455	670
Water-Sewer	-	-	17,459	16,820	17,459	16,820
Sanitation	-	-	4,830	4,419	4,830	4,419
Storm water	-	-	2,544	2,240	2,544	2,240
Public transit	-	-	4,885	6,993	4,885	6,993
Golf/tennis racquet	-	-	<u>624</u>	<u>655</u>	<u>624</u>	<u>655</u>
Total expenses	<u>34,577</u>	<u>34,262</u>	<u>30,342</u>	<u>31,126</u>	<u>64,919</u>	<u>65,389</u>
Increase in net position before transfers	3,764	2,930	2,772	2,623	6,536	5,552
Transfers (Note 13)	1,670	(6)	(1,670)	6	-	-
Special Items (Note xx)	-	-	-	<u>(7,423)</u>	-	<u>(7,423)</u>
Increase/(Decrease) in net position	<u>5,434</u>	<u>2,924</u>	<u>1,102</u>	<u>(4,795)</u>	<u>6,536</u>	<u>(1,871)</u>
Net position 1/1/2014	50,604	47,680	69,857	76,906	120,461	124,586
Prior period adjustments (Note 17)	221	-	(221)	(2,254)	-	(2,254)
Net position 1/1/2014 restated	<u>50,825</u>	<u>47,680</u>	<u>69,636</u>	<u>74,652</u>	<u>120,461</u>	<u>122,332</u>
Net position 12/31/2014	<u>\$ 56,259</u>	<u>\$ 50,604</u>	<u>\$ 70,738</u>	<u>\$ 69,857</u>	<u>\$ 126,997</u>	<u>\$ 120,461</u>

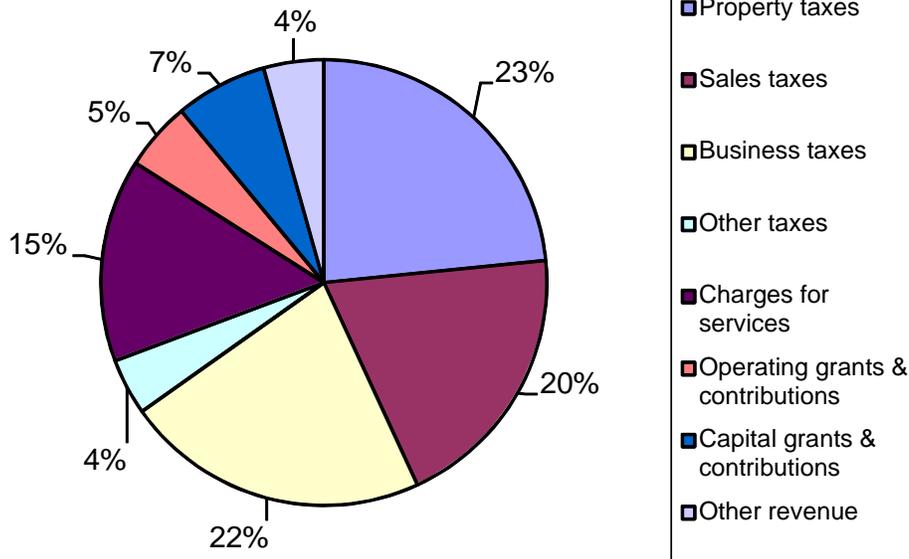
- Property taxes for 2014 increased \$129 (1.5 percent).
- Sales tax revenue increased \$104 (1.4 percent) during the year. This increase in sales tax revenue is largely attributed to increasing automotive sales.
- Business taxes decreased by \$31 (0.4 percent). Business taxes were virtually unchanged between 2013 and 2014.
- Other revenues increased \$637 (62 percent) in 2014. This increase is attributed to an increase in grant activity from the prior year, in addition to a gain realized on the disposition of assets.

The chart below illustrates the surplus or net subsidy required for different, key city programs.



The illustration above clearly demonstrates that the majority of governmental activities of the City require a subsidy by taxpayers while others such as the Economic Development activities tend to be somewhat more self-supporting. General government provides for the administrative functions of the City which include legislative, judicial, executive, legal, finance, human resources and information technology. Within public safety are the police and fire departments. Transportation includes the traffic, street maintenance and engineering departmental activities. Included within culture and recreation are the library, recreation and parks maintenance activities.

## Revenues by Source - Governmental Activities

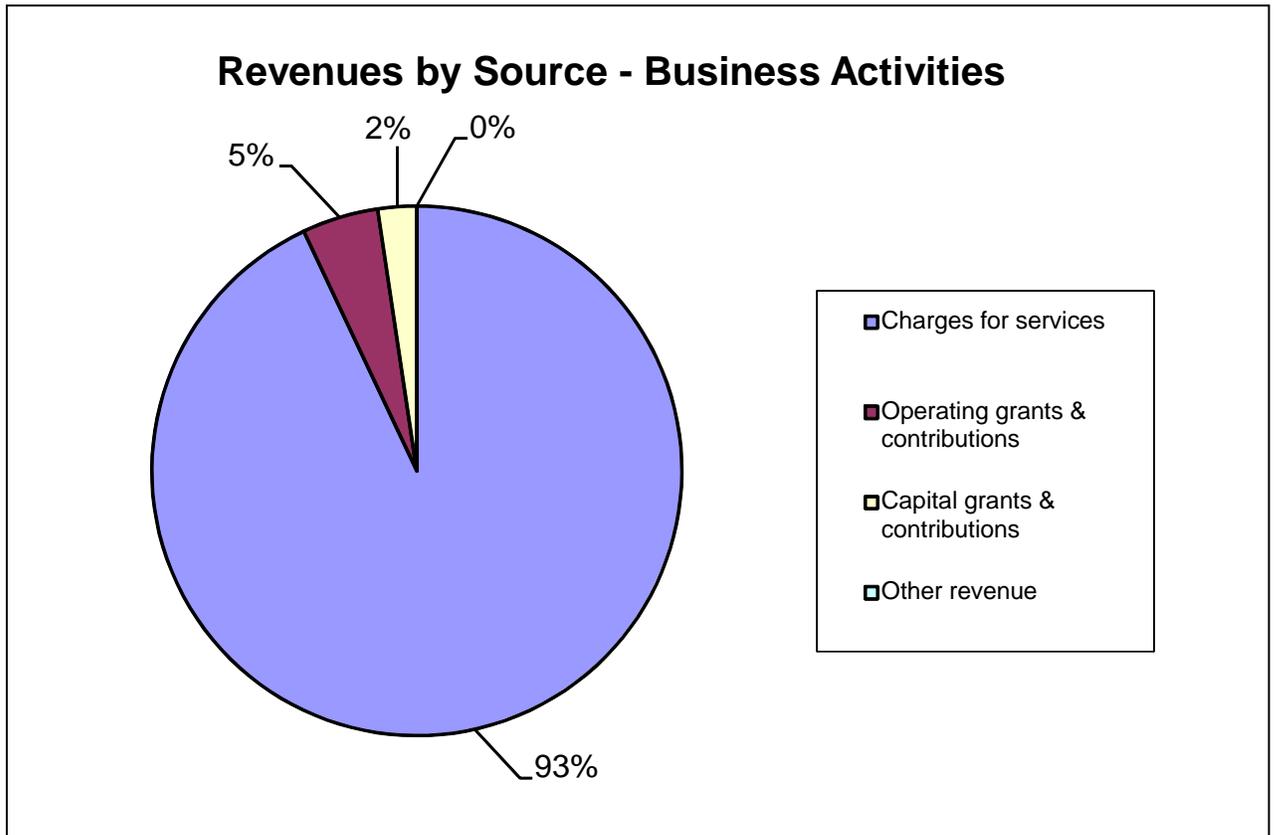


The above chart includes all revenues associated with governmental type activities. In addition to property, sales and business and occupation taxes, the above chart also includes charges for services, operating and capital grants, and contributions. As is illustrated in the above chart, property, sales and business and occupation taxes account for 65 percent of all governmental revenues.

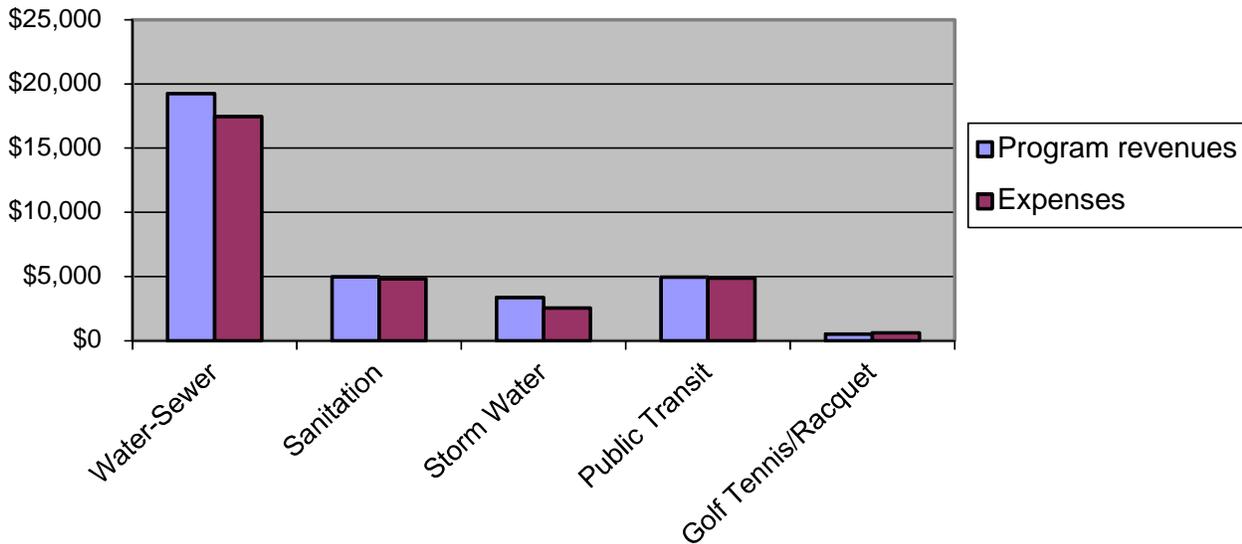
Most operating grant revenues are dedicated toward low-and-moderate income housing projects through the HOME Investment Partnership and Community Development Block Grant programs. The transportation sector receives significant support from capital grants. Under the umbrella of transportation, the City received capital grant funds for the Downtown Streetscape project. In addition, traffic safety improvements along 14<sup>th</sup> and 15<sup>th</sup> Avenue were also largely funded by capital grants provided by the U.S. Department of Transportation. The City also received transportation funding for construction of the Washington Way bridge replacement project. Construction on the Washington Way bridge replacement project is scheduled to be completed in November 2015. Beyond transportation projects, operating grant revenues provide funding for the City’s Criminal Justice Assistance Fund programs which include the Street Crimes unit, school resource officers, Highland’s satellite office, in addition to the COPS Hiring and Justice Assistance grant programs.

**Business-type activities.** Business-type activities increased the City of Longview’s net position \$1,102 in 2014. The water-sewer and sanitary fund are clearly the largest proprietary funds in the City. Their combined program revenues account for 73 percent of all business-type activities. The overall increase in net position for the water-sewer and sanitary funds for 2014 was \$0.8.

- Charges for services for business-type activities increased 1.8 percent. An increase to sanitary/recycling and stormwater rates were the primary drivers behind this increase. The sanitary/recycling portion of this increase was levied to offset the cost associated with increased tipping fees at the landfill, while stormwater rates were increased to assist in funding the low-impact development infrastructure improvements along Tennant Way.
- Public transit received \$1,640 in operating grant funds, with all but \$177 coming from the U.S. Department of Transportation.
- Capital grants and contributions accounted for \$784 in revenue for Business-type activities, which largely went toward the acquisition of new fuel efficient transit vehicles.



## Expenses and Program Revenues - Business-type Activities



### Financial Analysis of the Government's Funds

As noted earlier, the City of Longview uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of 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 of Longview's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2014, the City of Longview's governmental funds reported combined ending fund balances of \$20,086, an increase of \$191 in comparison with the prior year. Of the \$20,086 total fund balance, approximately 64 percent (\$12,817) constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable (\$5,485) or restricted (\$1,784). Amounts restricted are 1) for the purpose of fostering economic development through the granting of loans (\$485); 2) to pay debt service (\$2); 3) for enhancing public safety (\$490); 4) for promoting tourism (\$103); 6) for enhancing parks (\$695); and 7) for enhancing library service (\$9).

The general fund is the chief operating fund of the City of Longview. At the end of the current fiscal year, total fund balance of the general fund was \$11,137. All of the \$11,137 general fund balance was unrestricted and available for spending. As a measure of the general fund's liquidity, it may be

useful to compare the unrestricted fund balance to total fund expenditures. For 2014 the unrestricted fund balance represents 35 percent of total general fund expenditures.

**Proprietary funds.** The City of Longview's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water-sewer fund at the end of the year amounted to \$8,568, and the net position for the sanitary operation amounted to \$1,523. All of public transit's \$333 in net position was limited to the City's net investment in capital assets. The total increase in net position for all proprietary activity at the fund level in 2014 was \$1,102. The City of Longview has internal service funds which are reported in the fund statements.

### **General Fund Budgetary Highlights**

The amended 2013-2014 biennial budget reflects an increase of \$1,215 from the original appropriation of \$63,968. The 2013-2014 budget amendment can be summarized as follows:

- \$50 increase in grant revenue from the Washington State Department of Ecology Shorelines Master Grant Program.
- \$600 increase in sales tax revenue due to an improving economy and increase in automobile sales.
- \$565 decrease in fund balance
  
- \$395 increase in general fund expenditures for the acquisition of land to be used as a future site for the construction of a new fire station.
- \$350 increase in general fund expenditures for infrastructure repairs resulting from the Columbia Heights slide.
- \$50 increase in general fund expenditures for the Department of Ecology Shorelines Master program update.
- \$45 increase in general fund expenditures to reflect increased costs associated with the operations of the Kelso-Longview Regional Airport.
- \$375 increase in general fund expenditures for the debt service on the 2013 limited tax general obligation bond issue.

Total actual 2014 revenues in the amount of \$64,917 were 103 percent of the final budgeted 2013-14 revenues of \$63,186. Overall, 2014 revenues were \$1,731 more than projected. This was largely the result of higher than anticipated sales and business and occupation tax revenues and one-time grant revenues. Total 2014 general fund expenditures and transfers amounted to \$62,405, 4 percent less than budget.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City of Longview’s investment in capital assets for its governmental and business type activities as of December 31, 2014, amounts to \$139,269 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities and roads. The City of Longview’s investment in capital assets increased \$5,923 for the current year. The \$5,923 overall net increase in capital assets is largely due to the energy savings performance contract project that resulted in sizable increases in buildings and infrastructure.

**City of Longview’s Capital Assets  
(net of depreciation)**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	5,499	\$ 5,507	\$ 2,622	\$ 2,622	8,121	\$ 8,129
Buildings and systems	8,939	7,526	9,282	9,357	18,221	16,883
Improvements	1,423	903	49,669	47,157	51,092	48,060
Machinery and equipment	1,063	5,870	13,214	13,810	14,277	19,680
Infrastructure	28,794	21,573	-	-	28,794	21,573
Intangibles	-	-	4,064	4,064	4,064	4,064
Construction in progress	<u>3,922</u>	<u>5,193</u>	<u>10,778</u>	<u>9,764</u>	<u>14,700</u>	<u>14,957</u>
Total	<u>\$ 49,640</u>	<u>\$ 46,572</u>	<u>\$ 89,629</u>	<u>\$ 86,774</u>	<u>\$ 139,269</u>	<u>\$ 133,346</u>

Major capital asset events during the current fiscal year included the following:

- A variety of water-sewer construction projects were undertaken during the year. Water-sewer construction project expenditures for 2014 include the replacement of several valve replacements and water mains in the St. Helens neighborhood and along Washington Way; additionally, a roof replacement project at the Hillcrest reservoir was also completed in 2014. Major sewer projects included Ocean Beach Highway sewer main replacement project; in addition to sewer pump station rehabilitation projects on Douglas Street, Hudson Street, and 33<sup>rd</sup> Avenue.
- Various street infrastructure projects including the Downtown Streetscape project along Commerce Avenue began in 2014; city-wide energy efficient street lighting replacement project; a signal modification project at 14<sup>th</sup> and Broadway was also underway, in addition to pedestrian safety crosswalk improvements along 15<sup>th</sup> Avenue. Construction on the Washington Way bridge replacement project began in 2014. The City also kept up its ongoing sidewalk replacement projects.
- In 2014, the City continued with its study and evaluation of flushing alternatives for Lake Sacajawea and design of the Tennant Way streetscape project
- Field and facility improvements at 7<sup>th</sup> Avenue for Longview Girls Softball and funding for the construction of a new disc golf course at Roy Morse Park
- A variety of energy savings building, mechanical equipment and infrastructure improvements throughout the City.
- Theatre streetscape infrastructure improvements throughout historic downtown Longview.

Additional information on the City of Longview’s capital assets can be found in note 6.

**Long-term debt.** At the end of the current fiscal year, the City of Longview had total bonded debt outstanding of \$26,156. Of this amount, \$16,155 comprises debt backed by the full faith and credit of the government and \$6 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. Remaining bonds outstanding in the amount of \$9,995 are secured solely by specified revenue sources (i.e., revenue bonds).

### **City of Longview's Outstanding Debt**

#### General Obligation and Revenue Bonds

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>activities</b>		<b>activities</b>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 16,081	\$ 16,893	\$ 74	\$ 77	\$ 16,155	\$ 16,970
Special assessment debt	6	11	-	-	6	11
Revenue bonds	<u>-</u>	<u>-</u>	<u>9,995</u>	<u>-</u>	<u>9,995</u>	<u>-</u>
Total	<u>\$ 16,087</u>	<u>\$ 16,904</u>	<u>\$ 10,069</u>	<u>\$ 77</u>	<u>\$ 26,156</u>	<u>\$ 16,981</u>

The City of Longview's bonded debt increased \$9,175 (54 percent) during the current fiscal year. The key factor in this increase was the issuance of revenue bonds in the amount of \$9,995. Revenue bonds were issued to finance sewer pump station rehabilitation and replacements and low-impact development stormwater facilities. Principal in the amount of \$817 was retired during 2014.

State statutes limit the amount of non-voted general obligation debt a governmental entity may issue. The City of Longview's remaining capacity for non-voted debt is approximately \$20 million.

Additional information on the City of Longview's long-term debt can be found in note 10.

### **Economic Factors and Next Year's Budgets and Rates**

Longview's economy began to show signs of improvement this past year. Although we continue to see signs of recovery in 2014, the drawn-out recession that has resonated among cities all across America has left its mark on the area's economy. There is no question the prolonged recession has taken its toll on state and local budgets. Fortunately, we have begun to experience a modest turnaround in terms of economic recovery here in Longview. Nevertheless, expenditures are projected to outpace revenues over the next five years. Although faced with fiscal challenges, we here at the City are confident that our sound financial principles will continue to guide us as we move through this time of economic uncertainty. Council's strategic initiatives in conjunction with City's budget model aid in establishing spending priorities and allow us to leverage our fundamental economic strengths and keep us well positioned for recovery and growth opportunities.

During the 2014, the City continued its work on a variety of multifaceted programs and projects which helped it to combat much of the uncertainty surrounding the local economy. Participation in county and statewide economic development organizations coupled with an ongoing partnership with Weyerhaeuser Real Estate Development Company at the City's Mint Farm Industrial Park have allowed Longview to position itself as a prime location for industrial site developments such as

manufacturing, warehousing and distribution. Longview continues to be in the early stages of discovery and only beginning to experience success resulting from its proximity to major markets and transportation infrastructure.

The area's community leaders have known for years that Longview is at the center of a comprehensive network of import/export shipping, warehouse/distribution opportunities, and overland connections. Our on-going efforts to support and strengthen these assets have helped pave the road to a brighter future. To date, Longview and surrounding areas have made excellent progress towards strengthening its transportation infrastructure. One such example is the deepening of the Columbia River shipping channel. Completed in 2009, the project permitted the U.S. Army Corps of Engineers to deepen the Columbia River channel from its current 40 feet to 43 feet allowing vessels both inbound and outbound to load at ship capacity. At the Port of Longview, the completion of a 3.2 mile industrial rail corridor with traffic overpass signifies the Port's most important property investment in years. The Port's rail project improves traffic safety, eases congestion and allows for the completion of rail spurs that connects new property owners to the rail corridor. Another notable transportation project for the City of Longview and the surrounding area is the I-5 and SR-432 interchange – the gateway to Longview and its industrial base. Federal, state and local agencies banded together and secured funding allowing for smoother traffic flows and additional industrial growth. Completed in 2012, the new interchanges create better connections to existing roads, increase capacity, decrease congestion and improve safety.

Longview witnessed modest increases in tax revenue in 2014. Overall tax revenue increased 1.4% percent for the year. The increase in tax revenue is primarily due to improved automobile sales and a bump in utility rates leading to higher utility tax revenue.

During the current year, unreserved fund balance in the general fund increased \$1,019. This increase in fund balance is the result of higher than anticipated revenues combined with expenditure savings on personnel costs, employee health insurance premiums and energy costs from the implementation of energy efficient conservation measures.

For 2014, Longview's utility customers saw the average monthly combined water/sewer/garbage and storm water rate increase 4.5 percent. On average, Longview's utility customers are billed \$140.61 monthly for water, sewer, sanitary/recycling and storm water utilities. This combined rate increase was necessary to sustain Longview's sound fiscal policies and to provide for the utility's capital investments, in addition to offsetting the inflationary cost increases experienced in each of the City's utilities. In April 2013, Longview's citizens witnessed completion of the City's \$33 million Mint Farm Regional Water Supply Project designed to satisfy customer demand for water for at least the next twenty years.

Ongoing challenges for Council and staff continue as we struggle to find that balance between meeting the service demands of our citizens while at the same time acknowledging the call for lower taxes and fees. A strategic Pacific Rim transportation hub, proximity to Portland, Oregon combined with the City's on-going development of the Mint Farm Industrial Park with industrial sites fully serviced by road and utility infrastructure and the City's significant investment in water/sewer infrastructure provide great cause for optimism and serve as the foundation to economic revitalization for all of Longview and its citizens.

A copy of the City's 2015-2016 biennial budget is available and can be viewed on our web site at [www.mylongview.com](http://www.mylongview.com) . The budget offers full details of the City's revenue sources and program expenditures over the two-year biennium.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Longview's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be obtained via the internet at [Asklongview.com](http://Asklongview.com) or by mail at the Department of Finance, City of Longview, PO Box 128, Longview, Washington 98632.



# Basic Financial Statements

City of Longview

STATEMENT OF NET POSITION

As of December 31, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash	\$1,041,858	\$210,267	\$1,252,125
Investments	18,841,746	15,978,902	34,820,648
Restricted investments	0	8,210,966	8,210,966
Receivables, net	4,527,182	7,729,469	12,256,651
Internal balances (Note 13)	(100,079)	100,079	0
Due from other governments	6,883,354	1,322,453	8,205,807
Inventory/prepayments	0	290,109	290,109
Assets held for resale	0	78,379	78,379
Actuarial funding surplus (Note 7-C)			
Net pension obligation	66,722	0	66,722
Net healthcare obligation	345,389	0	345,389
Capital assets (Note 6)			
Land, intangibles & construction in prog.	9,421,067	17,463,727	26,884,794
Other capital assets, net of depreciation	40,219,429	72,165,422	112,384,851
<b>TOTAL ASSETS</b>	<b>81,246,668</b>	<b>123,549,773</b>	<b>204,796,441</b>
<b>DEFERRED OUTFLOWS</b>			
Deferred loss on bond refundings	184,791	0	184,791
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>184,791</b>	<b>0</b>	<b>184,791</b>
<b>LIABILITIES</b>			
Accounts payable	1,470,958	1,283,314	2,754,272
Due to other governments	2,043	1,336,465	1,338,508
Accrued liabilities	1,115,388	360,927	1,476,315
Other current liabilities	154,074	652,907	806,981
Long-term liabilities (Note 10)			
Special assessment debt with government commitment due within one year	6,000	0	6,000
Other debt due within one year	2,478,980	4,624,719	7,103,699
Other debt not due within one year	19,926,159	44,553,603	64,479,762
<b>TOTAL LIABILITIES</b>	<b>25,153,602</b>	<b>52,811,935</b>	<b>77,965,537</b>
<b>DEFERRED INFLOWS</b>			
Payments received in advance	19,009	0	19,009
<b>TOTAL DEFERRED INFLOWS</b>	<b>19,009</b>	<b>0</b>	<b>19,009</b>
<b>NET POSITION</b>			
Net investment in capital assets	33,132,744	50,284,183	83,416,927
Restricted for:			
Debt service	5,438,120	736,200	6,174,320
Economic development	524,706	0	524,706
Capital projects	300,000	7,474,767	7,774,767
Criminal justice	1,404,086	0	1,404,086
Culture & recreation	394,853	0	394,853
Tourism promotion	103,337	0	103,337
Nonexpendable endowments	18,802	0	18,802
Unrestricted	14,942,200	12,242,688	27,184,888
<b>TOTAL NET POSITION</b>	<b>\$56,258,848</b>	<b>\$70,737,838</b>	<b>\$126,996,686</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$5,245,001	\$1,899,801	\$4,517	\$870	(\$3,339,813)		(\$3,339,813)
Public safety	18,792,086	2,702,844	647,478	0	(15,441,764)		(15,441,764)
Transportation	3,906,118	55,621	520,126	2,392,935	(937,436)		(937,436)
Economic development	1,416,864	559,952	567,819	116,083	(173,010)		(173,010)
Culture and recreation	4,761,466	424,444	159,269	53,504	(4,124,249)		(4,124,249)
Interest on long-term debt	455,425	0	0	0	(455,425)		(455,425)
Total governmental activities	<u>34,576,960</u>	<u>5,642,662</u>	<u>1,899,209</u>	<u>2,563,392</u>	<u>(24,471,697)</u>		<u>(24,471,697)</u>
Business-type activities:							
Water-sewer	17,458,941	19,016,356	0	230,796		\$1,788,211	1,788,211
Sanitation	4,830,205	4,942,746	37,428	0		149,969	149,969
Public transit	4,884,722	3,313,258	1,086,605	553,014		68,155	68,155
Storm water	2,544,560	2,962,860	409,465	0		827,765	827,765
Golf/misc. athletics	623,832	515,960	0	0		(107,872)	(107,872)
Total business-type activities	<u>30,342,260</u>	<u>30,751,180</u>	<u>1,533,498</u>	<u>783,810</u>		<u>2,726,228</u>	<u>2,726,228</u>
Total government	<u>\$64,919,220</u>	<u>\$36,393,842</u>	<u>\$3,432,707</u>	<u>\$3,347,202</u>	<u>(24,471,697)</u>	<u>2,726,228</u>	<u>(21,745,469)</u>
General revenues:							
Taxes:							
Property					8,980,617	0	8,980,617
Business					8,464,856	0	8,464,856
Sales					7,546,449	0	7,546,449
Excise					1,503,945	0	1,503,945
Gambling					71,019	0	71,019
Non program specific grants/contributions					1,210,414	0	1,210,414
Gain on asset dispositions					406,405	0	406,405
Unrestricted investment earnings					41,255	45,299	86,554
Miscellaneous					10,667	0	10,667
Transfers (Note 13)					1,669,825	(1,669,825)	0
Total general revenues and transfers					<u>29,905,452</u>	<u>(1,624,526)</u>	<u>28,280,926</u>
Change in net position					<u>5,433,755</u>	<u>1,101,702</u>	<u>6,535,457</u>
Beginning net position as previously reported					50,603,761	69,857,468	120,461,229
Prior period adjustment (Note 17)					221,332	(221,332)	0
Beginning net position, restated					<u>50,825,093</u>	<u>69,636,136</u>	<u>120,461,229</u>
Net position - ending					<u>\$56,258,848</u>	<u>\$70,737,838</u>	<u>\$126,996,686</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

As of December 31, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$88,992	\$691,918	\$780,910
Investments	8,843,587	3,687,824	12,531,411
Receivables (net)			
Taxes	3,355,228	140,328	3,495,556
Accounts	68,831	7,724	76,555
Assessments	0	260,345	260,345
Notes and contracts	0	171,453	171,453
Due from other funds	516,781	37,857	554,638
Interfund loans receivable	565,000	0	565,000
Due from other governments	0	6,883,354	6,883,354
Total assets	<u>13,438,419</u>	<u>11,880,803</u>	<u>25,319,222</u>
<b>LIABILITIES</b>			
Accounts payable	416,610	877,988	1,294,598
Due to other funds	415,167	119,824	534,991
Interfund loans payable	0	565,000	565,000
Due to other governments	953	274	1,227
Accrued wages payable	983,405	23,528	1,006,933
Other current liabilities	3,893	150,130	154,023
Total liabilities	<u>1,820,028</u>	<u>1,736,744</u>	<u>3,556,772</u>
<b>DEFERRED INFLOWS</b>			
Unavailable revenue-property taxes	461,884	0	461,884
Other unavailable revenue	0	1,195,336	1,195,336
Payments received in advance	19,010	0	19,010
Total deferred inflows	<u>480,894</u>	<u>1,195,336</u>	<u>1,676,230</u>
<b>FUND BALANCES</b>			
Nonspendable	0	5,485,200	5,485,200
Restricted	0	1,783,908	1,783,908
Committed	0	780,172	780,172
Assigned	0	1,645,597	1,645,597
Unassigned	11,137,497	(746,154)	10,391,343
Total fund balances	<u>11,137,497</u>	<u>8,948,723</u>	<u>20,086,220</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

*City of Longview*

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO  
NET POSITION FOR GOVERNMENTAL ACTIVITIES**

As of December 31, 2014

<i>Total fund balances from the Governmental Funds Balance Sheet</i>	\$20,086,220
Capital assets do not meet the definition of current financial resources regarding governmental activities, and therefore are not shown on their fund level balance sheets. This amount reflects the total investment in capital assets, net of accumulated depreciation, and does not include assets from internal service funds which are addressed below.	43,775,463
Other long-term assets are not available to pay for expenditures of the current period, and therefore revenue is deferred in fund statements.	2,170,185
Long-term liabilities, primarily bonds payable, are not due within the current reporting period. Therefore, these liabilities not reported in the balance sheet of governmental funds.	(19,763,926)
Internal service funds are used by management to charge the costs of certain activities which are predominately governmental in nature. The net assets of certain internal service funds are included as governmental activities in the statement of net position.	12,020,703
Net actuarial funding differences for pension and healthcare obligations not included in the balances of governmental fund statements.	(1,965,665)
Accrued interest payable on long-term obligations.	(64,132)
<i>Total net position from the Statement of Net Position</i>	<u><u>\$56,258,848</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the year ended December 31, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$25,752,518	\$860,479	\$26,612,997
Licenses and permits	804,455	0	804,455
Intergovernmental	1,988,699	2,898,350	4,887,049
Charges for services	3,179,550	31,359	3,210,909
Fines	591,405	1,037,373	1,628,778
Miscellaneous			
Interest earnings	22,528	13,830	36,358
Space and facilities rentals	111,396	23,784	135,180
Contributions from private sources	95,547	113,785	209,332
Special assessments	0	6,461	6,461
Other miscellaneous	15,818	129,318	145,136
<b>Total revenues</b>	<b>32,561,916</b>	<b>5,114,739</b>	<b>37,676,655</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	5,349,189	52,612	5,401,801
Public safety	17,295,467	1,033,280	18,328,747
Transportation	2,778,935	23,530	2,802,465
Economic environment	789,958	680,705	1,470,663
Culture and recreation	4,279,044	76,922	4,355,966
Capital outlays	901,720	3,457,240	4,358,960
<b>Debt service:</b>			
Principal	29,800	997,589	1,027,389
Interest and other debt service costs	29,299	426,126	455,425
<b>Total expenditures</b>	<b>31,453,412</b>	<b>6,748,004</b>	<b>38,201,416</b>
Excess (deficiency) of revenues over (under) expenditures	1,108,504	(1,633,265)	(524,761)
<b>Other financing sources (uses):</b>			
Proceeds from disposition of capital assets	1,500	633,903	635,403
Transfers in	573,672	1,163,714	1,737,386
Transfers out	(664,768)	(992,119)	(1,656,887)
<b>Total other financing sources (uses)</b>	<b>(89,596)</b>	<b>805,498</b>	<b>715,902</b>
Net change in fund balances	1,018,908	(827,767)	191,141
Fund balance, January 1	10,118,589	9,776,490	19,895,079
<b>Fund balance, December 31</b>	<b>\$11,137,497</b>	<b>\$8,948,723</b>	<b>\$20,086,220</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

*City of Longview*

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

For the year ended December 31, 2014

<i>Net change in fund balances from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances</i>	\$191,141
Governmental funds report capital outlays as expenditures while they are reported as assets with their cost allocated to depreciation expense over their useful lives in the statement of activities. This amount reflects the net activities for capital asset reported at the government-wide level.	3,237,065
Long-term liabilities are not reported in governmental fund statements. This amount reflects the net activities for long-term liabilities reported at the government-wide level.	892,189
Revenues in the statement of activities that do not provide current financial resources that are reported as deferred revenue at the fund level.	512,523
The effect of internal service fund activity is eliminated in the government-wide statement of activities. This amount is that portion of internal service fund changes in net assets that is attributable to governmental activities.	746,371
Items below reflect expense adjustments not in the current financial resources measurement focus of governmental funds.	
Accrual adjustment for net pension and net healthcare obligations.	(150,293)
Accrual adjustment for interest payable.	4,759
<i>Change in net position from the Statement of Activities</i>	<u><u>\$5,433,755</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MAJOR GOVERNMENTAL FUNDS

For the biennium through December 31, 2014

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$49,345,350	\$49,945,350	\$51,243,912	\$1,298,562
Licenses and permits	1,616,540	1,616,540	1,601,989	(14,551)
Intergovernmental	2,881,520	2,931,520	3,665,734	734,214
Charges for services	7,163,110	7,163,110	6,688,420	(474,690)
Fines	1,253,950	1,253,950	1,239,944	(14,006)
Miscellaneous:				
Interest earnings	27,480	27,480	49,752	22,272
Space and facilities rentals	147,980	147,980	199,694	51,714
Contributions from private sources	77,500	77,500	181,082	103,582
Other miscellaneous	22,500	22,500	46,136	23,636
<b>Total revenues</b>	<b>62,535,930</b>	<b>63,185,930</b>	<b>64,916,664</b>	<b>1,730,734</b>
Expenditures:				
Current:				
General government	9,471,300	9,471,300	10,557,121	(1,085,821)
Public safety	33,961,310	33,961,310	34,168,224	(206,914)
Transportation	6,000,120	6,045,120	5,547,961	497,159
Economic environment	2,191,130	2,241,130	1,540,799	700,331
Culture and recreation	9,314,420	9,314,420	8,494,334	820,086
Capital outlays	169,040	914,040	1,020,482	(106,442)
Debt service:				
Principal	59,790	59,790	59,074	716
Interest and fiscal charges	59,880	59,880	59,108	772
<b>Total expenditures</b>	<b>61,226,990</b>	<b>62,066,990</b>	<b>61,447,103</b>	<b>619,887</b>
Excess (deficiency) of revenues over (under) expenditures	1,308,940	1,118,940	3,469,561	2,350,621
Other financing sources (uses):				
Capital asset disposition proceeds	0	0	2,650	2,650
Transfers in	0	0	575,582	575,582
Transfers out	(2,741,040)	(3,116,040)	(958,112)	2,157,928
<b>Total other fin. sources (uses)</b>	<b>(2,741,040)</b>	<b>(3,116,040)</b>	<b>(379,880)</b>	<b>2,736,160</b>
Net change in fund balances	(1,432,100)	(1,997,100)	3,089,681	5,086,781
Fund balance, January 1, 2013	8,047,816	8,047,816	8,047,816	0
<b>Fund balance, December 31, 2014</b>	<b>\$6,615,716</b>	<b>\$6,050,716</b>	<b>11,137,497</b>	<b>\$5,086,781</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

As of December 31, 2014

Page 1 of 2

	WATER- SEWER	SANITARY	PUBLIC TRANSIT
<b>ASSETS</b>			
Current assets:			
Cash	\$78,004	\$40,543	\$42,495
Investments	12,169,691	1,112,796	891,406
Receivables, net	2,739,055	611,141	214
Due from other funds	186,776	128,926	54,770
Due from other governments	346,430	5,069	614,869
Inventory	290,109	0	0
Total current assets:	<u>15,810,065</u>	<u>1,898,475</u>	<u>1,603,754</u>
Noncurrent assets:			
Restricted investments	8,210,966	0	0
Noncurrent receivables	4,016,815	0	0
Assets held for resale	78,379	0	0
Capital assets:			
Land	1,367,668	0	37,400
Buildings	12,590,688	0	749,468
Improvements other than buildings	78,859,572	0	111,578
Machinery and equipment	16,800,604	17,437	6,203
Intangibles	4,064,024	0	0
Construction in progress	9,800,356	0	0
Other plant assets	35,453	0	0
Less: Accumulated depreciation	(40,200,379)	(17,437)	(571,340)
Net capital assets	<u>83,317,986</u>	<u>0</u>	<u>333,309</u>
Total noncurrent assets	<u>95,624,146</u>	<u>0</u>	<u>333,309</u>
<b>TOTAL ASSETS</b>	<b><u>111,434,211</u></b>	<b><u>1,898,475</u></b>	<b><u>1,937,063</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	691,672	308,131	158,429
Due to other funds	216,018	12,106	0
Due to other governments	34,036	0	1,302,392
Accrued wages payable	156,716	18,386	95,252
Compensated absences	133,732	16,548	33,030
Customer deposits	451,963	0	0
Other current liabilities	198,138	0	1,271
Current portion of long-term obligations	4,336,133	0	0
Total current liabilities:	<u>6,218,408</u>	<u>355,171</u>	<u>1,590,374</u>
Noncurrent liabilities			
Bonds payable, net	10,555,807	0	0
Due to other governments	33,751,745	0	0
Compensated absences	82,375	20,063	13,380
Total noncurrent liabilities	<u>44,389,927</u>	<u>20,063</u>	<u>13,380</u>
<b>TOTAL LIABILITIES</b>	<b><u>50,608,335</u></b>	<b><u>375,234</u></b>	<b><u>1,603,754</u></b>
<b>NET POSITION</b>			
Net investment in capital assets	44,046,786	0	333,309
Restricted for debt service	736,200	0	0
Restricted for capital projects	7,474,766	0	0
Unrestricted	8,568,124	1,523,241	0
<b>TOTAL NET POSITION</b>	<b><u>\$60,825,876</u></b>	<b><u>\$1,523,241</u></b>	<b><u>\$333,309</u></b>

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

As of December 31, 2014

Page 2 of 2

	NONMAJOR ENTERPRISE FUNDS	ENTERPRISE TOTALS	INTERNAL SERVICE FUNDS
<b>ASSETS</b>			
Current assets:			
Cash	\$49,225	\$210,267	\$260,952
Investments	1,805,009	15,978,902	6,310,334
Receivables, net	362,244	3,712,654	10,309
Due from other funds	14,535	385,007	200,524
Due from other governments	356,085	1,322,453	0
Inventory	0	290,109	0
Total current assets:	<u>2,587,098</u>	<u>21,899,392</u>	<u>6,782,119</u>
Noncurrent assets:			
Restricted investments	0	8,210,966	0
Noncurrent receivables	0	4,016,815	0
Assets held for resale	0	78,379	0
Capital assets:			
Land	1,216,791	2,621,859	56,095
Buildings	1,524,085	14,864,241	967,533
Improvements other than buildings	6,562,683	85,533,833	604,786
Machinery and equipment	468,985	17,293,229	13,349,294
Intangibles	0	4,064,024	0
Construction in progress	977,490	10,777,846	119,634
Other plant assets	0	35,453	0
Less: Accumulated depreciation	(4,772,180)	(45,561,336)	(9,232,310)
Net capital assets	<u>5,977,854</u>	<u>89,629,149</u>	<u>5,865,032</u>
Total noncurrent assets	<u>5,977,854</u>	<u>101,935,309</u>	<u>5,865,032</u>
TOTAL ASSETS	<u>8,564,952</u>	<u>123,834,701</u>	<u>12,647,151</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	125,082	1,283,314	176,359
Due to other funds	12,152	240,276	364,904
Due to other governments	37	1,336,465	816
Accrued wages payable	90,573	360,927	44,324
Compensated absences	62,652	245,962	61,277
Customer deposits	0	451,963	0
Other current liabilities	1,535	200,944	51
Current portion of long-term obligations	3,100	4,339,233	0
Total current liabilities:	<u>295,131</u>	<u>8,459,084</u>	<u>647,731</u>
Noncurrent liabilities			
Bonds payable, net	70,667	10,626,474	0
Due to other governments	0	33,751,745	0
Compensated absences	99,090	214,908	23,368
Total noncurrent liabilities	<u>169,757</u>	<u>44,593,127</u>	<u>23,368</u>
TOTAL LIABILITIES	<u>464,888</u>	<u>53,052,211</u>	<u>671,099</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,904,087	50,284,182	5,865,032
Restricted for debt service	0	736,200	0
Restricted for capital projects	0	7,474,766	0
Unrestricted	2,195,977	12,287,342	6,111,019
TOTAL NET POSITION	<u>\$8,100,064</u>	<u>\$70,782,490</u>	<u>\$11,976,051</u>
Less: Business-type net position used in Internal Service Fund activities		(44,652)	
Net position of business-type activities		<u>\$70,737,838</u>	

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

*City of Longview*

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

For the year ended December 31, 2014

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	<b>ENTERPRISE</b>		
	<b>WATER- SEWER</b>	<b>SANITARY</b>	<b>PUBLIC TRANSIT</b>
<hr/>			
Operating revenues:			
Charges for services	\$18,986,035	\$4,914,581	\$3,284,205
Miscellaneous	3,101	8,065	25,837
<b>Total operating revenues</b>	<b>18,989,136</b>	<b>4,922,646</b>	<b>3,310,042</b>
<hr/>			
Operating expenses:			
Cost of sales and services	12,246,178	4,186,615	4,391,425
Administration	1,773,227	632,696	538,045
Depreciation	3,095,590	2,491	14,815
<b>Total operating expenses</b>	<b>17,114,995</b>	<b>4,821,802</b>	<b>4,944,285</b>
<b>Operating income (loss)</b>	<b>1,874,141</b>	<b>100,844</b>	<b>(1,634,243)</b>
<hr/>			
Nonoperating revenues (expenses):			
Interest revenue	41,508	961	1,147
Interest expense	(467,343)	0	0
Operating grant revenue	0	37,428	1,639,619
Disposition of capital assets	(1,575,554)	0	0
Other	27,219	20,100	3,216
<b>Total nonoperating revenues (expenses)</b>	<b>(1,974,170)</b>	<b>58,489</b>	<b>1,643,982</b>
<hr/>			
Income (loss) before capital contributions, special items and transfers	(100,029)	159,333	9,739
Capital contributions	230,796	0	0
Transfers in	0	0	0
Transfers out	(289,300)	0	0
<b>Changes in net position</b>	<b>(158,533)</b>	<b>159,333</b>	<b>9,739</b>
<hr/>			
Beginning net position as previously reported	61,070,158	1,384,450	348,127
Prior period adjustments	(85,749)	(20,542)	(24,557)
Beginning net position, restated	60,984,409	1,363,908	323,570
<b>Net position, December 31</b>	<b>\$60,825,876</b>	<b>\$1,523,241</b>	<b>\$333,309</b>

*City of Longview*

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

For the year ended December 31, 2014

Page 2 of 2

	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTAL ENTERPRISE</b>	<b>TOTAL INTERNAL SERVICE</b>
<b>Operating revenues:</b>			
Charges for services	\$3,432,067	\$30,616,888	\$5,889,931
Miscellaneous	34,621	71,624	1,430
<b>Total operating revenues</b>	<b>3,466,688</b>	<b>30,688,512</b>	<b>5,891,361</b>
<b>Operating expenses:</b>			
Cost of sales and services	2,675,869	23,500,087	3,633,485
Administration	388,414	3,332,382	707,121
Depreciation	170,419	3,283,315	858,828
<b>Total operating expenses</b>	<b>3,234,702</b>	<b>30,115,784</b>	<b>5,199,434</b>
<b>Operating income (loss)</b>	<b>231,986</b>	<b>572,728</b>	<b>691,927</b>
<b>Nonoperating revenues (expenses):</b>			
Interest revenue	1,683	45,299	4,896
Interest expense	(3,254)	(470,597)	0
Operating grant revenue	409,465	2,086,512	1,828
Disposition of capital assets	0	(1,575,554)	12,383
Other	12,132	62,667	5,236
<b>Total nonoperating revenues (expenses)</b>	<b>420,026</b>	<b>148,327</b>	<b>24,343</b>
Income (loss) before capital contributions, special items and transfers	652,012	721,055	716,270
Capital contributions	260,447	491,243	0
Transfers in	19,582	19,582	274,218
Transfers out	(85,000)	(374,300)	0
<b>Changes in net position</b>	<b>847,041</b>	<b>857,580</b>	<b>990,488</b>
Beginning net position as previously reported	7,343,507	70,146,242	7,627,927
Prior period adjustments	(90,484)	(221,332)	3,357,636
Beginning net position, restated	7,253,023	69,924,910	10,985,563
<b>Net position, December 31</b>	<b>\$8,100,064</b>	<b>\$70,782,490</b>	<b>\$11,976,051</b>

Change in net position from proprietary activities at the fund level (above)	\$857,580
Change in net position related to business-type activities	244,122
Change in net positions from government-wide business-type activities	1,101,702

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the year ended December 31, 2014

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	ENTERPRISE		
	WATER-SEWER	SANITARY	PUBLIC TRANSIT
<b>Cash flows from operating activities:</b>			
Cash flows from customers and users	\$19,481,442	\$5,088,743	\$3,525,687
Interfund services provided	0	0	0
Cash from other sources	68,151	52,459	1,027,965
Cash paid to suppliers	(7,967,217)	(3,798,656)	(2,229,468)
Cash paid to employees	(2,939,556)	(369,871)	(1,730,636)
Interfund services used	(2,050,701)	(270,790)	(1,127,078)
Cash paid for taxes and other penalties	(1,527,791)	(522,150)	(622)
<b>Net cash provided (used) by operating activities</b>	<b>5,064,328</b>	<b>179,735</b>	<b>(534,152)</b>
<b>Cash flows from noncapital financing activities:</b>			
Transfer (in) from other funds	0	0	0
Transfer (out) to other funds	(274,218)	0	0
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(274,218)</b>	<b>0</b>	<b>0</b>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from debt issuances	11,502,425	0	0
Collection of noncurrent receivables	259,639	0	0
Payments of debt principal	(2,424,973)	0	0
Proceeds from sale of capital assets	0	0	0
Capital contributions	213,071	0	0
Purchase of capital assets	0	0	0
Construction	(8,242,625)	0	0
Interest paid	(467,343)	0	0
<b>Net cash provided (used) by capital and related financing activities</b>	<b>840,194</b>	<b>0</b>	<b>0</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments	6,718,710	100,000	1,440,000
Purchase of investments	(12,320,000)	(260,000)	(880,000)
<b>Net cash provided (used) by investing activities</b>	<b>(5,601,290)</b>	<b>(160,000)</b>	<b>560,000</b>
Net cash increase (decrease)	29,014	19,735	25,848
Cash and restricted cash, January 1	48,990	20,807	16,648
<b>Cash and restricted cash, December 31</b>	<b>\$78,004</b>	<b>\$40,542</b>	<b>\$42,496</b>

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the year ended December 31, 2014

Page 2 of 4

	ENTERPRISE		
	WATER- SEWER	SANITARY	PUBLIC TRANSIT
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
<b>Operating income (loss)</b>	<b>\$1,874,140</b>	<b>\$100,844</b>	<b>(\$1,634,243)</b>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	3,095,590	2,491	14,815
Expensed capital projects	0	0	0
Miscellaneous nonoperating cash activity	68,151	52,459	1,027,965
(Increase) decrease from:			
Accounts & notes receivable	(67,577)	15,729	0
Due from other funds	(74,190)	98,860	(32,332)
Due from other governments	95,576	33,716	0
Inventory	29,779	0	0
Prepaid expenses	0	0	7,202
Increase (decrease) from:			
Accounts payable	64,349	6,640	53,587
Due to other funds	(47,492)	(131,249)	(88,580)
Due to other governments	(4,173)	0	(45)
Accrued wages payable	9,308	1,052	139,337
Compensated absences	4,589	(170)	(18,819)
Customer deposits	23,275	0	0
Other current liabilities	(6,997)	(637)	(3,039)
<b>Total adjustments</b>	<b>3,190,188</b>	<b>78,891</b>	<b>1,100,091</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$5,064,328</b>	<b>\$179,735</b>	<b>(\$534,152)</b>
Noncash Investing, Capital and Financing Activities			
Acquisition of capital assets on account	664,594	0	0
Capital (to) from governmental activities	84,858	0	0
Capital (to) from Water-Sewer	0	0	0
Capital (to) from nonmajor enterprise funds	(15,082)	0	0
Asset disposition receivables	0	0	0
Related party capital and debt participation	3,322	0	0
Nonoperating interest income	11,116	961	1,147

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended December 31, 2014

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	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Cash flows from operating activities:			
Cash flows from customers and users	\$3,503,974	\$31,599,846	\$285,141
Interfund services provided	0	0	5,686,658
Cash from other sources	65,513	1,214,088	7,064
Cash paid to suppliers	(681,111)	(14,676,452)	(3,498,980)
Cash paid to employees	(1,646,846)	(6,686,909)	(913,894)
Interfund services used	(619,295)	(4,067,864)	(174,033)
Cash paid for taxes and other penalties	(87,963)	(2,138,526)	(6,898)
<b>Net cash provided (used) by operating activities</b>	<b>534,272</b>	<b>5,244,183</b>	<b>1,385,058</b>
Cash flows from noncapital financing activities:			
Transfer (in) from other funds	4,500	4,500	274,218
Transfer (out) to other funds	(85,000)	(359,218)	0
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(80,500)</b>	<b>(354,718)</b>	<b>274,218</b>
Cash flows from capital and related financing activities:			
Proceeds from debt issuances	0	11,502,425	0
Collection of noncurrent receivables	0	259,639	0
Payments of debt principal	(3,309)	(2,428,282)	0
Proceeds from sale of capital assets	0	0	20,180
Capital contributions	0	213,071	0
Purchase of capital assets	(274,290)	(274,290)	(498,902)
Construction	0	(8,242,625)	0
Interest paid	(3,254)	(470,597)	0
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(280,853)</b>	<b>559,341</b>	<b>(478,722)</b>
Cash flows from investing activities:			
Proceeds from sale of investments	205,930	8,464,640	960,000
Purchase of investments	(390,000)	(13,850,000)	(2,100,000)
<b>Net cash provided (used) by investing activities</b>	<b>(184,070)</b>	<b>(5,385,360)</b>	<b>(1,140,000)</b>
Net cash increase (decrease)	(11,151)	63,446	40,554
Cash and restricted cash, January 1	60,375	146,820	220,398
<b>Cash and restricted cash, December 31</b>	<b>\$49,224</b>	<b>\$210,266</b>	<b>\$260,952</b>

City of Longview

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended December 31, 2014

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	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
<b>Operating income (loss)</b>	<b>\$231,986</b>	<b>\$572,727</b>	<b>\$691,927</b>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	170,419	3,283,315	858,828
Expensed capital projects	7,957	7,957	3,846
Miscellaneous nonoperating cash activity	65,513	1,214,088	7,064
(Increase) decrease from:			
Accounts & notes receivable	(53,400)	(105,248)	2,137
Due from other funds	(14,535)	(22,197)	(173,074)
Due from other governments	66,543	195,835	7,266
Inventory	0	29,779	0
Prepaid expenses	0	7,202	0
Increase (decrease) from:			
Accounts payable	66,788	191,364	(27,658)
Due to other funds	(11,188)	(278,509)	50,956
Due to other governments	0	(4,218)	0
Accrued wages payable	5,214	154,911	(3,622)
Compensated absences	(239)	(14,639)	(23,728)
Customer deposits	0	23,275	0
Other current liabilities	(786)	(11,459)	(8,884)
<b>Total adjustments</b>	<b>302,286</b>	<b>4,671,456</b>	<b>693,131</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$534,272</b>	<b>\$5,244,183</b>	<b>\$1,385,058</b>
Noncash Investing, Capital and Financing Activities			
Acquisition of capital assets on account	53,883	718,477	384,375
Capital (to) from governmental activities	252,490	337,348	0
Capital (to) from Water-Sewer	15,081	15,081	0
Capital (to) from nonmajor enterprise funds	0	(15,082)	0
Asset disposition receivables	0	0	7,858
Related party capital and debt participation	0	3,322	0
Nonoperating interest income	1,683	14,907	4,896

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

As of December 31, 2014

	FIREMEN'S PENSION TRUST FUND	NORTHWEST HEALTH FOUNDATION PRIVATE PURPOSE TRUST FUND	STATE AGENCY FUND
<b>ASSETS</b>			
Cash	\$32,994	\$8,291	\$122,732
Investments			
State investment pool	865,104	0	0
<b>TOTAL ASSETS</b>	<b>898,098</b>	<b>8,291</b>	<b>122,732</b>
<b>LIABILITIES</b>			
Accounts payable	1,021	0	0
Accrued wages payable	1,624	0	0
Accrued employee benefits	5,455	0	0
Due to other governments	0	0	122,732
<b>TOTAL LIABILITIES</b>	<b>8,100</b>	<b>0</b>	<b>122,732</b>
Net position held in trust for healthcare benefits	475,879	0	0
Net position held in trust for pension benefits	414,119	0	0
Net position held for private purpose trust	0	8,291	0
<b>NET POSITION</b>	<b>\$889,998</b>	<b>\$8,291</b>	<b>\$0</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the year ended December 31, 2014

	FIREMEN'S PENSION TRUST FUND	NORTHWEST HEALTH FOUNDATION PRIVATE PURPOSE TRUST FUND
<b>ADDITIONS</b>		
Contributions:		
Employer - healthcare	\$604,132	\$0
Employer - pension	119,948	0
Other miscellaneous	49,637	750
Total contributions	<u>773,717</u>	<u>750</u>
Interest income:		
Investments	695	0
Totals investment income	<u>695</u>	<u>0</u>
<b>TOTAL ADDITIONS</b>	<u>774,412</u>	<u>750</u>
<b>DEDUCTIONS</b>		
Benefits - healthcare	418,484	0
Benefits - pension	97,924	0
Administration	35,805	0
Other trust agreement payments	0	4,408
<b>TOTAL DEDUCTIONS</b>	<u>552,213</u>	<u>4,408</u>
Change in net position - healthcare	197,768	0
Change in net position - pension	24,431	0
<b>TOTAL CHANGE IN NET POSITON</b>	<u>222,199</u>	<u>(3,658)</u>
Beginning net position	<u>667,799</u>	<u>11,949</u>
Ending net position	<u>\$889,998</u>	<u>\$8,291</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**City of Longview**  
**Notes to the Financial Statements**  
**December 31, 2014**

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

The financial statements of the City of Longview have been prepared in conformance with generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board as the primary standard setting body for governmental accounting and financial reporting. The City of Longview also follows the Budgeting, Accounting, and Reporting System as developed by the Washington State Auditor's Office designed to promote uniformity among governmental reporting in the State of Washington. The following is a summary of the more significant accounting policies.

**A. Reporting Entity**

The City of Longview was incorporated on February 14, 1924, and operates under the laws of the State of Washington applicable to a Manager/Council form of government. The City of Longview is a general purpose government and provides services typical of a local municipality. As required by GAAP, the City's financial statements include financial position, results of operations and cash flows for all funds and activities controlled by or dependent upon the City. All financial reporting contained herein is of the City of Longview as the primary government.

The reporting entity of the City of Longview includes only itself, as there is no other organization for which the City is financially accountable. Financial accountability is considered to exist if an agency has voting majority of another's governing board, and also has either the ability to impose its will, or there is presence of financial benefit or burden. Financial accountability may also exist through fiscal dependency which is evidenced by a given entity's inability to approve its budget, levy taxes or set rates, or issue bonded debt without approval by another government.

**B. Government-Wide and Fund Financial Statements**

The government-wide statements, the statement of net position and the statement of activities, report activities of the primary government in its entirety with the exception of the fiduciary fund category which is only displayed in the basic financial statements at the fund level. As prescribed by GASB Statement #34, interfund activity has been eliminated or reclassified for presenting the government-wide statements. Exceptions to this general rule are transactions representing interfund services provided and used. Elimination of these activities would misstate both the expenses of the purchasing function and the program revenue of the selling function. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-like activities, which rely primarily on user fees to support their operations. This report for 2014 incorporates the implementation of GASB Statement #67 –Financial Reporting for Pension Plans.

The statement of activities displays the degree to which the direct expenses of a given function are recovered by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from the goods or services of a particular function, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other

revenue items not specifically attributable to any given function are reported instead as general revenues. Indirect costs have been eliminated within the activities of governmental and business-type funds. Such costs that cross between governmental and business-type activities have not been eliminated and are reported as an expense of the applicable function.

Financial statements are provided separately from the basic financial statements for nonmajor governmental and proprietary funds. Major governmental and enterprise funds are excluded from the financial statements for nonmajor funds as they are reported individually in the basic financial statements. For reasons stated above, the fiduciary funds listed below are reported only within the basic financial statements.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of agency funds which have no measurement focus. Under this measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Revenue for grants and similar items are recognized as soon as all imposed eligibility requirements have been met.

Governmental fund 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 if they are collected before or within 60 days after year-end as being available to pay liabilities of the current period. Major revenue sources applicable to the availability criterion are property taxes, intergovernmental revenues such as grants, and various charges for services. Expenditures generally are recorded when a liability is incurred, as under the accrual method. However, debt service, compensated absences, and claims and judgment expenditures are recorded only when payment is due.

Governmental and business-type activities follow all Governmental Accounting Standards Board (GASB) pronouncements. They also follow Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants as appropriately modified for applicability to the government environment by GASB Statement No. 62.

Interfund activity has generally been eliminated in presenting the government-wide financial statements. Those not eliminated, as stated above, include costs that cross between governmental and business-type activities. Amounts reported as program revenue include 1) charges to customers, 2) operating grants and contributions, including special assessments, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues while general revenues include all taxes. Proprietary funds report operating revenues and expenses separately from those that are non-operating. Operating revenues and expenses generally result from producing and delivering goods or services in connection with the proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating. Operating revenues for all proprietary funds consist primarily of charges to customers for sales and services. Operating expenses are comprised of personnel services, contractual services, utilities and supplies, and repairing and maintaining as well as depreciating capital assets.

The City of Longview may incur expenses for purposes where both restricted and unrestricted net position is available. In such instances as needed, it is the government's policy to use first restricted net position, then unrestricted net position if still required.

## MAJOR FUNDS

The City of Longview currently reports the following as major governmental funds:

- + The General Fund is the general operating fund of the City. It is used to account for all financial resources and transactions of the City, except those required to be accounted for in another fund.

The City of Longview currently reports the following as major proprietary funds:

- + The Water-Sewer Fund accounts for all maintenance, construction, and debt service requirements associated with providing services of the Water-Sewer System.
- + The Sanitation Fund manages the solid waste and recycling programs for the City. Each of these programs is contracted to a private firm providing residential and commercial collection services.
- + The Public Transit Fund reports all activity related to public transit services provided by the City on a cost-reimbursement basis under contract with the Cowlitz Transit Authority (see Note #15 for further detail).

The City of Longview reports these additional fund types:

- + Internal Service Funds are used to account for the financing of goods or services provided to other departments or funds of the City of Longview, or to other governmental units on a cost-reimbursement basis. These funds primarily report the City's rolling stock of equipment and the City's risk management activities.
- + Fiduciary Funds
  - The Firemen's Pension Trust Fund reports resources held in trust for members and beneficiaries of the defined benefit plan that receive postemployment healthcare benefits as well as pension benefits.
  - The Northwest Health Foundation Private Purpose Trust Fund was created to support neighborhood revitalization in the City's highlands area through a private grant.
  - The City's State Agency Fund is custodial in nature and does not report operations having no measurement focus. The State Agency Fund reports assets held for others in an agency capacity consisting mainly of district court funds held for the State of Washington.

See the Nonmajor Governmental Funds, the Nonmajor Enterprise Funds, and the Internal Service Funds sections of this report for a description of the remaining funds operated by the City of Longview.

## D. Budgets and Budgetary Accounting

1. Scope of Budget - The city prepares biennial budgets based on two annual elements for the General, Special Revenue, Capital Projects, and Permanent Trust Funds in accordance with the Municipal Code 35A.34 of the Revised Code of Washington that is on a basis consistent with generally accepted accounting principles. Proprietary fund budgets are adopted utilizing the accrual basis of accounting. Council must approve any increase in resource spending above the amounts authorized by the original budget ordinance.

Budget amounts in the basic financial statements include the original budget amounts and all appropriation transfers and adjustments approved by the city manager or council, as required. The city manager is authorized as chief executive officer to approve budget transfers from one department to another of the same fund, or between line items of the same department or fund. Only the city council has the authority to increase or decrease a given fund's annual budget, which can only be executed by city ordinance.

Biennial budgets are adopted at the level of the fund, and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

Appropriations for general, special revenue, capital projects and permanent funds lapse at the end of the biennium.

2. Procedures for Adopting the Original Budget - The City of Longview's budget procedures are mandated by RCW 35A.34. The steps in the budget process are as follows:

Mid July - Distribution of the budget worksheets and financial information reflecting two prior years actual, and the first six months of the current budget year.

Mid August - Departmental submission of preliminary budget requests and accompanying program narratives, and proposed projects to be included in the plan.

Mid August - Preparation of preliminary revenue estimates.

Mid September - City Manager's staff reviews preliminary budget requests with departments. Revenue estimates are reviewed with finance department.

Late September - City Manager reviews preliminary budget, revenue estimates are further refined, and manager's recommended budget and budget message are prepared.

October - In October, Council sets by ordinance the amount to be raised through property taxes in the ensuing year.

Early November - City Manager presents budget to the City Council.

November through early December - Budget workshops are held with council on the recommended budget. Public hearings concerning the preliminary budget are held in addition to the workshops, which are open to the public.

Mid November - Public hearing concerning proposed budget ordinance.

Second week in December - Adoption of proposed budget.  
(Proper public notice is given in advance of all public hearings.)

The final budget as adopted is published early in the ensuing year, distributed to various agencies, the Chamber of Commerce, and made available to all interested citizens.

3. Amending the Budget - The City Manager is authorized to transfer budgeted amounts between departments within any fund and object classes within departments; however, any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment, must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by a simple majority after holding two readings of the proposed ordinance amending the budget.

Budget amounts shown in the financial statements include the original budget amounts and all appropriations, transfers and adjustments approved by the City Council. Details for the current budget are presented below.

Fund	Original 2013-2014 Budget	Revisions	Revised 2013-2014 Budget
Major Funds			
General	\$ 63,968,030	\$ 1,215,000	\$ 65,183,030
Special Revenue Funds:			
Arterial Street	9,151,160	0	9,151,160
Downtown Parking	233,590	(57,000)	176,590
Economic Development	1,714,370	0	1,714,370
HOME Fund	1,122,750	0	1,122,750
CDBG Entitlement	742,500	0	742,500
Library Grant	0	1,500	1,500
Criminal Justice Assistance	1,298,910	0	1,298,910
Camera Infraction Program	463,240	235,200	698,440
Tourism	87,450	10,000	97,450
Parks and Recreation Mem. Trust	344,800	300,000	644,800
Total Special Revenue Funds	15,158,770	489,700	15,648,470
Capital Projects Funds:			
Capital Projects	660,600	400,000	1,060,600
LID Construction	3,700,000	0	3,700,000
Building Replacement	4,199,130	100,000	4,299,130
Total Capital Projects Funds	8,559,730	500,000	9,059,730
Permanent Funds			
Library Trust	2,600	0	2,600

4. Encumbrances - The City of Longview does not formally integrate encumbrance accounting into its general ledger. For operating funds, accounts not expended within the biennium lapse.

## E. Assets, Liabilities and Equities

1. Cash - The City of Longview's cash is considered to include demand deposits, petty cash, and imprest cash, but excludes unavailable deposits with trustees. The City has opted to not include its short-term highly liquid investments as cash equivalents (those investments that can be converted to cash in three months). For more information see Note #4.
2. Investments - See Note #4
3. Receivables - Taxes receivable consist of property taxes and related interest and penalties (See Property Tax Note #5). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year as applicable.

Special assessments are recorded when levied. Special assessments receivable consist of current and long-term assessments, and does not include related interest and penalties. Deferred assessments consist of unbilled special assessments that are liens against the property benefited. Delinquent special assessment receivable at year end were \$53,945.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.

4. Amounts Due to and From Other Funds; Interfund Loans Receivable and Payable - These accounts include all interfund receivables and payables. Amounts reported as due to/from other funds typically represent balances originating from interfund services provided and used, where interfund borrowings are classified as interfund loans receivable/payable. See Note #13 titled Interfund Transactions for more details.
5. Amounts Due to and from Other Governmental Units - These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes and charges for services.

The Schedule of Due from and Due to other Governmental Units as of December 31, 2014 is as follows:

*Due from Other Governments:*

<u>Agency</u>	<u>Administering Funds</u>	<u>Amount</u>
Federal	Public Transit	614,869
	Nonmajor governmental	1,015,647
State	Sanitation	5,069
	Nonmajor governmental	392,708
	Nonmajor Enterprise	356,085
Local	Water-Sewer	346,429
	Nonmajor governmental	5,475,000
TOTAL		<u>\$8,205,807</u>

*Due to Other Governments:*

<u>Agency</u>	<u>Administering Funds</u>	<u>Amounts</u>
State	General Fund	953
	Nonmajor governmental	274
	Nonmajor governmental (long-term) *	597,704
	Water-Sewer	34,036
	Water-Sewer (long-term)	33,751,745
	Water-Sewer current long-term portion	2,066,792
	Public Transit	1,302,392
	Nonmajor enterprise	37
	Internal Service Funds	816
	State Agency Fund **	122,732
TOTAL		<u>\$37,877,481</u>

\* Governmental activities reported only in the government-wide statement of net position.

\*\* Reported only at the fund level under the fiduciary fund type.

6. Inventories/Prepaid Items - Inventories in governmental funds consist of expendable materials and supplies held for consumption. Ending inventories in governmental funds are accounted for under the purchases method as an expenditure at the time of acquisition as they are generally immaterial. Prepayments are limited to subscriptions and memberships where expenditure recognition criteria has not been realized and are consequently reported as an asset using the consumption method.

Inventories in proprietary funds are valued by the weighted average method, which approximates the market value. A physical count is taken once at every year end.

7. Restricted Assets. The City of Longview reports restricted assets in connection with the issuance of revenue bonds in the Water-Sewer Fund. As of financial statement presentation date, the Water-Sewer Fund had restricted investments of \$8,210,966 comprised of \$7,474,766 for capital projects and \$736,200 for debt service..

8. Capital Assets and Depreciation

Capital assets include tangible or intangible items used in operations that have a useful life extending beyond the current operating cycle, which the City has defined as one year. Capital assets also must have an initial value of at least \$5,000. Capital assets are comprised of land and land improvements, buildings, improvements other than buildings, machinery and equipment, works of art and historical treasures, and infrastructure. Infrastructure assets are long-lived in nature that normally are immovable and can be preserved for a significant number of years beyond most capital assets. Examples include roads, bridges, signals, landscaping, sidewalks and lighting systems.

Capital assets are capitalized and depreciated in the government-wide financial statements regarding governmental assets, and in the proprietary fund statements regarding proprietary assets. This does not include land, which is never depreciated, or construction in progress, which is depreciated when completed. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements. Capital assets are valued at cost where historical cost records are available and at an estimated historical cost where such records are not available. Donated capital assets are valued at their estimated fair value at the time of donation.

Improvements that materially add to the value or extend the useful life of capital assets are capitalized. Other repairs and maintenance costs are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Assets are depreciated under the straight-line method. The classes of depreciable capital assets as well as their useful lives are as follows:

Buildings	25 – 50 years
Improvements other than buildings	25 – 50 years
Heavy vehicles and equipment	5 – 15 years
Light vehicles	2 - 15 years
Infrastructure	40 – 80 years

9. Deferred Outflows of Financial Resources – GASB Statement 65 mandates separate reporting regarding the consumption of net position that pertains to future periods. The City reports a refunding bond loss at the government-wide level for governmental activities.

10. Accumulated Unpaid Employee Leave Benefits

Sick Leave and Vacation Leave - City employees are credited with sick and vacation leave amounts monthly at rates established by City Ordinance or Union Agreement. Sick leave is accrued at 8 hours per month by employees. Vacation leave is accrued monthly to employees at annual rates ranging from 10 to 30 days, depending upon tenure and union agreements.

The contracts with employees call for the accumulation of vacation leave and sick leave. At termination of employment, employees with required length of service may receive cash payment for all accumulated vacation leave up to a maximum of 480 hours, and a percentage of the unused sick leave after a minimum of 10 years service as described below.

Vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability in the proprietary or fiduciary fund from which it will be paid, while governmental funds only report such liabilities if they have matured. All other vacation leave as well as all sick leave benefits are reported in the Employee Benefits Reserve Internal Service Fund. This fund accumulates resources for the eventual payment of these liabilities with amounts reported as disbursements from the operating funds and revenues to the Employees Benefit Reserve Fund as payments are realized by the reserve fund. In accordance with the provisions of the Governmental Accounting Standards Board's Statement #16, Accounting for Compensated Absences," no sick leave liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

The accumulated unpaid governmental and proprietary leave benefits on December 31, 2014 are listed as follows:

	VACATION	SICK LEAVE	TOTAL
Governmental	\$2,005,063	\$1,251,156	\$3,256,219
Proprietary	360,981	184,536	545,517
Pension Trust	2,849	2,605	5,454
<b>TOTAL</b>	<u>2,368,893</u>	<u>1,438,297</u>	<u>3,807,190</u>
	Proprietary Internal Service Fund amounts above reported with governmental activities		84,646

<u>YEARS OF SERVICE</u>	<u>Amount to be paid by City Resolution</u>
Less than 10 years of full time employment	None
After 10 years of full time employment	12.5% of accrued unused sick leave
After 15 years of full time employment	25.0% of accrued unused sick leave
After 20 years of full time employment	37.5% of accrued unused sick leave
After 25 years & more of full time employment	50.0% of accrued unused sick leave

Upon the death of an employee, the beneficiary shall be paid at the 50.0% rate.

11. Deferred Outflows of Financial Resources and Deferred Inflows of financial resources – GASB Statement 65 mandates separate reporting regarding the acquisition of net position that pertains to future periods. Government wide statements report collections from services that are unearned while governmental funds also report services from which collections are unavailable.
12. Long-Term Debt - See Note #10 and the Debt Capacity schedules in the Statistical Section for additional details on long-term debt.
13. Fund Equity - Governmental funds report fund equity as fund balance where proprietary funds and government-wide statements report fund equity as net position. GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes criteria for reporting governmental fund balances. This standard has not affected the total amount of reported fund balances but has substantially changed the approach to reporting their components. Fund balance is either restricted, classified as nonspendable or restricted, or it is unrestricted, classified as committed, assigned and/or unassigned. These classifications are based primarily on the extent to which the City is bound to observe constraints imposed on the use of governmental fund resources. City policy is that the City Council as the government's highest level of decision making authority must take formal action by ordinance to establish, modify, or rescind amounts reported as committed fund balance. With respect to assigned fund balances, within the City's administrative policy regarding fund balances, the City Manager, the Assistant City Manager, as well as the Finance Director have the authority to assign amounts to specific purposes. The City considers restricted amounts to have been spent when expenditures are incurred for which both restricted and unrestricted fund balance is available. Regarding amounts in the unrestricted fund balance classifications, funds are considered spent first from committed fund balance, followed by assigned, then unassigned fund balances. The City does not have a minimum fund balance policy.

The following displays the composition of governmental fund balances at year end.

	Nonmajor Funds					Total
	General	Special Revenue	Debt Service	Capital Projects	Library Memorial Trust	
Fund balances:						
Nonspendable:						
Loans/contracts receivable	0	40,000	5,435,000	0	0	5,475,000
Permanent fund principal	0	0	0	0	10,200	10,200
Restricted for:						
Tourism	0	103,337	0	0	0	103,337
Community policing	0	489,836	0	0	0	489,836
Economic loan program	0	484,706	0	0	0	484,706
Parks improvements		394,853	0	300,000	0	694,853
Culture and recreation	0	0	0	0	8,602	8,602
Debt service	0	0	2,574	0	0	2,574
Committed to:						
Traffic policing		673,164				673,164
Parking enforcement	0	107,009	0	0	0	107,009
Assigned to:						
Government buildings	0	0	0	634,041	0	634,041
General capital projects	0	0	0	247,953	0	247,953
Public safety	0	134,078	0	0	0	134,078
Economic development	0	628,922	0	0	0	628,922
Debt service	0	0	600	0	0	600
Unassigned:	11,137,497	(746,098)	(54)	0	0	10,391,345
	11,137,497	2,309,807	5,438,120	1,181,994	18,802	20,086,220

## NOTE 2 -

### GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS RECONCILIATION

#### A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet is followed by a reconciliation between the fund balances of that statement and the net position for governmental activities as found in the statement of net position. Detail to specific reconciling amounts is listed below.

#### Capital assets used in governmental fund operations not providing current fund financial resources

Capital assets used in governmental fund operations	\$77,084,410
Less: Accumulated depreciation	(33,308,947)
<b>TOTAL</b>	<b><u>\$43,775,463</u></b>

#### Long-term liabilities not due in governmental funds

Bonds payable, net	(\$16,088,837)
Deferred loss on bond refunding	184,791
Compensated absences not in ISF net position below	(3,256,176)
Due to other governments	(597,704)
Special assessment debt	(6,000)
<b>TOTAL</b>	<b><u>(\$19,763,926)</u></b>

#### Internal service fund net position reported as governmental activities

Total internal service fund net position	\$11,976,051
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Net position reported with business-type activities	44,652
TOTAL	<u>\$12,020,703</u>

**B. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

Detail reconciling the net change in fund balances for governmental funds and the change in net position from governmental activities regarding certain differences is listed below.

Capital assets capitalized and depreciated in government-wide statements

Capital outlays	\$4,358,961
Depreciation expense-Governmental fund operations	(2,334,501)
Book value of assets retired	(228,998)
Contributions to business-type activities	(260,447)
Contributions from private sources	126,496
Contributions from business-type activities	<u>1,575,554</u>
TOTAL	<u>\$3,237,065</u>

Long-term liability activity reported in government-wide statements

Debt payments expensed in fund statements	1,027,389
Amortization of refunding bond loss and bond discount/ premium	(15,330)
Compensated absences not in ISF activities below	(119,870)
TOTAL	<u>892,189</u>

Internal service fund changes in net position attributable to governmental activities

Total internal service fund changes in net position	\$990,488
Changes in net position attributable to business-type activities	<u>(244,122)</u>
TOTAL	<u>746,366</u>

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

There have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of the City of Longview. An explanation of deficit fund equity balances, as previously noted, is provided in Note #14.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

**DEPOSITS**

The City of Longview's deposits are entirely covered by Federal Depository Insurance or by the Washington Public Protection Commission Act of 1969. Deposits are guaranteed in case of default, under the act, by all other public depositories operating in the state as to both the amount on deposit plus any accrued interest. The City's consolidated cash balances as of December 31, 2014, were \$1,416,142 which consists of \$1,252,125 as shown on the Statement of Net position, and \$164,017 as reported in the Statement of Fiduciary Net position. The average daily balance maintained during the year was

\$3,006,890 which represents a compensating balance to cover banking services as no direct charges are paid by the City.

## **INVESTMENTS**

Washington State statutes authorize the City to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, bankers' acceptances, repurchase agreements, time certificates of deposit, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is not SEC-registered, but regulated under administrative policy by the Washington State Treasurer's Office with investment policies and procedures for statutory compliance approved by an oversight advisory board. The fair value of the City's position in the pool is equal to the value of the pool's shares. Additionally, the Firemen's Pension Fund is authorized to invest in obligations of Federal, State, and local government owned public utilities, and in corporate bonds rated A or better by Standard & Poor's Corporation, or A or better by Moody's Bond Ratings.

As of financial statement presentation date, the City's investments were in the Washington State Treasurer's Investment Pool (LGIP). The City's investment in the State's investment pool is not rated. However, the investment pool's investment policy limits the types of securities available for investment. These investments totaled \$43,896,718 representing their cost with a fair value equal to their carrying value. This amount consists of \$43,031,614 as shown in the Statement of Net Position, and 865,104 as reported in the Statement of Fiduciary Net position. If applicable, where fair value differs from cost, quoted market prices are used as basis to estimate fair value. The interest-rate risk assumed by the City is equal to the average maturity of the LGIP's investments, which at financial statement presentation date was 50 days. The City has no formally adopted investment policy regarding the investment risks in which it is exposed.

In accordance with generally accepted accounting principles, the City's investments are reported at fair value on the balance sheet. Consequently, any changes in the fair value of investments are recognized as revenue in the operating statement. For financial reporting, such changes in the fair value of investments have not been separated from interest income representing realized gains and losses.

## **NOTE 5 - PROPERTY TAXES**

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

	<b><u>Property Tax Calendar</u></b>
January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property taxes are recorded as a receivable when levied, offset in the fund financial statements by a deferred inflow representing amounts unavailable for expenditure. At year end, property tax revenues are recognized for collections to be distributed by the county treasurer in January. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The City of Longview may levy up to \$ 3.60 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

1. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 6 percent per year, after adjustments for new construction. If the assessed valuation increases by more than 6 percent due to revaluation, the levy rate will be decreased.
2. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

The City of Longview's property tax assessment for 2014 collection was \$3.423604 per \$1,000 on an assessed valuation of \$2,532,716,797 for a total regular levy of \$8,671,020.

## NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

### Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	5,506,797	210,087	218,370	5,498,514
Construction in progress	5,193,252	3,930,150	5,200,850	3,922,553
Total capital assets, not being depreciated	10,700,049	4,140,237	5,419,220	9,421,067
Capital assets, being depreciated:				
Buildings	14,873,622	2,390,031	113,460	17,150,193
Improvements other than buildings	2,830,862	214,203	14,425	3,030,640
Machinery and equipment	17,107,825	1,130,006	620,332	17,617,499
Infrastructure	41,091,065	3,871,292	0	44,962,357
Total capital assets being depreciated	75,903,374	7,605,532	748,217	82,760,689
Less accumulated depreciation for:				
Buildings	7,060,823	460,626	102,832	7,418,617
Improvements other than buildings	1,678,006	131,585	14,425	1,795,166
Machinery and equipment	3,769,512	1,090,025	566,604	4,292,933
Infrastructure	27,523,451	1,511,093	0	29,034,544
Total accumulated depreciation	40,031,792	3,193,329	683,861	42,541,260
Total capital assets, being depreciated, net	35,871,582	4,412,204	64,356	40,219,429
Governmental activities capital assets, net	46,571,631	8,552,441	5,483,576	49,640,496

Depreciation expense was charged to functions as follows:

General government	506,908
Public Safety	317,336
Transportation	1,709,039
Economic Environment	6,056
Culture and Recreation	653,990
Total governmental activities depreciation expense	3,193,329

## Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	2,621,858	0	0	2,621,858
Construction in progress	9,764,120	7,209,370	6,195,645	10,777,845
Intangibles	4,064,024	0	0	4,064,024
Total capital assets, not being depreciated	16,450,002	7,209,370	6,195,645	17,463,727
Capital assets, being depreciated:				
Buildings	14,540,500	323,743	0	14,864,243
Improvements other than buildings	80,910,895	4,622,940	0	85,533,835
Machinery and equipment	17,115,648	177,582	0	17,293,230
Other plant assets	35,453	0	0	35,453
Total capital assets being depreciated	112,602,496	5,124,265	0	117,726,761
Less accumulated depreciation for:				
Buildings	5,182,946	399,628	0	5,582,574
Improvements other than buildings	33,753,779	2,110,579	0	35,864,358
Machinery and equipment	3,305,845	773,108	0	4,078,953
Other plant assets	35,453	0	0	35,453
Total accumulated depreciation	42,278,023	3,283,315	0	45,561,338
Total capital assets, being depreciated, net	70,324,473	1,840,950	0	72,165,423
Business-type activities capital assets, net	86,774,475	9,050,320	6,195,645	89,629,150

Depreciation expense was charged to functions as follows:

Water-sewer	3,095,590
Sanitation	2,491
Public transit	14,815
Storm water	128,444
Golf/misc. athletics	41,975
Total business-type activities depreciation expense	3,283,315

## NOTE 7 - PENSION PLANS

Substantially all City of Longview full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, PO Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

### A. Public Employees' Retirement System (PERS)

#### Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; employees of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment.

PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes. Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977, and by either February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plans 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, will less than five years to live.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2012, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at age 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months. The monthly benefit is subject to a minimum for retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. If a survivor option is chosen, the benefit is reduced. Plan I members retiring from inactive status prior to the age of 65 may also receive actuarially reduced benefits. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan I provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains

the age 60, at which time the benefit is converted to the member's service retirement amount. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury. The survivor of a PERS Plan 1 member who dies after having earned ten years of service credit has the option, upon the member's death, of either a monthly survivor benefit or the lump sum of contributions plus interest.

Plan 2 retirement benefits are vested after the completion of five years of eligible service. Plan 2 members for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost of living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65. PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. The surviving spouse or eligible child(ren) of a PERS Plan 2 member who dies after having earned ten years of service credit has the option of either a monthly benefit or a lump sum payment of the member's contributions plus interest.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65. For fiscal 2013, the DRS' PERS Plan 3 contributions were \$99+ million while plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old and were hired before May 1, 2013, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 year old, and were hired before May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. PERS Plans 2 and 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefits amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at three percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty related death benefit is provided to the beneficiary of the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease of infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The City of Longview has no PERS employees or retirees participating in the optional Judicial Multiplier Program.

There are 1,176 participating employers participating in PERS. [1] Membership in PERS consisted of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and beneficiaries receiving benefits	85,328
Terminated plan members entitled to but not yet receiving benefits	31,047
Active plan members vested	150,706
Active plan members non-vested	<u>101,191</u>
Totals	<u>368,272</u>

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee’s age.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013 were:

	<u>PERS Plan I</u>	<u>PERS Plan II</u>	<u>PERS Plan III</u>
Employer*	9.21%	9.21%	9.21%**
Employee	6.00%	4.92%	***

- \* The employer rates include the employer administrative expense fee currently set at 0.18%.
- \*\* Plan 3 defined benefit portion only.
- \*\*\* Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the City of Longview and the employees made the required contributions. [2] The City of Longview’s required contribution for the years ended December 31, were as follows:

	<u>PERS Plan I</u>	<u>PERS Plan II</u>	<u>PERS Plan III</u>
2014	58,594	967,051	84,915
2013	91,811	1,309,947	116,987
2012	92,605	1,158,627	88,612

**B. Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans I and II**

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being the exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who

joined on or after October 1, 1977, are Plan 2 members. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to the LEOFF Plan 1 and plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' fiscal year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

<u>Term of Service</u>	<u>Percent of Final Average</u>
20+	2.0%
10-20	1.5%
5-10	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan I provides death and disability benefits. Death benefits for survivors of Plan I members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, eligible children receive 30 percent of the FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan I disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per each year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years

of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price index), capped at 3 percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A disability benefit equal to 70 percent of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are catastrophically disabled in the line of duty and incapable of future substantial gainful employment in any capacity. Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement benefit of at least 10 percent of FAX and 2 percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption

A one-time duty-related death benefit is provided to the beneficiary of the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOPP Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws. LEOPP members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following of the latest valuation date for the plans of June 30, 2013:

Retirees and beneficiaries receiving benefits	10,511
Terminated plan members entitled to but not yet receiving benefits	699
Vested active plan members	16,830
Nonvested active plan members	<u>1,600</u>
Totals	<u>29,640</u>

#### Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting July 1, 2000, Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. For DRS' fiscal year 2013, the state contributed \$54.8 million to LEOFF Plan 2. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, were:

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
Employer	0.18%	5.23%
Employee	0.00%	8.41%
State	N/A	3.36%

The employer rates include the employer administrative expense fee currently set at 0.18%.

Both the City of Longview and the employees made the required contributions. The City of Longview's required contributions for the years ended December 31, were:

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
2014	0	1,271,683
2013	0	1,241,215
2012	0	1,223,383

### C. Other Local Government Pension System - Firemen's Pension Fund

#### Plan Description:

The City of Longview is also the administrator of a pension retirement system called the Firemen's Pension Plan. The Firemen's Pension Plan is a single employer defined benefit retirement plan limited to firefighters and beneficiaries employed before March 1, 1970. It is a closed plan that provides pension and post-employment health care benefits some of which can be in excess of LEOFF benefits to LEOFF members hired prior to October 1, 1977.

No new employees have been covered by this plan since March 1, 1970. Pension obligations for all firefighters retired since March 1, 1970, whether hired before or since that same date, have been assumed by the State of Washington Law Enforcement Officers' and Firefighters' Retirement System (LEOFF), with the exception of certain minimal benefits in excess of the LEOFF benefits.

The LEOFF act provides that members are vested after five years of service and are eligible for service retirement after working a minimum of five years or more and are at least age 50. Under both LEOFF and the prior pension act (RCW 41.18), which is funded from the Firemen's Pension Fund, members are eligible for disability retirement if disabled for a minimum of six months. Under RCW 41.18, members are eligible for benefits after completing 25 years of service. Since there have been no new employees

eligible for retirement benefits under RCW 41.18 since 1970, and no new employees eligible for provisions of LEOFF I retirement since October 1, 1977, all employees are fully vested.

The Firemen's Pension Trust Fiduciary Fund is used to account for the defined benefit plan. The activities of this plan are reported using the accrual basis of accounting with benefits and refunds of the defined benefit pension plan recognized when due in accordance with the plan. Both the pension and post-retirement healthcare benefits components are reported on an actuarial funding basis regarding their respective annual required contributions. Currently, a stand-alone report is not issued, and no other entity reports the balances or activities of the plan. The authority for funding the plan is addressed by RCW 41.26, which directs the City to compare benefits payable, and cover any excess not paid by the LEOFF pension system. The funding requirements of the employer are actuarially determined, and can be referenced through the schedules that are presented at the later part of this note. Funding for the plan arises from three primary sources: 45% of the tax on fire insurance premiums collected by the State is earmarked by State law for distribution to cities for this purpose, interest earnings on investments and biennially budgeted contributions from the City's General Fund addressed earlier as employer contributions. The fund did realize on behalf payments from taxes on fire insurance premiums during the fiscal period of \$43,899. The costs of administering the plan are financed through resources accumulated from these funds. The Firemen's Pension Fund makes three types of payments (1) pensions to eligible members or beneficiaries retired prior to March 1, 1970, (2) amounts to certain eligible members or beneficiaries retired after that date if the amount received from LEOFF does not equal or exceed the amount entitled from the Firemen's Pension Fund, and (3) medical services for both active and retired firefighters, excluding those hired since October 1, 1977. The medical services are an obligation that may be paid directly from the City's General Fund if so desired. The pension benefits are tied to the current pay, rates for the rank the members held at retirement and/or the cost of living index. Benefits are established in accordance with RCW's 41.16, 41.18, 41.20, and 41.26.

Benefits are calculated based on length of service (2% for each year of service, or 50% flat rate for disability retirees) and on the final average salary (calculated over the last two years of credited service). Each firefighter in service on March 1, 1970 receives the greater of benefits payable under the LEOFF system and the benefits available under the old law. Where benefits under the old law exceed those under LEOFF, the excess benefits are paid by the Firemen's Pension Fund of the City.

Post-retirement medical benefits are available to firefighters and law enforcement officers hired before October 1, 1977, only. For retirees hired before June 8, 1961, only medical expenses that are directly related to their disability retirement are eligible for payment. The City will also pay any expense in excess of those covered by the medical insurance carrier. All benefits are funded on a pay-as-you-go basis. Firefighters hired on or after October 1, 1977, are covered entirely by the LEOFF system with no city obligation for either retirement allowance or medical expenses. The City's pension fund covers its membership obligations for full or partial retirement allowances under LEOFF Plans 1 and 2. Obligations for medical expenses are funded for the most part by group insurance. Medical expenses include medical, hospital and nursing care not payable by workmen's compensation, social security or group insurance.

Investment policies, with respect to Firemen's Pension Fund assets, follow those that pertain to the City as a whole which conform in all respects to the Revised Code of Washington provision applicable to the investment of public funds. These include procedures and authority for establishing and amending investment policy decisions as well as asset allocation policies. Currently, all investments reported by the funds are those of the State of Washington Local Government Investment Pool. There were no significant investment policy changes during the period. The annual money-weighted rate of return on

pension plan investments for the fiscal period was 1.7125%. This rate of return reflects investment performance, net of pension plan investment expenses and adjusted for the changing amounts actually invested. See Note 4 for additional information on investments.

Current membership in the Firemen's Pension Fund is comprised of the following:

<u>Group</u>	<u>Plan members</u>
Retirees and beneficiaries currently receiving	
Medical and/or pension benefits	42
Active employees fully vested	0
The LEOFF Act requires a varying obligation of the city for benefits paid to Firefighters:	
1. Firefighters and beneficiaries hired before, but not retired on March 1, 1970 receive retirement the greater of the pension benefit provided under the old pension laws and under the LEOFF Act. Any excess of the old benefit over the LEOFF benefit is provided by the city. The city also pays the reasonable cost of necessary medical expenses of the retiree only, for life.	24
2. For firefighters hired on or after March 1, 1970, and prior to October 1, 1977, the city is obligated for lifetime medical expenses only. The LEOFF system pays the entire retirement allowance.	18

### **Pension Liability Including Actuarial Methods and Significant Assumptions**

Significant assumptions and other inputs to measure the total pension liability include inflation at 2.5 %, salary increases at 3.0% and cost of living adjustments at 2.5%. Mortality assumptions incorporate RP 2000 mortality tables Scale BB tables for projections. The City's actuarial study used rates from 7.25% in 2015 grading down 0.25% per year to an ultimate trend rate of 5.0%. The discount rate used in the measurement of the total pension liability was 3.5% to represent both the expected return on assets for the funded portion of the benefit obligation and 3.5% to represent the long-term municipal bond yield for the unfunded portion. Cash flow projection of benefit payments, fire insurance premium taxes, property tax contributions, and investment experience assume a fully funded plan through 2030. The net pension liability at plus 1% of the discount rate is \$1,090,000, while it is \$1,404,000 at minus 1% of the discount rate. The total pension plan liability is based on an actuarial valuation date of December 31, 2014. The actuarial cost method used was the entry age cost method while the actuarial value of assets used was equal to the market value of assets.

### **Supplementary Schedules**

Listed below is detail describing the actuarial methods and assumptions used to determine the City's obligation and funding status regarding the Firemen's Pension Fund. This information shows that over the past few years, the funded ratio of both the pension and healthcare components have been decreasing. It should also be noted that the projection of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations.

SCHEDULE OF NET PENSION OBLIGATION & EMPLOYER CONTRIBUTIONS

	2014	2013	2012
Annual Required Contribution (ARC)	\$75,708	\$79,364	\$76,312
Interest on Net Pension Oblig. (NPO)	(829)	(931)	(991)
Adjustment to Net Pension Obligation	2,033	1,840	1,957
Annual Pension Cost (APC)	76,912	80,272	77,278
Employer contributions	119,948	80,670	75,790
Percentage of ARC contributed	158.4%	101.6%	99.3%
Percentage of APC contributed	156.0%	100.5%	98.1%
Increase (decrease) in NPO	(43,037)	(398)	1,488
Beginning Net Pension Obligation	(23,685)	(23,287)	(24,775)
Ending Net Pension Obligation	(\$66,722)	(\$23,685)	(\$23,287)

SCHEDULE OF PENSION FUNDING PROGRESS

	2014	2013	2012
Actuarial accrued liability	\$1,648,446	\$1,409,204	\$1,409,204
Actuarial value of assets	414,119	389,688	62,897
Unfunded actuarial liability (UAL)	1,234,327	1,019,516	1,346,307
Funded ratio	25.1%	27.7%	4.5%
Covered payroll	N/A	N/A	N/A
UAL as a percentage of covered payroll	N/A	N/A	N/A

SCHEDULE OF NET HEALTHCARE OBLIGATION & EMPLOYER CONTRIBUTIONS

	2014	2013	2012
Annual Required Contribution (ARC)	\$479,863	\$668,517	\$642,805
Interest on Net Healthcare Oblig. (NHO)	(8,154)	(9,225)	(9,770)
Adjustment to Healthcare Obligation	19,993	18,219	19,295
Annual Healthcare Cost (AHC)	491,702	677,510	652,330
Employer contributions	604,132	679,835	638,703
Percentage of ARC contributed	125.9%	101.7%	99.4%
Percentage of AHC contributed	122.9%	100.3%	97.9%
Increase (decrease) in NHO	(112,430)	(2,325)	13,627
Beginning Net Healthcare Obligation	(232,959)	(230,634)	(244,261)
Ending Net Healthcare Obligation	(\$345,389)	(\$232,959)	(\$230,634)

SCHEDULE OF HEALTHCARE FUNDING PROGRESS

	2014	2013	2012
Actuarial accrued liability	\$8,302,554	\$11,875,796	\$11,875,796
Actuarial value of assets	475,879	596,963	530,056
Unfunded actuarial liability (UAL)	7,826,675	11,278,833	11,345,740
Funded ratio	5.7%	5.0%	4.5%
Covered payroll	N/A	N/A	N/A
UAL as a percentage of covered payroll	N/A	N/A	N/A

Listed below is financial statement information for the current fiscal period on the individual pension and healthcare plans that comprise the activity of the Firemen's Pension Fund.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIREMEN'S PENSION FUND**

	PENSION TRUST	HEALTHCARE TRUST	TOTAL
<b>ASSETS</b>			
Cash	\$15,352	\$17,642	\$32,994
Investments			
State investment pool	402,536	462,568	865,104
<b>TOTAL ASSETS</b>	<b>417,888</b>	<b>480,210</b>	<b>898,098</b>
<b>LIABILITIES</b>			
Accounts payable	475	546	1,021
Accrued wages payable	756	868	1,624
Accrued employee benefits	2,538	2,917	5,455
<b>TOTAL LIABILITIES</b>	<b>3,768</b>	<b>4,332</b>	<b>8,100</b>
Net position held in trust	414,119	475,879	889,998
<b>NET POSITION</b>	<b>\$414,119</b>	<b>\$475,879</b>	<b>\$889,998</b>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIREMEN'S PENSION FUND**

	PENSION TRUST	HEALTHCARE TRUST	TOTAL
<b>ADDITIONS</b>			
Contributions:			
Employer	\$119,948	\$604,132	\$724,080
Other miscellaneous	8,223	41,414	49,637
<b>Total contributions</b>	<b>128,171</b>	<b>645,546</b>	<b>773,717</b>
Interest income:			
Investments	115	580	695
<b>Totals investment income</b>	<b>115</b>	<b>580</b>	<b>695</b>
<b>TOTAL ADDITIONS</b>	<b>128,286</b>	<b>646,126</b>	<b>774,412</b>
<b>DEDUCTIONS</b>			
Benefits	97,924	418,484	516,408
Administration	5,931	29,874	35,805
<b>TOTAL DEDUCTIONS</b>	<b>103,855</b>	<b>448,358</b>	<b>552,213</b>
Change in net position	24,431	197,768	222,199
Beginning net position	389,688	278,111	667,799
<b>Ending net position</b>	<b>\$414,119</b>	<b>\$475,879</b>	<b>\$889,998</b>

**SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years \*

<b>Total pension liability</b>	
Service cost	\$0
Interest	52,458
Changes of benefit terms	243,174
Expected and actual experience differences	93,739
Benefit payments	<u>(103,855)</u>
Net change in total pension liability	285,516
Beginning total pension liability	<u>1,363,383</u>
<b>Ending total pension liability (a)</b>	<b><u><u>\$1,648,899</u></u></b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$128,171
Net investment income	115
Benefit payments	<u>(103,855)</u>
Net change in plan fiduciary net position	24,431
Beginning plan fiduciary net position	<u>389,688</u>
<b>Ending plan fiduciary net position</b>	<b><u><u>\$414,119</u></u></b>
<b>Ending net pension liability</b>	<b><u><u>\$1,234,780</u></u></b>
Plan fiduciary net position as a percentage of the total pension liability	25.1%
Covered employee payroll	\$0
Net pension liability as a percentage of above	N/A

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years \*  
Numbers in thousands of dollars

	<u>2014</u>
<b>Actuarially determined contributions</b>	\$556
Contributions in relation to the actuarially determined contributions	<u>726</u>
<b>Contribution deficiency (excess)</b>	<b><u><u>(\$170)</u></u></b>
Covered employee payroll	0
Contribution as a percentage of above	N/A

**SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN**  
Last 10 Fiscal Years \*

<u>2014</u>
1.17125%

\* Information presented since implementation of GASB 67.

**NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**A. Law Enforcement and Firefighters Plan I**

The City of Longview also provides other post employment benefits (OPEB) to all retired law enforcement officers hired prior to October 1, 1977 through participation in the Law Enforcement and Firefighters Plan I

(LEOFF I). There are no current employees with all retirees being former police officers as all would be applicable firefighters are covered within the pension plan stated in Note 7. The system functions like a cost-sharing multiple employer plan, but has been determined by GASB to be reported under GASB Statement 45 as an agent multiple employer plan. The State administered plan does not issue stand-alone reports and is not included in the financial reports of any other entity.

The City of Longview reimburses one hundred percent of the amount of validated claims for medical, and hospitalization costs incurred by pre-Medicare retirees. State statute provides that the City's responsibility for medical payments of LEOFF I retirees is secondary to any other coverage retirees receive or are eligible to receive. The City recognizes a potential savings exists when retirees utilize Medicare as primary coverage and the City for secondary coverage and ineligible expenses. Therefore, upon reaching age 65, the City requires the retirees to apply for and utilize Medicare Part B coverage. In 2014, the City's cost for these Medicare premiums was \$28,323. This expenditure represents a cost of \$104.90 per month for 23 LEOFF I retirees.

Funding obligations for contributions to the plan are established and amended by state statute. The City's OPEB cost is based on the annual required contribution (ARC) of the employer which was \$762,642 for 2014. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities. The City has no active employees covered by LEOFF I with no required contribution from plan members. See the following Schedule of Employer Contributions and Net OPEB Obligation for the City's OPEB cost, its contributions to the plan, and its net OPEB obligation. The General Fund is typically used to liquidate this portion of the City's OPEB obligation.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision. The schedule of funding progress that follows presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Projections of benefits for financial reporting purposes are based on the substantive plan, as understood by the employer and plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

## **Law Enforcement and Firefighters Plan I Actuarial and Related Supplementary Information**

### **ACTUARIAL METHODS & SIGNIFICANT ASSUMPTIONS**

The City has elected to use the alternative measurement method as designed by the Washington Office of the State Actuary to calculate the annual required contribution (ARC) of the employer and related information as permitted by GASB Statement 45. The following assumptions used for determining the actuarially accrued liability are individually and collectively reasonable for the purposes of the valuation. Termination and mortality rates were assumed to follow the LEOFF I termination and mortality rates used in the June 30, 2009 actuarial report issued by the Office of the State Actuary (OSA). Please reference this report for applicable rates and assumptions used to derive reported calculations. Healthcare costs and trends were determined by an independent actuary and used by OSA in the state-wide LEOFF I medical study performed in 2011. The

actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit, with results based on grouped data of 4 active and 4 inactive groupings.

SCHEDULE OF EMPLOYER CONTRIBUTIONS & NET OPEB OBLIGATION \*\*

	2014	2013	2012
Annual Required Contribution (ARC)	\$762,642	\$802,159	\$892,647
Interest on Net OPEB Obligation (NOO)	93,241	81,493	68,836
Adjustment to Net OPEB Obligation	(192,933)	(168,624)	(142,436)
Annual OPEB Cost (AOC)	662,950	715,028	819,047
Employer contributions	357,190	453,961	537,795
Percentage of ARC contributed	46.8%	56.6%	60.2%
Percentage of AOC contributed	53.9%	63.5%	65.7%
Increase (decrease) in NOO	305,760	261,067	281,252
Beginning Net OPEB Obligation	2,072,016	1,810,949	1,529,696
Ending Net OPEB Obligation	<u>\$2,377,776</u>	<u>\$2,072,016</u>	<u>\$1,810,949</u>

SCHEDULE OF OPEB FUNDING PROGRESS \*\*

	2013	2013	2012
Actuarial accrued liability	\$9,586,620	\$9,586,620	\$9,586,620
Actuarial value of assets	0	0	0
Unfunded actuarial liability (UAL)	9,586,620	9,586,620	9,586,620
Funded ratio	0.0%	0.0%	0.0%
Covered payroll	N/A	N/A	N/A
UAL as a percentage of covered payroll	N/A	N/A	N/A

**B. Association of Washington Cities Employee Benefit Trust**

The City of Longview is a participating Employer in the Association of Washington Cities Employee Benefit Trust (Trust), a cost-sharing multiple-employer welfare benefit plan administered by the Association of Washington Cities. The Trust provides medical benefits to certain eligible retired employees of Participating Employers and their eligible family members. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and nature of medical and other benefits provided by the Trust. The Trust issues a publicly available financial report that includes financial statements and required supplementary information which may be obtained by writing to the Trust at 1076 Franklin Street SE, Olympia, WA 98501-1346.

The Trust provides that contribution requirements are established and may be amended by the Board of Trustees of the Trust. Retirees of the City receiving medical benefits from the Trust contribute \$830 per month for non-Medicare enrolled retiree only coverage, \$1,667 for non-Medicare enrolled retiree and spouse coverage, \$1,162 for Medicare enrolled retiree and non-Medicare enrolled spouse (or non-Medicare enrolled retiree and Medicare-enrolled spouse) and \$647 for Medicare-enrolled retiree and spouse coverage. Participating employers are required contractually to contribute at a rate assessed each year by the Trust. The City's contribution to the Trust for the year ended December 31, 2013 was \$1,687,354 which equaled the required contributions for the year.

**NOTE 9 - RISK MANAGEMENT**

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed the Washington Cities Insurance Authority (WCIA) on January 1, 1981 in which the City of Longview is a member. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 162 Members. New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

The Insurance Reserve Internal Service Fund is used to account for the City's risk management activities, which is responsible for collecting interfund premiums, purchasing insurance policies, and administering claim settlements. Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police professional, public officials' errors or omissions, stop-gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance is subject to the aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

The City has experienced no significant reductions in insurance coverage from coverage in the prior year by major risk category, and has incurred no settlements that exceeded insurance coverage in any of the preceding three years.

Standard property insurance coverage for buildings and personal property, automobile physical damage, fidelity bonds, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the member's deductible up to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. Third party contracts exist for the use of a claims investigation company, consultants for personnel issues and land use problems, insurance brokerage and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the Interlocal Agreement, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments, which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

WCIA is governed by a Board of Directors, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA. The City retains no risk as risk transfers to WCIA resulting in no unpaid claims for which the City is financially liable.

#### Other Self-Insurance Funds

The City is self-insured for claims regarding unemployment insurance and workers compensation which are administered by third parties. Resources set aside as of financial statement presentation date for unemployment claims are approximately \$250,000 while no funds are specifically set aside for workers compensation claims

which are administered through the activities of the Insurance Reserve Fund. The City purchases excess workers compensation insurance with policy limits of \$1,000,000 and a deductible of \$500,000. The City has realized no claims to date that have exceeded insurance coverage but did close a workplace injury claim in early 2014 that was open from 2005 for just over \$818,000.

## **NOTE 10 - LONG-TERM LIABILITIES**

### **A. General Obligation, Revenue, and Special Assessment Bonds**

General Obligation bonds are a direct obligation of the City for which its full faith and credit are pledged. The debt service on general obligation bonds is paid from Debt Service as well as other specific governmental funds. Debt Service for voter-approved issues is funded by special property tax levies, while debt service for City Council authorized issues is funded from regular property taxes.

Revenues bonds are created by ordinance, adopted by the City Council, and financed from Enterprise Fund revenues pledged as security for the repayment of the revenue bonds.

Special Assessment bonds are created by ordinance, adopted by the City Council, and financed by assessments on property owners. A separate guaranty fund is available to cover most outstanding delinquencies at the end of the assessment period. The City's obligation does not extend beyond the Guaranty Fund assets.

### **B. Changes in Long-Term Liabilities**

The accompanying schedule lists the City's debt transactions for 2014 on principal obligation only.

	Balances Forward (1)	Increases	Decreases	Ending Balances	Due within one year
<b>Governmental activities</b>					
General obligation bonds	\$16,892,923	\$0	\$811,691	\$16,081,232	\$851,805
unamortized (discount) premium	7,674	0	69	7,605	69
Total general obligation bonds	16,900,597	0	811,760	16,088,837	851,874
Special assessment debt with government commitment	11,000	0	5,000	6,000	6,000
Intergovernmental loans	808,402	0	210,698	597,704	147,340
Compensated absences (2)	3,136,305	2,263,790	2,059,273	3,340,822	1,479,766
Net OPEB obligation (3)	2,072,016	662,950	357,190	2,377,776	0
<b>Total governmental activities</b>	<b>\$22,928,320</b>	<b>\$2,926,740</b>	<b>\$3,443,921</b>	<b>\$22,411,139</b>	<b>\$2,484,980</b>
<b>Business-type activities</b>					
Revenue bonds	\$0	\$9,995,000	\$0	\$9,995,000	\$325,000
unamortized (discount) premium	0	932,428	0	932,428	46,621
Total revenue bonds	0	10,927,428	0	10,927,428	371,621
General obligation bonds	77,076	0	3,309	73,767	3,195
Intergovernmental loans	37,186,526	672,766	2,040,755	35,818,537	2,066,793
Compensated absences	583,882	188,609	311,621	460,870	285,391
Pollution remediation obligations	2,281,936	0	384,217	\$1,897,719	1,897,719
<b>Total business-type activities</b>	<b>\$40,129,420</b>	<b>\$11,788,803</b>	<b>\$2,739,902</b>	<b>\$49,178,321</b>	<b>\$4,624,719</b>

- 1) See Note 17 for additional details  
2) Repaid by the home fund of the applicable employee - typically the General Fund  
3) See Note 8.A for additional details

### C. General Obligation Bonds & Other General Obligation Debt

#### **General Obligation Bonds Outstanding as of December 31, 2014**

\$8,095,000 - 2007 Limited Tax General Obligation Bonds due in installments of \$105,000 to \$510,000 through June of 2032 with interest at 4.00% to 5.00%.	6,560,000
-----	
\$7,455,000 – 2010 Limited Tax General Obligation Bonds due in installments of \$115,000 to \$435,000 through December of 2035 with interest at 3.10% to 5.30%.	6,350,000
-----	
\$3,560,000 – 2013 Limited Tax General Obligation Bonds due in Installments of \$215,000 to \$280,000 through December 2028 with Interest of .7% to 4.08%.	3,245,000
<b><i>Total General Obligation Bonds Outstanding</i></b>	<b><u>\$16,155,000</u></b>

#### **Other General Obligation Debt:**

\$1,500,000 - Public Works Trust Fund Loan.  
Proceeds were utilized to finance in part the construction of roadways, utilities and other site improvements for the Mint Farm Industrial Park. Annual interest payments of 2% per annum on the outstanding principal balance with final payment due July 1, 2017. Payment for this Public Works

Trust Fund Loan is provided by the HUD Fund.	321,428
-----	
\$500,000 – Community Economic Revitalization Board Loan. Proceeds were used to finance in part the construction of Roadways, utilities and other site improvements for the Mint Farm Industrial Park. Annual interest payments of 6% per annum on the outstanding principal balance with final payment due July 1, 2019. Payment for this loan is provided by the HUD Fund.	226,593
\$160,000 - – Community Economic Revitalization Board Loan. Proceeds were used to finance in part the construction of Roadways, utilities and other site improvements for the Mint Farm Industrial Park. Annual interest payments of 1% per annum on the outstanding principal balance with final payment due in January of 2018. Payment for this loan is provided by the HUD Fund.	49,683

**Total Other General Obligation Debt Outstanding \$597,704**

The annual requirements for outstanding general obligation debt are as follows:

GENERAL OBLIGATION DEBT

Year ending December, 31	Bonds		Other	
	Principal	Interest	Principal	Interest
2015	855,000	641,644	147,340	20,683
2016	705,000	616,918	166,147	15,967
2017	745,000	591,604	168,868	11,103
2018	570,000	569,494	64,601	6,084
2019	590,000	550,895	50,748	3,045
2020-24	4,525,000	2,289,622	0	0
2025-29	4,605,000	1,284,307	0	0
2030-34	3,170,000	407,080	0	0
2035	390,000	16,575	0	0
	<u>\$16,155,000</u>	<u>\$6,968,139</u>	<u>\$597,704</u>	<u>\$56,882</u>

**D. Revenue Bonds & Other Enterprise Debt**

The City of Longview issued Revenue Bonds in December of 2014 with a par value of \$10,000,000. These bonds provide funds necessary to finance improvements to the water, sewer and storm water drainage systems. See Revenue Bonds below for further details.

**Revenue Bonds:**

\$10,000,000 – 2014 Revenue Bonds due in installments of \$315,000 to \$730,000 through December of 2034 with interest at 3.00% to 5.00%. \$9,995,000

**Other Enterprise Debt:**

\$750,000 – 2005 Public Works Trust Fund Loan. Proceeds to fund replacement of specific components of the County’s sewer treatment plant.

Annual interest payments of 1/2% per annum on outstanding principal balance with final payment due July 1, 2010	449,429
-----	
\$1,000,000 – 2009 Public Works Trust Fund Loan. Proceeds to fund replacement of specific components of the County’s sewer treatment plant. Annual interest payments of 1/2% per annum on outstanding principal balance with final payment due July 1, 2028	747,076
-----	
\$1,000,000 – 2010 Public Works Trust Fund Loan. Proceeds to fund new Regional Water Treatment Plant. Annual interest of ½% through 2028	747,076
-----	
\$3,052,350 – 2010 Public Works Trust Fund Loan. Proceeds to fund new Regional Water Treatment Plant. Annual interest of ½% through 2028	2,588,119
-----	
\$4,193,183 – 2011 Public Works Trust Fund Loan. Proceeds to fund new Regional Water Treatment Plant. Annual interest of ½% through 2028	4,682,637
-----	
\$8,397,696 – 2011 Department of Ecology loan to help in the City’s sewer diversion project to the regional sewage treatment plant. Annual interest of 2.8% through 2031	10,096,833
-----	
\$11,278,744 – 2012 Public Works Trust Fund Loan for the Mint Farm Regional Water Supply Projects. Annual interest of 1% through 2034	7,560,000
-----	
\$7,785,408 – 2012 Public Works Trust Fund Loan for the Mint Farm Regional Water Supply Project. Annual interest of .5% through 2032	8,947,368
-----	
<b><i>Total Other Enterprise Debt</i></b>	<b><u>\$35,818,538</u></b>

The annual requirements for outstanding revenue debt are as follows:

REVENUE DEBT

Year ending December, 31	Bonds		Other	
	Principal	Interest	Principal	Interest
2015	325,000	350,676	2,066,793	443,590
2016	360,000	371,650	2,079,657	442,256
2017	375,000	360,850	2,092,885	415,344
2018	385,000	349,600	2,106,489	388,432
2019	395,000	338,050	2,120,479	361,520
2020-24	2,205,000	1,461,600	10,826,527	1,403,917
2025-29	2,685,000	983,800	10,451,323	731,149
2030-34	3,265,000	402,000	4,074,386	141,399
	<u>\$9,995,000</u>	<u>\$4,618,226</u>	<u>\$35,818,538</u>	<u>\$4,327,607</u>

**E. Special Assessment Bonds**

Debt service requirements for special assessment bonds will be met by the collection of assessments receivable that have been levied against property owners. The assessments are liens against the property and subject to foreclosure. In the event of default by property owners to repay the debt, the City is obligated to assume responsibility for payment of the bonds. The LID Guaranty Fund is maintained for these purposes with any requirements exceeding its balances to be covered by the General Fund. Payment for outstanding special assessment bond principal and interest is provided by Debt Service Funds.

49,300 – 2004 Local Improvement District No. 344 term bonds due September, 2016, interest at 3.75%	3,000
-----	
\$61,710 – 2004 Local Improvement District No. 345 term bonds due July, 2016, interest at 3.75%	1,000
-----	
\$30,361 – 2004 Local Improvement District No. 346 term bonds due June 2016, interest at 3.75%	<u>2,000</u>
<b><i>Total Local Improvement District Bonds Outstanding</i></b>	<b><u>\$6,000</u></b>

The annual requirements for outstanding special assessment debt are as follows:

<u>Year ending Dec. 31</u>	<u>Principal</u>	<u>Interest</u>
2014	3,000	413
2015	1,000	225
2016	<u>2,000</u>	<u>75</u>
	<u>\$6,000</u>	<u>\$713</u>

## **NOTE 11 - SHORT-TERM DEBT**

The City of Longview had no applicable short-term debt outstanding as of December 31, 2014, nor did the City have applicable short-term debt activity during 2014.

## **NOTE 12 - CONTINGENCIES AND LITIGATION**

The City of Longview participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. The City of Longview's management believes that such disallowances, if any as described above, would be immaterial.

## **NOTE 13 - INTERFUND BALANCES AND TRANSACTIONS**

### **A. Interfund Transfers**

Interfund transfers generally represent subsidies provided with no corresponding obligation for repayment. The purpose of these transfers may include the need to finance capital, debt or operating activities. Interfund transfers for the City of Longview during 2014 are as follows:

	TRANSFERS IN				TOTAL
	General Fund	Internal Service	Nonmajor Gov'tal	Nonmajor Enterprise	
<b>TRANSFERS OUT</b>					
General Fund			660,268	<b>4,500</b>	664,768
Water-Sewer		<b>274,218</b>		15,082	289,300
Internal Service					0
Nonmajor Governmental	573,672		418,446		992,118
Nonmajor Enterprise			<b>85,000</b>		85,000
<b>TOTAL</b>	<b>573,672</b>	<b>274,218</b>	<b>1,163,714</b>	<b>19,582</b>	<b>2,031,186</b>
					Net proprietary transfers (bold) to governmental funds 354,718
					<u>Government-wide reclassifications</u>
					Proprietary asset dispositions 1,575,554
					Proprietary capital contributions (260,447)
					Net business-type transfers to governmental activities 1,669,825

**B. Due From/To Other Funds**

Interfund balances reported in this category are short-term in nature, which result from interfund transactions usually involving the exchange of goods and services within the normal operation of fund activities. Amounts due from/to other funds as of December 31, 2014 are as follows:

	DUE FROM OTHER FUNDS							TOTAL
	General Fund	Nonmajor Governmental	Water-Sewer	Sanitation	Public Transit	Nonmajor Enterprise	Internal Service	
<b>DUE TO OTHER FUNDS</b>								
General Fund			186,776	128,926	29,874	14,535	55,056	415,167
Water-Sewer	<b>186,669</b>	<b>21,912</b>			7,436			216,017
Sanitation	<b>12,106</b>							12,106
Nonmajor Governmental	103,050	15,945					829	119,824
Nonmajor Enterprise	<b>12,152</b>							12,152
Internal Service	202,806				17,459		144,639	364,904
<b>TOTAL</b>	<b>516,783</b>	<b>37,857</b>	<b>186,776</b>	<b>128,926</b>	<b>54,769</b>	<b>14,535</b>	<b>200,524</b>	<b>1,140,170</b>
								Amount due proprietary funds (italics) over amount due governmental funds (bold) 144,731
								Governmental resources used in 2014 Internal Service Fund activities (44,652)
								Government-wide internal balances due business-type activities 100,079

**NOTE 14 - FUND BALANCES**

**Fund Equity Deficits**

The following funds reported deficit fund balances as of December 31, 2014:

Arterial Street Special Revenue Fund

The reported deficit fund balance of \$736,256 is covered by funds collected shortly after the cutoff period for recognizing deferred inflows.

HOME Fund

A deficit fund balance of \$9,842 results primarily from the reversal of a revenue accrual which was necessary due to the program exhausting its reimbursable funds. This deficit will be addressed in 2015.

## **Endowments**

The City of Longview is the recipient of a permanent endowment, which was donated to specifically finance library services. This endowment of \$10,200 is reported as nonspendable fund balance in the Library Memorial Trust Fund with an additional \$8,802 reported as restricted fund balance representing funds available for appropriate expenditure. Consistent with regulations, this fund operates on a total-return policy where any portion of the unrestricted fund balance is available for expenditure as long as they meet the restrictions of the endowment.

## **NOTE 15 - RELATED PARTY TRANSACTIONS**

- A. The City of Longview, a municipal corporation and the Cowlitz Transit Authority, a public transportation benefit area created pursuant to RCW Chapter 36.57A, entered into an Interlocal Agreement to provide public transportation services effective January 1, 1988. The City of Longview provides public transportation services within the area of the Cowlitz Transit Authority in accordance with the comprehensive transit plan of the Cowlitz Transit Authority including but without limitation, the providing of vehicles, vehicle maintenance, vehicle operation, public liability and property damage insurance, supervision, and all labor and services in connection therewith, all in accordance with said comprehensive Transit Plan and in accordance with public transportation schedules as determined by the Cowlitz Transit Authority. The Cowlitz Transit Authority reimburses the City of Longview all costs and expenses incurred by it, in consideration for all of the services provided by the City of Longview, pursuant to the Interlocal Agreement, including all costs of vehicle operations, vehicle maintenance, supervision and overhead, public liability and property damage insurance, reserves for repair and replacement of vehicles, and all costs and expenses incidental thereto, all as set forth in the annual budget of the city. As agreed upon by both parties the City of Longview shall upon presentation of an invoice be compensated quarterly in advance for services to be rendered. In 2014, the City of Longview incurred \$4,907,000 of reimbursable public transit service costs provided on behalf of the Cowlitz Transit Authority. This public transportation service agreement shall continue, unless terminated or extended as herein provided, until December 31, 2016. It can be terminated by either of the parties hereto upon the giving of not less than 180 successive calendar days advance notice to the other, in writing.
  
- B. The Cowlitz-Wahkiakum Council of Governments is the grantee of a \$300,000 long-term economic deterioration grant, which was awarded by the U.S. Dept. of Commerce, Economic Development Administration (EDA). The City of Longview is a sub-grantee of this award and has included matching funds of \$100,000, or 25% of the total equity interest. There exists a Revolving Loan Fund Contract between the City of Longview and the Council of Governments, which specifies the responsibilities of each party. The RLF Contract establishes the creation of an eleven member Loan Administration Board (7 voting, 4 non-voting) to govern the goals, policies and operations of the program. The seven members on the Board with voting privileges are comprised of five representatives from the local business community and two representatives from the City of Longview's Council. As of December 31, 2014, the Economic Development Special Revenue Fund had \$100,972 in loans outstanding, while reporting \$383,733 in cash and investments totaling \$484,705 in fund balance reserved for this program. This fund also holds an additional \$40,000 in

fund balance reserved for loans due to an interlocal debt service agreement with the City of Kelso toward financing regional airport hanger improvements.

- C. In December 1978, the City of Longview (City) entered into an agreement with the Cowlitz Public Utility District No. 1 (PUD) to construct the Regional Water Treatment Plant (RWTP). The arrangement was organized to provide treated water to the residents of both the City and the PUD at the lowest reasonable cost consistent with reliability, safety and expedition. The PUD has since released their interest to the Beacon Hill Water-Sewer District (BHWS). Ownership parallels the participation ratio of the volume of water delivered to each participant’s citizenry. As of December 31, 2014, ownership distribution was 85.44% for the City to 14.56% for the BHWS. Operating and maintenance, as well as capital financing is billed relative to these percentages during the year with adjustments made annually for changes in ownership participation. The City’s share of costs relative to the RWTP for the current period was \$1,124,172 for operations and maintenance, and \$487,719 for capital. The treatment plant does not have separate legal status which eliminates it from being a component unit or a joint venture. A three-member board comprised of two City representatives and one BHSD representative administer the operation which further separates it from being a joint venture as there is the absence of complete joint control.

The RWTP, reported as a component of the City’s Water-Sewer Fund, is the only available source of the operation's financial statements. With the City financially accountable for its activities, total assets and operations are reported by the City with the BHWS reporting an investment for their minority interest in the operation. The 2014 changes in the BHWS’s minority interest are reflected below.

BHSD Minority Interest in the City of Longview Regional Water Treatment Plant

Balance forward	\$3,912,773
Contributions from capital funding requirements	59,243
Net loss percentage	<u>(192,944)</u>
Ending balance	<u>\$3,779,072</u>

- D. The City of Longview entered into an interlocal agreement with Cowlitz County, the City of Kelso and Beacon Hill Sewer District in 1996 to form the Three Rivers Regional Waste Water Authority (TRRWA). The TRRWA is governed by a four member board, one from each entity, and was established to provide sewage treatment services to the citizenry of the respective participating entities. Financing of the central sewage facility is funded based on each participant’s proportionate share of flow to the facility along with additional funds forwarded from the participants as system development charges are assessed to new customers. During 2014, The City of Longview paid TRRWA a total of \$5,396,255. This agreement may not be terminated as long as there are debt obligations of the TRRWA. Upon termination, each participant’s interest in the net position shall be equal to their proportionate share of payments over the previous 12 calendar months. The City does not have an equity interest in the TRRWA. Complete financial statements for the TRRWA can be obtained from the TRRWA at 207 4<sup>th</sup> Avenue North, Kelso, WA 98626.

**NOTE 16 - JOINT VENTURES**

The cities of Longview and Kelso along with Cowlitz County and the Port of Longview entered into an agreement in February of 2012 to establish an Airport Board (Board) to jointly fund and manage the operations, maintenance, improvement and regulation of the Southwest Washington Regional Airport. Prior to the agreement the Airport had been owned and operated by the City of Kelso. This agreement took

effect in January of 2013 with noncapital assets and liabilities transferred to the board which consists of a member from each party and an at large member to be appointed by majority vote of the other members. The City disbursed payments of \$65,000 to the Board in 2014. The City considers future resources of the joint venture to be stable. Further financial information can be obtained through the City of Kelso at PO Box 819, Kelso, Washington 98626.

## **NOTE 17 - PRIOR PERIOD ADJUSTMENTS**

The City adjusted the compensated absences displayed in the Employee Benefits Reserve Internal Service Fund to better reflect the reporting of those obligations with the funds in which they are expected to be liquidated. The net prior period adjustment at the fund level is a net position increase of \$3,136,304 moving these obligations to governmental activities at the government-wide level. This amount is comprised of \$3,357,636 moved out of the above Internal Service Fund while various proprietary funds now show their respective obligations resulting in a combined decrease to their net position of \$221,332. While there is no change in the overall amount of compensated absences reported by the City as a whole, Note 10 reports a balance forward restatement of \$329,705 from governmental activities to business-type activities comprised of the \$221,332 mentioned above along with compensated absences of \$108,373 reported in various Internal Service Funds displayed as governmental activities at the government wide level.

## **NOTE 18 - OTHER INFORMATION**

The City reports a pollution remediation obligation in its Water-Sewer Fund due to the discontinuance of sewer treatment lagoons in favor of diverting sewage to the Three Rivers Regional Wastewater Plant. With the City vacating the treatment site, federal and state regulations require the removal and disposal of residual sewage biosolids as well as to properly decommission the old sewage treatment site. This project was undertaken in 2012 with the estimated liability of \$4.5 million determined by evaluating various alternatives reduced by the anticipated appreciation in land of just over \$600,000 which will be capitalized at project completion. No further events or recoveries are expected to reduce the liability which is currently just under \$1.9 million as displayed in Note 10. These estimations are subject to change as the removal and restoration efforts continue which are expected to be completed in 2015.



# **Nonmajor Governmental Funds**

City of Longview

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

As of December 31, 2014

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Library Memor. Trust Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash	\$603,351	\$77,413	\$2,863	\$8,291	\$691,918
Investments	2,365,814	1,311,188	311	10,511	3,687,824
Receivables (net)					
Taxes	120,100	20,228	0	0	140,328
Accounts	7,724	0	0	0	7,724
Assessments	258,000	0	2,345	0	260,345
Notes and contracts	138,931	32,522	0	0	171,453
Due from other funds	37,857	0	0	0	37,857
Due from other governments	1,448,354	0	5,435,000	0	6,883,354
Total assets	<u>4,980,131</u>	<u>1,441,351</u>	<u>5,440,519</u>	<u>18,802</u>	<u>11,880,803</u>
<b>LIABILITIES</b>					
Accounts payable	799,720	78,214	54	0	877,988
Due to other funds	119,824	0	0	0	119,824
Interfund loans payable	565,000	0	0	0	565,000
Due to other governments	0	274	0	0	274
Accrued wages payable	23,528	0	0	0	23,528
Other current liabilities	1,786	148,344	0	0	150,130
Total liabilities	<u>1,509,858</u>	<u>226,832</u>	<u>54</u>	<u>0</u>	<u>1,736,744</u>
<b>DEFERRED INFLOWS</b>					
Other unavailable revenue	1,160,469	32,522	2,345	0	1,195,336
Total deferred inflows	<u>1,160,469</u>	<u>32,522</u>	<u>2,345</u>	<u>0</u>	<u>1,195,336</u>
<b>FUND BALANCES</b>					
Nonspendable	40,000	0	5,435,000	10,200	5,485,200
Restricted	1,472,732	300,000	2,574	8,602	1,783,908
Committed	780,172	0	0	0	780,172
Assigned	763,000	881,997	600	0	1,645,597
Unassigned	(746,100)	0	(54)	0	(746,154)
Total fund balances	<u>2,309,804</u>	<u>1,181,997</u>	<u>5,438,120</u>	<u>18,802</u>	<u>8,948,723</u>

*City of Longview*

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

For the year ended December 31, 2014

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Library Memor. Trust Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$546,450	\$314,029	\$0	\$0	\$860,479
Intergovernmental	2,555,913	342,437	0	0	2,898,350
Charges for services	31,359	0	0	0	31,359
Fines	1,037,373	0	0	0	1,037,373
Miscellaneous					
Interest earnings	12,253	1,546	21	10	13,830
Space and facilities rentals	23,784	0	0	0	23,784
Contributions from private sources	20,369	93,416	0	0	113,785
Special assessments	0	0	6,461	0	6,461
Other miscellaneous	131,869	(6,726)	4,175	0	129,318
<b>Total revenues</b>	<b>4,359,370</b>	<b>744,702</b>	<b>10,657</b>	<b>10</b>	<b>5,114,739</b>
Expenditures:					
Current:					
General government	52,102	0	510	0	52,612
Public safety	1,033,280	0	0	0	1,033,280
Transportation	20,130	3,400	0	0	23,530
Economic environment	649,002	31,703	0	0	680,705
Culture and recreation	26,384	50,484	54	0	76,922
Capital outlays	2,821,555	635,685	0	0	3,457,240
Debt service:					
Principal	462,589	0	535,000	0	997,589
Interest and other debt service costs	274,261	0	151,865	0	426,126
<b>Total expenditures</b>	<b>5,339,303</b>	<b>721,272</b>	<b>687,429</b>	<b>0</b>	<b>6,748,004</b>
Excess (deficiency) of revenues over (under) expenditures	(979,933)	23,430	(676,772)	10	(1,633,265)
Other financing sources (uses):					
Proceeds from disposition of capital assets	633,903	0	0	0	633,903
Transfers in	78,023	485,000	600,691	0	1,163,714
Transfers out	(396,626)	(488,027)	(106,803)	(663)	(992,119)
<b>Total other financing sources (uses)</b>	<b>315,300</b>	<b>(3,027)</b>	<b>493,888</b>	<b>(663)</b>	<b>805,498</b>
Net change in fund balances	(664,633)	20,403	(182,884)	(653)	(827,767)
Fund balance, January 1	2,974,437	1,161,594	5,621,004	19,455	9,776,490
<b>Fund balance, December 31</b>	<b>\$2,309,804</b>	<b>\$1,181,997</b>	<b>\$5,438,120</b>	<b>\$18,802</b>	<b>\$8,948,723</b>

## SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources which are segregated to finance defined activities as required by law or administrative regulations. Special Revenue Funds are created by local ordinance and are often mandated under state statutes. This set of funds follow bi-annually adopted budgets with statements reported on the modified accrual basis of accounting

The Arterial Street Fund is supported by the State's one-half cent gas tax and is used for major street construction projects.

The Downtown Parking Fund generates resources to provide parking and related improvements in the city's central business district.

The Economic Development Fund accounts for projects associated with economic development throughout Longview including downtown and the Mint Farm Industrial Park.

The Home Investment Partnership Program (HOME Fund) was established to strengthen the ability to provide lower-income housing, and to expand the capacity of non-profit housing providers.

The Community Development Block Grant Entitlement Fund was created to develop viable urban communities by providing decent housing and a suitable living environment, and expand opportunities for low to moderate income people.

The Library Grant Fund, under the Library Services & Technology Act, incurs various grant reimbursable computer equipment costs within a network that services other local libraries.

The Criminal Justice Assistance Fund is a tax and grant supported fund used for various law enforcement programs.

The Tourism Fund Is a state tax supported funds used for promoting tourism including leasing or building stadiums and or convention centers.

The Parks and Recreation Memorial Trust Fund was established from a bequest intended for improvements and upkeep of Lake Sacajawea.

City of Longview

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

As of December 31, 2014

Page 1 of 2

	Arterial Street	Downtown Parking	Economic Development	HOME	CDBG Entitlement
<b>ASSETS</b>					
Cash	\$184	\$23,118	\$424,840	\$596	\$2,007
Investments	927	86,265	570,569	0	0
Receivables (net)					
Taxes	38,500	0	0	0	0
Accounts	0	135	0	0	0
Assessments	0	0	258,000	0	0
Notes and contracts	0	0	138,931	0	0
Due from other funds	21,912	0	0	0	0
Due from other governments	1,306,435	0	40,000	19,319	43,330
Total assets	<u>1,367,958</u>	<u>109,518</u>	<u>1,432,340</u>	<u>19,915</u>	<u>45,337</u>
<b>LIABILITIES</b>					
Accounts payable	661,297	284	17,602	16,552	11,150
Due to other funds	0	0	0	3,205	19,187
Interfund loans payable	540,000	0	0	10,000	15,000
Accrued wages payable	0	2,225	2,110	0	0
Other current liabilities	450	0	1,000	0	0
Total liabilities	<u>1,201,747</u>	<u>2,509</u>	<u>20,712</u>	<u>29,757</u>	<u>45,337</u>
<b>DEFERRED INFLOWS</b>					
Other unavailable revenue	902,469	0	258,000	0	0
Total deferred inflows	<u>902,469</u>	<u>0</u>	<u>258,000</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES</b>					
Nonspendable	0	0	40,000	0	0
Restricted	0	0	484,706	0	0
Committed	0	107,009	0	0	0
Assigned	0	0	628,922	0	0
Unassigned	(736,258)	0	0	(9,842)	0
Total fund balances	<u>(736,258)</u>	<u>107,009</u>	<u>1,153,628</u>	<u>(9,842)</u>	<u>0</u>

Library Grant	Criminal Justice Assistance	Camera Infraction Program	Tourism	Parks and Recreation Memorial Trust	Total Nonmajor Special Revenue Funds
\$0	\$58,904	\$56,908	\$8,672	\$28,122	\$603,351
0	463,274	800,592	93,065	351,122	2,365,814
0	77,000	0	4,600	0	120,100
0	7,589	0	0	0	7,724
0	0	0	0	0	258,000
0	0	0	0	0	138,931
0	0	0	0	15,945	37,857
0	39,270	0	0	0	1,448,354
0	646,037	857,500	106,337	395,189	4,980,131
0	4,326	85,509	3,000	0	799,720
0	829	96,603	0	0	119,824
0	0	0	0	0	565,000
0	16,968	2,225	0	0	23,528
0	0	0	0	336	1,786
0	22,123	184,337	3,000	336	1,509,858
0	0	0	0	0	1,160,469
0	0	0	0	0	1,160,469
0	0	0	0	0	40,000
0	489,836	0	103,337	394,853	1,472,732
0	0	673,163	0	0	780,172
0	134,078	0	0	0	763,000
0	0	0	0	0	(746,100)
0	623,914	673,163	103,337	394,853	2,309,804

City of Longview

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2014

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	Arterial Street	Downtown Parking	Economic Development	HOME	CDBG Entitlement
<b>Revenues:</b>					
Taxes	\$0	\$0	\$504,872	\$0	\$0
Intergovernmental	1,399,475	0	0	258,836	263,467
Charges for services	0	0	1,091	30,268	0
Fines	0	29,092	0	0	0
<b>Miscellaneous</b>					
Interest earnings	305	82	10,402	0	0
Space and facilities rentals	0	18,984	4,800	0	0
Contributions from private sources	0	0	7,598	0	0
Other miscellaneous	0	0	0	0	0
<b>Total revenues</b>	<b>1,399,780</b>	<b>48,158</b>	<b>528,763</b>	<b>289,104</b>	<b>263,467</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	0	0	0	0	0
Public safety	0	52,014	0	0	0
Transportation	15,598	4,532	0	0	0
Economic environment	0	0	109,697	291,760	247,545
Culture and recreation	0	0	0	0	0
Capital outlays	2,761,782	0	20	0	15,945
<b>Debt service:</b>					
Principal	33,326	0	429,263	0	0
Interest and other debt service costs	667	0	273,594	0	0
<b>Total expenditures</b>	<b>2,811,373</b>	<b>56,546</b>	<b>812,574</b>	<b>291,760</b>	<b>263,490</b>
Excess (deficiency) of revenues over (under) expenditures	(1,411,593)	(8,388)	(283,811)	(2,656)	(23)
<b>Other financing sources (uses):</b>					
Proceeds from disposition of capital assets	0	0	633,903	0	0
Transfers in	78,000	0	0	0	23
Transfers out	0	0	(23)	0	0
<b>Total other financing sources (uses)</b>	<b>78,000</b>	<b>0</b>	<b>633,880</b>	<b>0</b>	<b>23</b>
Net change in fund balances	(1,333,593)	(8,388)	350,069	(2,656)	0
Fund balance, January 1	597,335	115,397	803,559	(7,186)	0
<b>Fund balance, December 31</b>	<b>(\$736,258)</b>	<b>\$107,009</b>	<b>\$1,153,628</b>	<b>(\$9,842)</b>	<b>\$0</b>

Library Grant	Criminal Justice Assistance	Camera Infraction Program	Tourism	Parks and Recreation Memorial Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$41,578	\$0	\$546,450
0	634,135	0	0	0	2,555,913
0	0	0	0	0	31,359
0	0	1,008,281	0	0	1,037,373
0	339	369	88	668	12,253
0	0	0	0	0	23,784
0	12,771	0	0	0	20,369
0	131,869	0	0	0	131,869
<b>0</b>	<b>779,114</b>	<b>1,008,650</b>	<b>41,666</b>	<b>668</b>	<b>4,359,370</b>
0	0	0	52,102	0	52,102
0	588,599	392,667	0	0	1,033,280
0	0	0	0	0	20,130
0	0	0	0	0	649,002
1,161	0	0	0	25,223	26,384
0	10,829	0	0	32,979	2,821,555
0	0	0	0	0	462,589
0	0	0	0	0	274,261
<b>1,161</b>	<b>599,428</b>	<b>392,667</b>	<b>52,102</b>	<b>58,202</b>	<b>5,339,303</b>
(1,161)	179,686	615,983	(10,436)	(57,534)	(979,933)
0	0	0	0	0	633,903
0	0	0	0	0	78,023
0	0	(96,603)	0	(300,000)	(396,626)
<b>0</b>	<b>0</b>	<b>(96,603)</b>	<b>0</b>	<b>(300,000)</b>	<b>315,300</b>
(1,161)	179,686	519,380	(10,436)	(357,534)	(664,633)
1,161	444,228	153,783	113,773	752,387	2,974,437
<b>\$0</b>	<b>\$623,914</b>	<b>\$673,163</b>	<b>\$103,337</b>	<b>\$394,853</b>	<b>\$2,309,804</b>

City of Longview

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUNDS  
For the biennium through December 31, 2014

Page 1 of 8

	ARTERIAL STREET			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	8,518,160	8,518,160	2,637,259	(5,880,901)
Charges for services	5,000	5,000	2	(4,998)
Fines	0	0	0	0
Miscellaneous:				
Interest earnings	0	0	521	521
Space and facilities rentals	0	0	0	0
Contributions from private sources	0	0	2,500	2,500
Other miscellaneous	0	0	2,772	2,772
<b>Total revenues</b>	<b>8,523,160</b>	<b>8,523,160</b>	<b>2,643,054</b>	<b>(5,880,106)</b>
Expenditures:				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Transportation	110,000	110,000	54,149	55,851
Economic environment	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlays	8,820,500	8,820,500	3,655,950	5,164,550
Debt service:				
Principal	66,660	66,660	66,652	8
Interest and fiscal charges	4,000	4,000	2,000	2,000
<b>Total expenditures</b>	<b>9,001,160</b>	<b>9,001,160</b>	<b>3,778,751</b>	<b>5,222,409</b>
Excess (deficiency) of revenues over (under) expenditures	(478,000)	(478,000)	(1,135,697)	(657,697)
Other financing sources (uses):				
Capital asset dispositions	120,000	120,000	0	(120,000)
Transfers in	258,000	258,000	78,000	(180,000)
Transfers out	(150,000)	(150,000)	0	150,000
<b>Total other fin. sources (uses)</b>	<b>228,000</b>	<b>228,000</b>	<b>78,000</b>	<b>(150,000)</b>
Net change in fund balances	(250,000)	(250,000)	(1,057,697)	(807,697)
January 1, 2013 fund balance	321,441	321,441	321,441	0
<b>December 31, 2014 fund balance</b>	<b>\$71,441</b>	<b>\$71,441</b>	<b>(\$736,256)</b>	<b>(\$807,697)</b>

DOWNTOWN PARKING				ECONOMIC DEVELOPMENT			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$0	\$0	\$0	\$0	\$918,750	\$918,750	\$986,612	\$67,862
0	0	0	0	0	0	0	0
0	0	0	0	15,000	15,000	1,091	(13,909)
94,400	90,400	51,041	(39,359)	0	0	0	0
480	480	249	(231)	680	680	19,886	19,206
5,680	5,680	28,027	22,347	4,800	4,800	9,600	4,800
0	0	0	0	0	0	13,452	13,452
0	0	0	0	200	200	0	(200)
<b>100,560</b>	<b>96,560</b>	<b>79,317</b>	<b>(17,243)</b>	<b>939,430</b>	<b>939,430</b>	<b>1,030,641</b>	<b>91,211</b>
0	0	0	0	0	0	0	0
221,470	164,470	118,361	46,109	0	0	0	0
11,520	11,520	8,644	2,876	0	0	0	0
0	0	0	0	328,580	328,580	226,967	101,613
0	0	0	0	0	0	0	0
600	600	0	600	0	0	1,317	(1,317)
0	0	0	0	0	0	0	0
0	0	0	0	825,240	825,240	835,568	(10,328)
0	0	0	0	560,550	560,550	555,295	5,255
<b>233,590</b>	<b>176,590</b>	<b>127,005</b>	<b>49,585</b>	<b>1,714,370</b>	<b>1,714,370</b>	<b>1,619,147</b>	<b>95,223</b>
(133,030)	(80,030)	(47,688)	32,342	(774,940)	(774,940)	(588,506)	186,434
0	0	0	0	774,940	774,940	633,903	(141,037)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	(163)	(163)
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>774,940</b>	<b>774,940</b>	<b>633,740</b>	<b>(141,200)</b>
(133,030)	(80,030)	(47,688)	32,342	0	0	45,234	45,234
154,697	154,697	154,697	0	1,108,392	1,108,392	1,108,392	0
<b>\$21,667</b>	<b>\$74,667</b>	<b>\$107,009</b>	<b>\$32,342</b>	<b>\$1,108,392</b>	<b>\$1,108,392</b>	<b>\$1,153,626</b>	<b>\$45,234</b>

City of Longview

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS

For the biennium through December 31, 2014

Page 3 of 8

	HOME FUND			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	1,060,050	1,060,050	532,325	(527,725)
Charges for services	62,500	62,500	58,796	(3,704)
Fines	0	0	0	0
Miscellaneous:				
Interest earnings	200	200	0	(200)
Space and facilities rentals	0	0	0	0
Contributions from private sources	0	0	0	0
Other miscellaneous	0	0	0	0
<b>Total revenues</b>	<b>1,122,750</b>	<b>1,122,750</b>	<b>591,121</b>	<b>(531,629)</b>
Expenditures:				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Transportation	0	0	0	0
Economic environment	1,122,750	1,122,750	589,922	532,828
Culture and recreation	0	0	0	0
Capital outlays	0	0	0	0
Debt service:				
Principal	0	0	0	0
Interest and fiscal charges	0	0	0	0
<b>Total expenditures</b>	<b>1,122,750</b>	<b>1,122,750</b>	<b>589,922</b>	<b>532,828</b>
Excess (deficiency) of revenues over (under) expenditures	0	0	1,199	1,199
Other financing sources (uses):				
Capital asset dispositions	0	0	0	0
Transfers in	0	0	0	0
Transfers out	0	0	0	0
<b>Total other fin. sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net change in fund balances	0	0	1,199	1,199
January 1, 2013 fund balance	(11,041)	(11,041)	(11,041)	0
<b>December 31, 2014 fund balance</b>	<b>(\$11,041)</b>	<b>(\$11,041)</b>	<b>(\$9,842)</b>	<b>\$1,199</b>

CDBG Entitlement				LIBRARY GRANT FUND			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
742,500	742,500	628,906	(113,594)	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	198	198
0	0	0	0	0	0	0	0
<b>742,500</b>	<b>742,500</b>	<b>628,906</b>	<b>(113,594)</b>	<b>0</b>	<b>0</b>	<b>198</b>	<b>198</b>
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
742,500	742,500	500,332	242,168	0	0	0	0
0	0	0	0	0	1,500	1,161	339
0	0	130,156	(130,156)	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<b>742,500</b>	<b>742,500</b>	<b>630,488</b>	<b>112,012</b>	<b>0</b>	<b>1,500</b>	<b>1,161</b>	<b>339</b>
0	0	(1,582)	(1,582)	0	(1,500)	(963)	537
0	0	0	0	0	0	0	0
0	0	1,582	1,582	0	0	0	0
0	0	0	0	0	0	0	0
<b>0</b>	<b>0</b>	<b>1,582</b>	<b>1,582</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	0	0	0	(1,500)	(963)	537
0	0	0	0	963	963	963	0
<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$963</b>	<b>(\$537)</b>	<b>\$0</b>	<b>\$537</b>

City of Longview

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUNDS  
For the biennium through December 31, 2014

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	CRIMINAL JUSTICE ASSISTANCE			
	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	1,220,450	1,220,450	1,247,109	26,659
Charges for services	0	0	0	0
Fines	0	0	0	0
<b>Miscellaneous:</b>				
Interest earnings	4,000	4,000	685	(3,315)
Space and facilities rentals	0	0	0	0
Contributions from private sources	0	0	13,371	13,371
Other miscellaneous	48,000	48,000	188,120	140,120
<b>Total revenues</b>	<b>1,272,450</b>	<b>1,272,450</b>	<b>1,449,285</b>	<b>176,835</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	0	0	0	0
Public safety	1,298,910	1,298,910	1,134,344	164,566
Transportation	0	0	0	0
Economic environment	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlays	0	0	25,163	(25,163)
<b>Debt service:</b>				
Principal	0	0	0	0
Interest and fiscal charges	0	0	0	0
<b>Total expenditures</b>	<b>1,298,910</b>	<b>1,298,910</b>	<b>1,159,507</b>	<b>139,403</b>
Excess (deficiency) of revenues over (under) expenditures	(26,460)	(26,460)	289,778	316,238
<b>Other financing sources (uses):</b>				
Capital asset dispositions	0	0	0	0
Transfers in	0	0	0	0
Transfers out	0	0	0	0
<b>Total other fin. sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net change in fund balances	(26,460)	(26,460)	289,778	316,238
January 1, 2013 fund balance	334,136	334,136	334,136	0
<b>December 31, 2014 fund balance</b>	<b>\$307,676</b>	<b>\$307,676</b>	<b>\$623,914</b>	<b>\$316,238</b>

CAMERA INFRACTION PROGRAM				TOURISM			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$0	\$0	\$0	\$0	\$72,000	\$72,000	\$83,210	\$11,210
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
463,240	698,440	1,282,629	584,189	0	0	0	0
0	0	442	442	200	200	223	23
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	3,632	3,632
<b>463,240</b>	<b>698,440</b>	<b>1,283,071</b>	<b>584,631</b>	<b>72,200</b>	<b>72,200</b>	<b>87,065</b>	<b>14,865</b>
0	0	0	0	0	0	89,943	(89,943)
225,400	420,400	591,108	(170,708)	0	0	0	0
237,840	278,040	0	278,040	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	87,450	97,450	0	97,450
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<b>463,240</b>	<b>698,440</b>	<b>591,108</b>	<b>107,332</b>	<b>87,450</b>	<b>97,450</b>	<b>89,943</b>	<b>7,507</b>
0	0	691,963	691,963	(15,250)	(25,250)	(2,878)	22,372
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	(96,603)	(96,603)	0	0	0	0
<b>0</b>	<b>0</b>	<b>(96,603)</b>	<b>(96,603)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	595,360	595,360	(15,250)	(25,250)	(2,878)	22,372
77,803	77,803	77,803	0	106,215	106,215	106,215	0
<b>\$77,803</b>	<b>\$77,803</b>	<b>\$673,163</b>	<b>\$595,360</b>	<b>\$90,965</b>	<b>\$80,965</b>	<b>\$103,337</b>	<b>\$22,372</b>

City of Longview

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUNDS  
For the biennium through December 31, 2014

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PARKS AND RECREATION MEMORIAL TRUST				
	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0
Charges for services	0	0	0	0
Fines	0	0	0	0
<b>Miscellaneous:</b>				
Interest earnings	2,000	2,000	1,726	(274)
Space and facilities rentals	0	0	0	0
Contributions from private sources	0	0	0	0
Other miscellaneous	0	0	0	0
<b>Total revenues</b>	<b>2,000</b>	<b>2,000</b>	<b>1,726</b>	<b>(274)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	0	0	0	0
Public safety	0	0	0	0
Transportation	0	0	0	0
Economic environment	0	0	0	0
Culture and recreation	0	0	31,223	(31,223)
Capital outlays	344,800	344,800	53,028	291,772
<b>Debt service:</b>				
Principal	0	0	0	0
Interest and fiscal charges	0	0	0	0
<b>Total expenditures</b>	<b>344,800</b>	<b>344,800</b>	<b>84,251</b>	<b>260,549</b>
Excess (deficiency) of revenues over (under) expenditures	(342,800)	(342,800)	(82,525)	260,275
<b>Other financing sources (uses):</b>				
	0	0	0	0
Transfers in	0	0	0	0
Transfers out	0	(300,000)	(300,000)	0
<b>Total other fin. sources (uses)</b>	<b>0</b>	<b>(300,000)</b>	<b>(300,000)</b>	<b>0</b>
Net change in fund balances	(342,800)	(642,800)	(382,525)	260,275
January 1, 2013 fund balance	777,378	777,378	777,378	0
<b>December 31, 2014 fund balance</b>	<b>\$434,578</b>	<b>\$134,578</b>	<b>\$394,853</b>	<b>\$260,275</b>

City of Longview

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NONMAJOR SPECIAL REVENUE FUNDS

For the biennium through December 31, 2014

Page 8 of 8

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$990,750	\$990,750	\$1,069,822	\$79,072
Intergovernmental	11,541,160	11,541,160	5,045,599	(6,495,561)
Charges for services	82,500	82,500	59,889	(22,611)
Fines	557,640	788,840	1,333,670	544,830
Miscellaneous:				
Interest earnings	7,560	7,560	23,732	16,172
Space and facilities rentals	10,480	10,480	37,627	27,147
Contributions from private sources	0	0	29,521	29,521
Other miscellaneous	48,200	48,200	194,524	146,324
<b>Total revenues</b>	<b>13,238,290</b>	<b>13,469,490</b>	<b>7,794,384</b>	<b>(5,675,106)</b>
Expenditures:				
Current:				
General government	0	0	89,943	89,943
Public safety	1,745,780	1,883,780	1,843,813	(39,967)
Transportation	359,360	399,560	62,793	(336,767)
Economic environment	2,193,830	2,193,830	1,317,221	(876,609)
Culture and recreation	87,450	98,950	32,384	(66,566)
Capital outlays	9,165,900	9,165,900	3,865,614	(5,300,286)
Debt service:				
Principal	891,900	891,900	902,220	10,320
Interest and fiscal charges	564,550	564,550	557,295	(7,255)
<b>Total expenditures</b>	<b>15,008,770</b>	<b>15,198,470</b>	<b>8,671,283</b>	<b>6,527,187</b>
Excess (deficiency) of revenues over (under) expenditures	(1,770,480)	(1,728,980)	(876,899)	852,081
Other financing sources (uses):				
Capital asset dispositions	894,940	894,940	633,903	(261,037)
Transfers in	258,000	258,000	79,582	(178,418)
Transfers out	(150,000)	(450,000)	(396,766)	53,234
<b>Total other fin. sources (uses)</b>	<b>1,002,940</b>	<b>702,940</b>	<b>316,719</b>	<b>(386,221)</b>
Net change in fund balances	(767,540)	(1,026,040)	(560,180)	465,860
January 1, 2013 fund balance	2,869,984	2,869,984	2,869,984	0
<b>December 31, 2014 fund balance</b>	<b>\$2,102,444</b>	<b>\$1,843,944</b>	<b>\$2,309,804</b>	<b>\$465,860</b>

## CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the acquisition or development of capital facilities except those financed by proprietary or similar trust funds. Their major sources of revenue are from general and special general government debt, grants and contributions. These funds are budgeted bi-annually under the modified accrual basis of accounting.

The Capital Projects Fund is used to fund a variety of capital related projects for the City. Its primary revenue source is real estate taxes.

The Local Improvement District Construction Fund is used to account for construction costs approved by citizen groups for improvements within their specified benefit areas.

The Building Maintenance Fund was created in 1997 to repair, replace, renovate or modernize city owned buildings.

*City of Longview*

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS**

As of December 31, 2014

	Capital Projects	LID Construction	Building Replacement	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>				
Cash	\$39,158	\$0	\$38,255	\$77,413
Investments	500,285	0	810,903	1,311,188
Receivables (net)				
Taxes	20,228	0	0	20,228
Notes and contracts	32,522	0	0	32,522
Total assets	<u>592,193</u>	<u>0</u>	<u>849,158</u>	<u>1,441,351</u>
<b>LIABILITIES</b>				
Accounts payable	3,420	0	74,794	78,214
Due to other governments	274	0	0	274
Other current liabilities	8,022	0	140,322	148,344
Total liabilities	<u>11,716</u>	<u>0</u>	<u>215,116</u>	<u>226,832</u>
<b>DEFERRED INFLOWS</b>				
Other unavailable revenue	32,522	0	0	32,522
Total deferred inflows	<u>32,522</u>	<u>0</u>	<u>0</u>	<u>32,522</u>
<b>FUND BALANCES</b>				
Restricted	300,000	0	0	300,000
Assigned	247,955	0	634,042	881,997
Total fund balances	<u>547,955</u>	<u>0</u>	<u>634,042</u>	<u>1,181,997</u>

City of Longview

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2014

	Capital Projects	LID Construction	Building Replacement	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>				
Taxes	\$314,029	\$0	\$0	\$314,029
Intergovernmental	3,810	0	338,627	342,437
Miscellaneous				
Interest earnings	63	0	1,483	1,546
Contributions from private sources	93,416	0	0	93,416
Other miscellaneous	(9,326)	0	2,600	(6,726)
<b>Total revenues</b>	<b>401,992</b>	<b>0</b>	<b>342,710</b>	<b>744,702</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Transportation	3,400	0	0	3,400
Economic environment	0	0	31,703	31,703
Culture and recreation	50,484	0	0	50,484
Capital outlays	216,646	0	419,039	635,685
<b>Total expenditures</b>	<b>270,530</b>	<b>0</b>	<b>450,742</b>	<b>721,272</b>
Excess (deficiency) of revenues over (under) expenditures	131,462	0	(108,032)	23,430
<b>Other financing sources (uses):</b>				
Transfers in	485,000	0	0	485,000
Transfers out	(78,000)	0	(410,027)	(488,027)
<b>Total other financing sources (uses)</b>	<b>407,000</b>	<b>0</b>	<b>(410,027)</b>	<b>(3,027)</b>
Net change in fund balances	538,462	0	(518,059)	20,403
Fund balance, January 1	9,493	0	1,152,101	1,161,594
<b>Fund balance, December 31</b>	<b>\$547,955</b>	<b>\$0</b>	<b>\$634,042</b>	<b>\$1,181,997</b>

City of Longview

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

NONMAJOR CAPITAL PROJECTS FUNDS

For the biennium ended December 31, 2014

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	CAPITAL PROJECTS			
	Original Budget	Final Budget	Actual	Variance
<b>Revenues:</b>				
Taxes	\$300,000	\$300,000	\$509,746	\$209,746
Intergovernmental	7,300	7,300	8,570	1,270
<b>Miscellaneous:</b>				
Interest earnings	1,250	1,250	2,705	1,455
Contributions from private sources	80,000	80,000	132,394	52,394
Other miscellaneous	0	0	(9,326)	(9,326)
<b>Total revenues</b>	<b>388,550</b>	<b>388,550</b>	<b>644,089</b>	<b>255,539</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	0	0	2,561	(2,561)
Transportation	6,600	6,600	6,885	(285)
Economic environment	0	0	0	0
Culture and recreation	130,000	130,000	93,981	36,019
Capital outlays	446,000	846,000	608,605	237,395
<b>Total expenditures</b>	<b>582,600</b>	<b>982,600</b>	<b>712,032</b>	<b>270,568</b>
Excess (deficiency) of revenues over (under) expenditures	(194,050)	(594,050)	(67,943)	526,107
<b>Other financing sources (uses):</b>				
Proceeds of general long-term debt	0	0	0	0
Transfers in	0	400,000	485,000	85,000
Transfers out	(78,000)	(78,000)	(78,000)	0
Discount on bonds sold	0	0	0	0
<b>Total other fin. sources (uses)</b>	<b>(78,000)</b>	<b>322,000</b>	<b>407,000</b>	<b>85,000</b>
Net change in fund balances	(272,050)	(272,050)	339,057	611,107
Fund balance, January 1	208,898	208,898	208,898	0
<b>Fund balance, December 31</b>	<b>(\$63,152)</b>	<b>(\$63,152)</b>	<b>\$547,955</b>	<b>\$611,107</b>

LID CONSTRUCTION				BUILDING REPLACEMENT			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	500,000	500,000	838,627	338,627
0	0	0	0	0	0	5,331	5,331
0	0	0	0	0	0	0	0
0	0	0	0	0	0	2,600	2,600
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500,000</b>	<b>500,000</b>	<b>846,558</b>	<b>346,558</b>
0	0	0	0	0	0	29,137	(29,137)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	31,703	(31,703)
0	0	0	0	0	0	0	0
3,700,000	3,700,000	0	3,700,000	4,199,130	4,199,130	3,736,831	462,299
<b>3,700,000</b>	<b>3,700,000</b>	<b>0</b>	<b>3,700,000</b>	<b>4,199,130</b>	<b>4,199,130</b>	<b>3,797,671</b>	<b>401,459</b>
(3,700,000)	(3,700,000)	0	3,700,000	(3,699,130)	(3,699,130)	(2,951,113)	748,017
3,700,000	3,700,000	0	(3,700,000)	3,490,130	3,490,130	3,560,000	69,870
0	0	0	0	0	0	0	0
0	0	0	0	0	(100,000)	(410,027)	(310,027)
0	0	0	0	0	0	(23,878)	23,878
<b>3,700,000</b>	<b>3,700,000</b>	<b>0</b>	<b>(3,700,000)</b>	<b>3,490,130</b>	<b>3,390,130</b>	<b>3,126,095</b>	<b>(264,035)</b>
0	0	0	0	(209,000)	(309,000)	174,982	483,982
0	0	0	0	459,059	459,059	459,059	0
<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,059</b>	<b>\$150,059</b>	<b>\$634,041</b>	<b>\$483,982</b>

<b>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>				
Taxes	\$300,000	\$300,000	\$509,746	\$209,746
Intergovernmental	507,300	507,300	847,197	339,897
<b>Miscellaneous:</b>				
Interest earnings	1,250	1,250	8,036	6,786
Contributions from private sources	80,000	80,000	132,394	52,394
Other miscellaneous	0	0	(6,726)	(6,726)
<b>Total revenues</b>	<b>888,550</b>	<b>888,550</b>	<b>1,490,647</b>	<b>602,097</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	0	0	31,698	(31,698)
Transportation	6,600	6,600	6,885	(285)
Economic environment	0	0	31,703	(31,703)
Culture and recreation	130,000	130,000	93,981	36,019
Capital outlays	8,345,130	8,745,130	4,345,436	4,399,694
<b>Total expenditures</b>	<b>8,481,730</b>	<b>8,881,730</b>	<b>4,509,703</b>	<b>4,372,027</b>
Excess (deficiency) of revenues over (under) expenditures	(7,593,180)	(7,993,180)	(3,019,056)	4,974,124
<b>Other financing sources (uses):</b>				
Proceeds of general long-term debt	7,190,130	7,190,130	3,560,000	(3,630,130)
Transfers in	0	400,000	485,000	85,000
Transfers out	(78,000)	(178,000)	(488,027)	(310,027)
Discount on bonds sold	0	0	(23,878)	23,878
<b>Total other fin. sources (uses)</b>	<b>7,112,130</b>	<b>7,412,130</b>	<b>3,533,095</b>	<b>(3,879,035)</b>
Net change in fund balances	(481,050)	(581,050)	514,039	1,095,089
Fund balance, January 1	667,957	667,957	667,957	0
<b>Fund balance, December 31</b>	<b>\$186,907</b>	<b>\$86,907</b>	<b>\$1,181,996</b>	<b>\$1,095,089</b>

## DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources, and for payments of principal and interest on general government debt. Consistent with fund account principles, these liabilities are only reported at the government-wide level.

The 2007 Long-Term General Obligation Bond Fund was established to renovate of a performing arts theatre.

The Special Assessment Bond Redemption Fund accounts for the repayment of assessments against benefiting properties. Projects are financed through the collection of special assessment bond principal and interest.

The Special Assessment Guaranty Fund provides security for outstanding local improvement district bonds of the Special Assessment Bond Redemption Fund.

*City of Longview*

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS**

As of December 31, 2014

	2007 LTGO Bond Fund	Special Assessment Bond Redemption	Special Assessment Guaranty	Total Nonmajor Debt Service Funds
<b>ASSETS</b>				
Cash	\$0	\$2,574	\$289	\$2,863
Investments	0	0	311	311
Receivables (net)				
Assessments	0	2,345	0	2,345
Due from other governments	5,435,000	0	0	5,435,000
Total assets	<u>5,435,000</u>	<u>4,919</u>	<u>600</u>	<u>5,440,519</u>
<b>LIABILITIES</b>				
Accounts payable	54	0	0	54
Total liabilities	<u>54</u>	<u>0</u>	<u>0</u>	<u>54</u>
<b>DEFERRED INFLOWS</b>				
Other unavailable revenue	0	2,345	0	2,345
Total deferred inflows	<u>0</u>	<u>2,345</u>	<u>0</u>	<u>2,345</u>
<b>FUND BALANCES</b>				
Nonspendable	5,435,000	0	0	5,435,000
Restricted	0	2,574	0	2,574
Assigned	0	0	600	600
Unassigned	(54)	0	0	(54)
Total fund balances	<u>5,434,946</u>	<u>2,574</u>	<u>600</u>	<u>5,438,120</u>

City of Longview

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS

For the year ended December 31, 2014

	2007 LTGO Bond Fund	Special Assessment Bond Redemption	Special Assessment Guaranty	Total Nonmajor Debt Service Funds
Revenues:				
Miscellaneous				
Interest earnings	20	0	1	21
Special assessments	0	6,461	0	6,461
Other miscellaneous	4,175	0	0	4,175
<b>Total revenues</b>	<b>4,195</b>	<b>6,461</b>	<b>1</b>	<b>10,657</b>
Expenditures:				
Current:				
General government	0	510	0	510
Culture and recreation	54	0	0	54
Debt service:				
Principal	530,000	5,000	0	535,000
Interest and other debt service costs	151,452	413	0	151,865
<b>Total expenditures</b>	<b>681,506</b>	<b>5,923</b>	<b>0</b>	<b>687,429</b>
Excess (deficiency) of revenues over (under) expenditures	(677,311)	538	1	(676,772)
Other financing sources (uses):				
Transfers in	547,540	0	53,151	600,691
Transfers out	0	(53,151)	(53,652)	(106,803)
<b>Total other financing sources (uses)</b>	<b>547,540</b>	<b>(53,151)</b>	<b>(501)</b>	<b>493,888</b>
Net change in fund balances	(129,771)	(52,613)	(500)	(182,884)
Fund balance, January 1	5,564,717	55,187	1,100	5,621,004
<b>Fund balance, December 31</b>	<b>\$5,434,946</b>	<b>\$2,574</b>	<b>\$600</b>	<b>\$5,438,120</b>

## PERMANENT FUNDS

The City administers one permanent fund which is titled the Library Memorial Trust Fund. The City was the recipient of donated funds which constitute a non-expendable endowment. The interest earned on the investments from this endowment is used to purchase books and related supplies for the Longview Public Library. This fund operates under a bi-annually adopted budget with statements reported on the modified accrual basis of accounting.

City of Longview

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**LIBRARY MEMORIAL TRUST  
PERMANENT FUND**

For the biennium ended December 31, 2014

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Miscellaneous:				
Interest earnings	\$2,600	\$2,600	\$25	(\$2,575)
<b>Total revenues</b>	<b>2,600</b>	<b>2,600</b>	<b>25</b>	<b>(2,575)</b>
<b>Total expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (deficiency) of revenues over (under) expenditures	2,600	2,600	25	(2,575)
Other financing sources (uses):				
Transfers out	(2,600)	(2,600)	(1,570)	1,030
<b>Total other fin. sources (uses)</b>	<b>(2,600)</b>	<b>(2,600)</b>	<b>(1,570)</b>	<b>1,030</b>
Net change in fund balances	0	0	(1,545)	(1,545)
Fund balance, January 1	20,347	20,347	20,347	0
<b>Fund balance, December 31</b>	<b>\$20,347</b>	<b>\$20,347</b>	<b>\$18,802</b>	<b>(1,545)</b>

# **Nonmajor Enterprise Funds**

## ENTERPRISE FUNDS

These funds are established to account for those services provided by the City of Longview which are self-supporting in nature. The majority of these services are provided to the general public from which user fees are charged to support the activities specific to the particular fund. The nonmajor enterprise funds are described below.

The Stormwater Fund serves to provide flood management and water quality protection. Longview's stormwater management program includes building and maintaining public drainage systems, erosion control, and public awareness toward environmental consciousness.

The Mint Valley Complex Fund accounts for maintenance and operations associated with the Longview Municipal Golf Course and Tennis/Racquetball Facility.

City of Longview

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS**

As of December 31, 2014

	STORMWATER	MINT VALLEY COMPLEX	TOTAL NONMAJOR ENTERPRISE
<b>ASSETS</b>			
Current assets:			
Cash	\$8,217	\$41,008	\$49,225
Investments	1,805,009	0	1,805,009
Receivables, net	360,748	1,496	362,244
Due from other funds	14,535	0	14,535
Due from other governments	356,085	0	356,085
Total current assets:	<u>2,544,594</u>	<u>42,504</u>	<u>2,587,098</u>
Noncurrent assets:			
Capital assets:			
Land	8,640	1,208,151	1,216,791
Buildings	15,171	1,508,914	1,524,085
Improvements other than buildings	5,642,415	920,268	6,562,683
Machinery and equipment	413,938	55,047	468,985
Construction in progress	977,490	0	977,490
Less: Accumulated depreciation	(2,910,744)	(1,861,436)	(4,772,180)
Net capital assets	<u>4,146,910</u>	<u>1,830,944</u>	<u>5,977,854</u>
Total noncurrent assets	<u>4,146,910</u>	<u>1,830,944</u>	<u>5,977,854</u>
<b>TOTAL ASSETS</b>	<u><b>\$6,691,504</b></u>	<u><b>\$1,873,448</b></u>	<u><b>\$8,564,952</b></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$121,914	\$3,168	\$125,082
Due to other funds	0	12,152	12,152
Due to other governments	37	0	37
Accrued wages payable	79,115	11,458	90,573
Compensated absences	46,774	15,878	62,652
Other current liabilities	1,528	7	1,535
Current portion of long-term debt	0	3,100	3,100
Total current liabilities:	<u>249,368</u>	<u>45,763</u>	<u>295,131</u>
Noncurrent liabilities			
Bonds payable, net	0	70,667	70,667
Compensated absences	63,092	35,998	99,090
Total noncurrent liabilities	<u>63,092</u>	<u>106,665</u>	<u>169,757</u>
<b>TOTAL LIABILITIES</b>	<u><b>312,460</b></u>	<u><b>152,428</b></u>	<u><b>464,888</b></u>
<b>NET POSITION</b>			
Net investment in capital assets	4,146,910	1,757,177	5,904,087
Unrestricted	2,232,135	(36,158)	2,195,977
<b>TOTAL NET POSITION</b>	<u><b>\$6,379,045</b></u>	<u><b>\$1,721,019</b></u>	<u><b>\$8,100,064</b></u>

City of Longview

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2014

	STORMWATER	MINT VALLEY COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
Operating revenues:			
Charges for services	\$2,950,728	\$481,339	\$3,432,067
Miscellaneous	0	34,621	34,621
<b>Total operating revenues</b>	<b>2,950,728</b>	<b>515,960</b>	<b>3,466,688</b>
Operating expenses:			
Cost of sales and services	2,262,611	413,258	2,675,869
Administration	282,125	106,289	388,414
Depreciation	128,444	41,975	170,419
<b>Total operating expenses</b>	<b>2,673,180</b>	<b>561,522</b>	<b>3,234,702</b>
<b>Operating income (loss)</b>	<b>277,548</b>	<b>(45,562)</b>	<b>231,986</b>
Nonoperating revenues (expenses):			
Interest revenue	1,681	2	1,683
Interest expense	0	(3,254)	(3,254)
Operating grant revenue	409,465	0	409,465
Other	12,132	0	12,132
<b>Total nonoperating revenues (expenses)</b>	<b>423,278</b>	<b>(3,252)</b>	<b>420,026</b>
Income (loss) before capital contributions, special items and transfers	700,826	(48,814)	652,012
Capital contributions	22,984	237,463	260,447
Transfers in	15,082	4,500	19,582
Transfers out	(85,000)	0	(85,000)
<b>Changes in net position</b>	<b>653,892</b>	<b>193,149</b>	<b>847,041</b>
Beginning net position as previously reported	5,780,104	1,563,403	7,343,507
Prior period adjustments	(54,951)	(35,533)	(90,484)
Beginning net position, restated	5,725,153	1,527,870	7,253,023
<b>Net position, December 31</b>	<b>\$6,379,045</b>	<b>\$1,721,019</b>	<b>\$8,100,064</b>

City of Longview

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2014

Page 1 of 2

	STORMWATER	MINT VALLEY COMPLEX	TOTAL NONMAJOR ENTREPRISE FUNDS
<b>Cash flows from operating activities:</b>			
Cash flows from customers and users	\$2,967,817	\$536,157	\$3,503,974
Cash from other sources	65,513	0	65,513
Cash paid to suppliers	(511,910)	(169,201)	(681,111)
Cash paid to employees	(1,368,597)	(278,249)	(1,646,846)
Interfund services used	(576,713)	(42,582)	(619,295)
Cash paid for taxes and other penalties	(47,266)	(40,697)	(87,963)
<b>Net cash provided (used) by operating activities</b>	<b>528,844</b>	<b>5,428</b>	<b>534,272</b>
<b>Cash flows from noncapital financing activities:</b>			
Transfers (in) from other funds	0	4,500	4,500
Transfers (out) to other funds	(85,000)	0	(85,000)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(85,000)</b>	<b>4,500</b>	<b>(80,500)</b>
<b>Cash flows from capital and related financing activities:</b>			
Payments of debt principal	0	(3,309)	(3,309)
Purchase of capital assets	(274,290)	0	(274,290)
Interest paid	0	(3,254)	(3,254)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(274,290)</b>	<b>(6,563)</b>	<b>(280,853)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments	190,000	15,930	205,930
Purchase of investments	(390,000)	0	(390,000)
<b>Net cash provided (used) by investing activities</b>	<b>(200,000)</b>	<b>15,930</b>	<b>(184,070)</b>
Net cash increase (decrease)	(30,446)	19,295	(11,151)
Cash, January 1	38,663	21,712	60,375
<b>Cash, December 31</b>	<b>\$8,217</b>	<b>\$41,007</b>	<b>\$49,224</b>

City of Longview

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2014

Page 2 of 2

	STORMWATER	MINT VALLEY COMPLEX	TOTAL NONMAJOR ENTREPRISE FUNDS
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
<b>Operating income (loss)</b>	<b>\$277,548</b>	<b>(\$45,562)</b>	<b>\$231,986</b>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	128,444	41,975	170,419
Expensed capital projects	0	7,957	7,957
Miscellaneous nonoperating cash activity	65,513	0	65,513
(Increase) decrease from:			
Accounts & notes receivable	(53,400)	0	(53,400)
Due from other funds	(14,535)	0	(14,535)
Due from other governments	66,543	0	66,543
Increase (decrease) from:			
Accounts payable	69,987	(3,199)	66,788
Due to other funds	(13,962)	2,774	(11,188)
Accrued wages payable	5,186	28	5,214
Compensated absences	(1,881)	1,642	(239)
Other current liabilities	(599)	(187)	(786)
<b>Total adjustments</b>	<b>251,296</b>	<b>50,990</b>	<b>302,286</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$528,844</b>	<b>\$5,428</b>	<b>\$534,272</b>
Noncash Investing, Capital and Financing Activities			
Acquisition of capital assets on account	44,505	9,378	53,883
Capital (to) from governmental activities	22,984	229,506	252,490
Capital (to) from Water-Sewer	15,081	0	15,081
Nonoperating interest income	1,681	2	1,683



# Internal Service Funds

## INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods and services provided by one department or agency to another within the same government on a cost reimbursement basis.

The Equipment Rental Fund is responsible for the purchase, maintenance and operations of Longview's rolling stock of vehicles and related assets.

The Insurance Reserve Fund is used to fund and account for the City's risk management activities.

The Office Equipment Reserve Fund primarily serves to centralize the purchase and maintenance of information technology equipment and services.

The Facility Maintenance Fund is used to maintain the condition of City owned buildings and structures.

The Unemployment Compensation Fund serves to fund the cost of unemployment benefits for which the City is self-insured.

The Employee Benefits Reserve Fund provides for the disbursement of applicable compensated absences for vested City employees.

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

As of December 31, 2014

Page 1 of 2

	<b>EQUIPMENT RENTAL</b>	<b>INSURANCE RESERVE</b>	<b>OFFICE EQUIPMENT RESERVE</b>	<b>FACILITY MAINTENANCE</b>
<b>ASSETS</b>				
Current assets:				
Cash	\$78,104	\$33,171	\$65,215	\$38,851
Investments	3,417,437	1,012,199	862,514	184,009
Receivables, net	10,038	271	0	0
Due from other funds	200,524	0	0	0
<b>Total current assets:</b>	<b>3,706,103</b>	<b>1,045,641</b>	<b>927,729</b>	<b>222,860</b>
Noncurrent assets:				
Capital assets:				
Land	56,095	0	0	0
Buildings	454,610	0	512,923	0
Improvements other than buildings	604,786	0	0	0
Machinery and equipment	10,919,340	0	2,429,954	0
Construction in progress	119,634	0	0	0
Less: Accumulated depreciation	(7,044,012)	0	(2,188,298)	0
<b>Net capital assets</b>	<b>5,110,453</b>	<b>0</b>	<b>754,579</b>	<b>0</b>
<b>Total noncurrent assets</b>	<b>5,110,453</b>	<b>0</b>	<b>754,579</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>8,816,556</b>	<b>1,045,641</b>	<b>1,682,308</b>	<b>222,860</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	87,778	21,916	44,076	22,590
Due to other funds	364,904	0	0	0
Due to other governments	0	0	654	162
Accrued wages payable	27,761	5,748	0	10,815
Compensated absences	22,165	9,192	0	8,071
Other current liabilities	51	0	0	0
<b>Total current liabilities:</b>	<b>502,659</b>	<b>36,856</b>	<b>44,730</b>	<b>41,638</b>
Noncurrent liabilities				
Compensated absences	7,641	5,290	0	10,437
<b>Total noncurrent liabilities</b>	<b>7,641</b>	<b>5,290</b>	<b>0</b>	<b>10,437</b>
<b>TOTAL LIABILITIES</b>	<b>510,300</b>	<b>42,146</b>	<b>44,730</b>	<b>52,075</b>
<b>NET POSITION</b>				
Net investment in capital assets	5,110,453	0	754,579	0
Unrestricted	3,195,803	1,003,495	882,999	170,785
<b>TOTAL NET POSITION</b>	<b>\$8,306,256</b>	<b>\$1,003,495</b>	<b>\$1,637,578</b>	<b>\$170,785</b>

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

As of December 31, 2014

Page 2 of 2

	UNEMPLOYMENT COMPENSATION	EMPLOYEE BENEFITS RESERVE	TOTALS
<b>ASSETS</b>			
Current assets:			
Cash	\$19,594	\$26,017	\$260,952
Investments	204,330	629,845	6,310,334
Receivables, net	0	0	10,309
Due from other funds	0	0	200,524
Total current assets:	<u>223,924</u>	<u>655,862</u>	<u>6,782,119</u>
Noncurrent assets:			
Capital assets:			
Land	0	0	56,095
Buildings	0	0	967,533
Improvements other than buildings	0	0	604,786
Machinery and equipment	0	0	13,349,294
Construction in progress	0	0	119,634
Less: Accumulated depreciation	0	0	(9,232,310)
Net capital assets	<u>0</u>	<u>0</u>	<u>5,865,032</u>
Total noncurrent assets	<u>0</u>	<u>0</u>	<u>5,865,032</u>
TOTAL ASSETS	<u>223,924</u>	<u>655,862</u>	<u>12,647,151</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	0	0	176,360
Due to other funds	0	0	364,904
Due to other governments	0	0	816
Accrued wages payable	0	0	44,324
Compensated absences	0	21,849	61,277
Other current liabilities	0	0	51
Total current liabilities:	<u>0</u>	<u>21,849</u>	<u>647,732</u>
Noncurrent liabilities			
Compensated absences	0	0	23,368
Total noncurrent liabilities	<u>0</u>	<u>0</u>	<u>23,368</u>
TOTAL LIABILITIES	<u>0</u>	<u>21,849</u>	<u>671,100</u>
<b>NET POSITION</b>			
Net investment in capital assets	0	0	5,865,032
Unrestricted	223,924	634,013	6,111,019
TOTAL NET POSITION	<u>\$223,924</u>	<u>\$634,013</u>	<u>\$11,976,051</u>

City of Longview

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS

For the year ended December 31, 2014

Page 1 of 2

	EQUIPMENT RENTAL	INSURANCE RESERVE	OFFICE EQUIPMENT RESERVE	FACILITY MAINTENANCE
Operating revenues:				
Charges for services	\$2,987,281	\$1,343,509	\$837,922	\$611,544
Miscellaneous	747	0	0	665
<b>Total operating revenues</b>	<b>2,988,028</b>	<b>1,343,509</b>	<b>837,922</b>	<b>612,209</b>
Operating expenses:				
Cost of sales and services	1,388,157	1,009,099	528,283	375,520
Administration	411,724	142,931	27,840	102,777
Depreciation	675,477	0	183,351	0
<b>Total operating expenses</b>	<b>2,475,358</b>	<b>1,152,030</b>	<b>739,474</b>	<b>478,297</b>
<b>Operating income (loss)</b>	<b>512,670</b>	<b>191,479</b>	<b>98,448</b>	<b>133,912</b>
Nonoperating revenues (expenses):				
Interest revenue	2,641	593	647	112
Operating grant revenue	0	1,828	0	0
Disposition of capital assets	12,383	0	0	0
Other	605	4,631	0	0
<b>Total nonoperating revenues (expenses)</b>	<b>15,629</b>	<b>7,052</b>	<b>647</b>	<b>112</b>
Income (loss) before capital contributions, special items and transfers	528,299	198,531	99,095	134,024
Transfers in	274,218	0	0	0
<b>Changes in net position</b>	<b>802,517</b>	<b>198,531</b>	<b>99,095</b>	<b>134,024</b>
Beginning net position as previously reported	7,508,165	814,284	1,538,483	77,091
Prior period adjustments	(4,426)	(9,320)	0	(40,330)
Beginning net position, restated	7,503,739	804,964	1,538,483	36,761
<b>Net position, December 31</b>	<b>\$8,306,256</b>	<b>\$1,003,495</b>	<b>\$1,637,578</b>	<b>\$170,785</b>

City of Longview

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS

For the year ended December 31, 2014

Page 2 of 2

	UNEMPLOYMENT COMPENSATION	EMPLOYEE BENEFITS RESERVE	TOTALS
<b>Operating revenues:</b>			
Charges for services	\$0	\$109,675	\$5,889,931
Miscellaneous	0	18	1,430
<b>Total operating revenues</b>	<b>0</b>	<b>109,693</b>	<b>5,891,361</b>
<b>Operating expenses:</b>			
Cost of sales and services	9,767	322,659	3,633,485
Administration	0	21,849	707,121
Depreciation	0	0	858,828
<b>Total operating expenses</b>	<b>9,767</b>	<b>344,508</b>	<b>5,199,434</b>
<b>Operating income (loss)</b>	<b>(9,767)</b>	<b>(234,815)</b>	<b>691,927</b>
<b>Nonoperating revenues (expenses):</b>			
Interest revenue	194	709	4,896
Operating grant revenue	0	0	1,828
Disposition of capital assets	0	0	12,383
Other	0	0	5,236
<b>Total nonoperating revenues (expenses)</b>	<b>194</b>	<b>709</b>	<b>24,343</b>
Income (loss) before capital contributions, special items and transfers	(9,573)	(234,106)	716,270
Transfers in	0	0	274,218
<b>Changes in net position</b>	<b>(9,573)</b>	<b>(234,106)</b>	<b>990,488</b>
Beginning net position as previously reported	233,497	(2,543,593)	7,627,927
Prior period adjustments	0	3,411,712	3,357,636
Beginning net position, restated	233,497	868,119	10,985,563
<b>Net position, December 31</b>	<b>\$223,924</b>	<b>\$634,013</b>	<b>\$11,976,051</b>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the year ended December 31, 2014

	<b>EQUIPMENT RENTAL</b>	<b>INSURANCE RESERVE</b>	<b>OFFICE EQUIPMENT RESERVE</b>	<b>FACILITY MAINTENANCE</b>
Cash flows from operating activities:				
Cash flows from customers and users	\$159,081	\$1,691	\$13,136	\$1,539
Interfund services provided	2,906,817	1,343,510	824,787	611,544
Cash from other sources	605	6,459	0	0
Cash paid to suppliers	(1,309,456)	(1,014,084)	(571,663)	(270,794)
Cash paid to employees	(540,818)	(152,371)	0	(220,705)
Interfund services used	(157,038)	(1,193)	0	(15,802)
Cash paid for taxes and other penalties	(6,898)	0	0	0
<b>Net cash provided (used) by operating activities</b>	<b>1,052,293</b>	<b>184,012</b>	<b>266,260</b>	<b>105,782</b>
Cash flows from noncapital financing activities:				
Cash flows from operating grants				
Transfer (in) from other funds	274,218	0	0	0
<b>Net cash provided (used) by noncapital financing activities</b>	<b>274,218</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	20,180	0	0	0
Purchase of capital assets	(457,906)	0	(40,996)	0
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(437,726)</b>	<b>0</b>	<b>(40,996)</b>	<b>0</b>
Cash flows from investing activities:				
Proceeds from sale of investments	200,000	500,000	50,000	0
Purchase of investments	(1,040,000)	(690,000)	(260,000)	(110,000)
<b>Net cash provided (used) by investing activities</b>	<b>(840,000)</b>	<b>(190,000)</b>	<b>(210,000)</b>	<b>(110,000)</b>
Net cash increase (decrease)	48,785	(5,988)	15,264	(4,218)
Cash, January 1	29,319	39,158	49,950	43,071
<b>Cash, December 31</b>	<b>\$78,104</b>	<b>\$33,170</b>	<b>\$65,214</b>	<b>\$38,853</b>

City of Longview

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the year ended December 31, 2014

Page 2 of 4

	EQUIPMENT RENTAL	INSURANCE RESERVE	OFFICE EQUIPMENT RESERVE	FACILITY MAINTENANCE
Reconciliation of Operating Income to Net Cash Provided By Operating Activities				
<b>Operating income (loss)</b>	<b>\$512,670</b>	<b>\$191,479</b>	<b>\$98,448</b>	<b>\$133,912</b>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	675,477	0	183,351	0
Capital projects expensed	0	0	0	3,846
Miscellaneous nonoperating cash activity	605	6,459	0	0
(Increase) decrease from:				
Accounts & notes receivable	2,137	0	0	0
Due from other funds	(173,074)	0	0	0
Due from other governments	7,266	0	0	0
Increase (decrease) from:				
Accounts payable	(19,058)	334	(16,154)	7,776
Due to other funds	50,956	0	0	0
Accrued wages payable	1,456	(3,627)	0	(1,451)
Compensated absences	3,519	(10,633)	0	(38,463)
Other current liabilities	(9,661)	0	615	162
<b>Total adjustments</b>	<b>539,623</b>	<b>(7,467)</b>	<b>167,812</b>	<b>(28,130)</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$1,052,293</b>	<b>\$184,012</b>	<b>\$266,260</b>	<b>\$105,782</b>

Noncash Investing, Capital and Financing Activities

Acquisition of capital assets on account	342,092	0	42,283	0
Asset disposition receivables	7,858	0	0	0
Nonoperating interest income	2,641	593	647	112

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the year ended December 31, 2014

	UNEMPLOYMENT COMPENSATION	EMPLOYEE BENEFITS RESERVE	TOTAL INTERNAL SERVICE
Cash flows from operating activities:			
Cash flows from customers and users	\$0	\$109,694	\$285,141
Interfund services provided	0	0	5,686,658
Cash from other sources	0	0	7,064
Cash paid to suppliers	(10,323)	(322,660)	(3,498,980)
Cash paid to employees	0	0	(913,894)
Interfund services used	0	0	(174,033)
Cash paid for taxes and other penalties	0	0	(6,898)
<b>Net cash provided (used) by operating activities</b>	<b>(10,323)</b>	<b>(212,966)</b>	<b>1,385,058</b>
Cash flows from noncapital financing activities:			
Transfer (in) from other funds	0	0	274,218
<b>Net cash provided (used) by noncapital financing activities</b>	<b>0</b>	<b>0</b>	<b>274,218</b>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	0	0	20,180
Purchase of capital assets	0	0	(498,902)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>0</b>	<b>0</b>	<b>(478,722)</b>
Cash flows from investing activities:			
Proceeds from sale of investments	0	210,000	960,000
Purchase of investments	0	0	(2,100,000)
<b>Net cash provided (used) by investing activities</b>	<b>0</b>	<b>210,000</b>	<b>(1,140,000)</b>
Net cash increase (decrease)	(10,323)	(2,966)	40,554
Cash, January 1	29,917	28,983	220,398
<b>Cash, December 31</b>	<b>\$19,594</b>	<b>\$26,017</b>	<b>\$260,952</b>

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the year ended December 31, 2014

	<b>UNEMPLOYMENT COMPENSATION</b>	<b>EMPLOYEE BENEFITS RESERVE</b>	<b>TOTAL INTERNAL SERVICE</b>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
<b>Operating income (loss)</b>	<b>(\$9,767)</b>	<b>(\$234,815)</b>	<b>\$691,927</b>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	0	0	858,828
Capital projects expensed	0	0	3,846
Miscellaneous nonoperating cash activity	0	0	7,064
(Increase) decrease from:			
Accounts & notes receivable	0	0	2,137
Due from other funds	0	0	(173,074)
Due from other governments	0	0	7,266
Increase (decrease) from:			
Accounts payable	(556)	0	(27,658)
Due to other funds	0	0	50,956
Accrued wages payable	0	0	(3,622)
Compensated absences	0	21,849	(23,728)
Other current liabilities	0	0	(8,884)
<b>Total adjustments</b>	<b>(556)</b>	<b>21,849</b>	<b>693,131</b>
<b>Net cash provided (used) by operating activities</b>	<b>(\$10,323)</b>	<b>(\$212,966)</b>	<b>\$1,385,058</b>

Noncash Investing, Capital and Financing Activities

Acquisition of capital assets on account	0	0	384,375
Asset disposition receivables	0	0	7,858
Nonoperating interest income	194	709	4,896



# Other Statements and Schedules

*City of Longview*

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
STATE AGENCY FUND**

For the year ended December 31, 2014

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	<b>Balances Forward</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balances</b>
<hr/>				
STATE AGENCY FUND				
Assets				
Cash	<u>\$123,388</u>	<u>\$499,107</u>	<u>\$499,763</u>	<u>\$122,732</u>
Total assets	<u>\$123,388</u>	<u>\$499,107</u>	<u>\$499,763</u>	<u>\$122,732</u>
Liabilities				
Due to other governments	<u>\$123,388</u>	<u>\$499,107</u>	<u>\$499,763</u>	<u>\$122,732</u>
Total liabilities	<u>\$123,388</u>	<u>\$499,107</u>	<u>\$499,763</u>	<u>\$122,732</u>



# STATISTICAL SECTION

# STATISTICAL SECTION

The Statistical Section presents detailed information to aid in understanding what the financial section of the City of Longview's comprehensive annual financial reports says about the government's activities and overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150 - 153
<i>Revenue Capacity</i> Information here is presented to aid the reader assess the City's most significant local revenue sources, property and sales taxes.	154 - 158
<i>Debt Capacity</i> These schedules help the reader assess the City's ability to service its current debt and the affordability of additional future debt.	159 - 163
<i>Demographic and Economic Information</i> Demographic and economic indicators in these schedules offer information to help the reader understand the environment in which the City's financial activities take place.	164 - 165
<i>Other Information</i> These schedules contain service and infrastructure data so the reader can understand how this financial report information relates to the services the government provides and the activities it performs.	166 - 168

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**City of Longview**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)  
(in thousands of dollars)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities										
Net investment in capital assets	\$ 9,713	\$ 10,220	\$ 15,364	\$ 25,155	\$ 26,220	\$ 25,907	\$ 27,299	\$ 28,490	\$ 29,366	\$ 33,133
Restricted	4,389	4,794	12,594	10,456	11,438	10,289	8,077	8,699	8,858	8,184
Unrestricted	10,869	23,655	13,978	9,386	9,005	8,981	9,818	10,490	12,380	14,942
Total governmental activities net position	<u>\$ 24,971</u>	<u>\$ 38,669</u>	<u>\$ 41,936</u>	<u>\$ 44,998</u>	<u>\$ 46,663</u>	<u>\$ 45,177</u>	<u>\$ 45,193</u>	<u>\$ 47,680</u>	<u>\$ 50,604</u>	<u>\$ 56,259</u>
Business-type activities										
Net investment in capital assets	\$ 33,245	\$ 36,153	\$ 37,383	\$ 37,441	\$ 41,847	\$ 50,228	\$ 56,720	\$ 56,058	\$ 49,511	\$ 50,284
Restricted	1,561	1,720	1,828	1,911	1,914	1,916	1,915	1,965	3,070	8,211
Unrestricted	11,678	10,802	11,321	12,214	12,681	13,609	14,856	18,883	17,277	12,243
Total business-type activities net position	<u>\$ 46,484</u>	<u>\$ 48,675</u>	<u>\$ 50,532</u>	<u>\$ 51,566</u>	<u>\$ 56,442</u>	<u>\$ 65,752</u>	<u>\$ 73,492</u>	<u>\$ 76,906</u>	<u>\$ 69,857</u>	<u>\$ 70,738</u>
Primary government										
Net investment in capital assets	\$ 42,958	\$ 46,373	\$ 52,747	\$ 62,597	\$ 68,067	\$ 76,134	\$ 84,019	\$ 84,548	\$ 78,877	\$ 83,417
Restricted	5,950	6,514	14,422	12,367	13,352	12,205	9,992	10,664	11,928	16,395
Unrestricted	22,547	34,457	25,299	21,601	21,686	22,590	24,674	29,374	29,657	27,185
Total primary government net position	<u>\$ 71,455</u>	<u>\$ 87,344</u>	<u>\$ 92,468</u>	<u>\$ 96,564</u>	<u>\$ 103,105</u>	<u>\$ 110,929</u>	<u>\$ 118,685</u>	<u>\$ 124,586</u>	<u>\$ 120,461</u>	<u>\$ 126,997</u>

**City of Longview**  
**Changes in Net Position**  
**Last Ten Fiscal Years \***  
 (accrual basis of accounting)  
 (in thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,689	\$ 5,031	\$ 6,169	\$ 6,100	\$ 5,523	\$ 5,451	\$ 4,771	\$ 5,037	\$ 5,440	\$ 5,245
Public safety	13,407	13,811	14,861	17,211	16,308	16,677	18,049	19,800	18,127	18,792
Transportation	2,750	3,694	3,734	3,840	3,813	4,110	4,220	4,312	4,111	3,906
Economic development	1,673	1,949	1,725	2,547	1,694	1,788	1,603	1,847	1,443	1,417
Culture and recreation	4,773	5,007	5,399	5,758	5,219	5,563	5,083	5,061	4,471	4,761
Interest on long-term debt	757	575	546	770	756	723	677	631	670	455
Total governmental activities expenses	<u>28,049</u>	<u>30,067</u>	<u>32,434</u>	<u>36,225</u>	<u>33,312</u>	<u>34,312</u>	<u>34,403</u>	<u>36,687</u>	<u>34,262</u>	<u>34,577</u>
Business-type activities:										
Water-Sewer	12,003	12,053	13,711	14,271	14,205	14,888	14,705	15,799	16,820	17,459
Sanitation	3,845	4,007	4,148	4,295	4,259	4,385	4,376	4,466	4,419	4,830
Storm water	885	2,023	2,454	1,396	1,594	1,631	1,552	1,724	2,240	2,545
Public transit	1,946	1,123	1,300	2,499	2,916	3,089	3,586	3,305	6,992	4,885
Golf/tennis racquet	651	681	677	719	735	625	622	636	655	624
Total business-type activities expenses	<u>19,330</u>	<u>19,887</u>	<u>22,290</u>	<u>23,179</u>	<u>23,709</u>	<u>24,618</u>	<u>24,841</u>	<u>25,930</u>	<u>31,126</u>	<u>30,342</u>
Total primary government expenses	<u>\$ 47,379</u>	<u>\$ 49,954</u>	<u>\$ 54,724</u>	<u>\$ 59,404</u>	<u>\$ 57,021</u>	<u>\$ 58,930</u>	<u>\$ 59,244</u>	<u>\$ 62,617</u>	<u>\$ 65,388</u>	<u>\$ 64,919</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 1,098	\$ 1,133	\$ 1,368	\$ 1,355	\$ 1,788	\$ 1,933	\$ 2,105	\$ 2,465	\$ 2,469	\$ 1,900
Public safety	1,078	1,299	1,216	1,198	1,908	1,362	2,008	1,854	1,911	2,703
Economic development	1,052	2,228	1,560	1,345	1,034	720	602	749	561	560
Other charges for services	454	713	536	521	480	496	473	544	499	480
Operating grants and contributions	2,383	1,913	2,650	1,926	1,799	1,943	1,881	2,724	2,067	1,899
Capital grants and contributions	799	480	1,789	6,597	2,298	2,256	1,678	2,270	2,452	2,563
Total governmental activities program revenues	<u>6,864</u>	<u>7,766</u>	<u>9,119</u>	<u>12,942</u>	<u>9,307</u>	<u>8,710</u>	<u>8,748</u>	<u>10,605</u>	<u>9,958</u>	<u>10,105</u>
Business-type activities:										
Charges for services										
Water-sewer	12,368	13,299	14,639	15,429	17,448	18,547	17,721	18,115	18,345	19,016
Sanitation	3,985	4,191	4,109	4,157	4,310	4,336	4,392	4,408	4,505	4,943
Storm water	971	1,122	1,293	1,356	1,499	1,624	1,889	2,115	2,469	2,963
Other charges for services	705	763	834	902	819	798	732	729	4,888	3,829
Operating grants and contributions	1,317	1,218	1,661	2,274	2,821	1,688	2,975	3,225	2,998	1,533
Capital grants and contributions	1,114	1,179	1,483	260	1,628	2,770	5,229	5,788	833	784
Total business-type activities program revenues	<u>20,460</u>	<u>21,772</u>	<u>24,019</u>	<u>24,378</u>	<u>28,525</u>	<u>29,763</u>	<u>32,939</u>	<u>34,379</u>	<u>34,038</u>	<u>33,068</u>
Total primary government program revenues	<u>\$ 27,324</u>	<u>\$ 29,538</u>	<u>\$ 33,138</u>	<u>\$ 37,321</u>	<u>\$ 37,832</u>	<u>\$ 38,473</u>	<u>\$ 41,686</u>	<u>\$ 44,984</u>	<u>\$ 43,996</u>	<u>\$ 43,174</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (21,185)	\$ (22,301)	\$ (23,315)	\$ (23,283)	\$ (24,006)	\$ (25,602)	\$ (25,655)	\$ (26,082)	\$ (24,304)	\$ (24,472)
Business-type activities	1,130	1,885	1,729	1,200	4,816	5,145	8,098	8,449	2,912	2,726
Total primary government net expense	<u>\$ (20,055)</u>	<u>\$ (20,416)</u>	<u>\$ (21,586)</u>	<u>\$ (22,083)</u>	<u>\$ (19,189)</u>	<u>\$ (20,457)</u>	<u>\$ (17,557)</u>	<u>\$ (17,633)</u>	<u>\$ (21,392)</u>	<u>\$ (21,745)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 6,813	\$ 7,117	\$ 7,505	\$ 7,694	\$ 8,171	\$ 8,429	\$ 8,115	\$ 8,722	\$ 8,852	\$ 8,981
Sales taxes	6,478	7,430	8,003	7,413	6,450	6,774	6,691	6,703	7,442	7,546
Business taxes	5,832	6,212	6,725	6,878	7,324	7,452	7,620	7,805	8,496	8,465
Other taxes	2,040	2,243	1,978	1,696	2,251	1,795	1,657	1,530	1,412	1,575
Unrestricted grants and contributions	765	1,385	898	809	512	808	796	920	948	1,210
Gain on asset dispositions										406
Investment earnings	478	871	947	729	372	317	290	46	52	41
Miscellaneous	152	711	238	287	143	88	111	14	31	11
Transfers	246	276	353	465	969	(1,518)	390	1,036	(6)	1,670
Total governmental activities	<u>22,804</u>	<u>26,245</u>	<u>26,647</u>	<u>25,970</u>	<u>26,192</u>	<u>24,145</u>	<u>25,671</u>	<u>26,777</u>	<u>27,228</u>	<u>29,905</u>
Business-type activities:										
Investment earnings	354	582	567	299	92	44	32	49	66	45
Transfers	(246)	(276)	(353)	(465)	(969)	1,518	(390)	(1,036)	6	(1,670)
Special items/other								(4,047)	(7,778)	
Total business-type activities	<u>108</u>	<u>306</u>	<u>214</u>	<u>(166)</u>	<u>(877)</u>	<u>1,562</u>	<u>(358)</u>	<u>(5,034)</u>	<u>(7,706)</u>	<u>(1,625)</u>
Total primary government	<u>\$ 22,912</u>	<u>\$ 26,551</u>	<u>\$ 26,861</u>	<u>\$ 25,805</u>	<u>\$ 25,315</u>	<u>\$ 25,707</u>	<u>\$ 25,313</u>	<u>\$ 21,743</u>	<u>\$ 19,522</u>	<u>\$ 28,281</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,619	\$ 3,944	\$ 3,332	\$ 2,687	\$ 2,186	\$ (1,457)	\$ 16	\$ 696	\$ 2,924	\$ 5,434
Business-type activities	1,238	2,191	1,943	1,034	3,940	6,706	7,740	3,414	(4,794)	1,102
Total primary government	<u>\$ 2,857</u>	<u>\$ 6,135</u>	<u>\$ 5,275</u>	<u>\$ 3,721</u>	<u>\$ 6,126</u>	<u>\$ 5,250</u>	<u>\$ 7,755</u>	<u>\$ 4,110</u>	<u>\$ (1,870)</u>	<u>\$ 6,535</u>

**City of Longview**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years \***  
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Major Funds										
Nonspendable							\$ 70,000			
Restricted							480,809	\$ 13,063	\$ 314,418	
Assigned							191,716		837,682	
Unassigned							6,962,630	8,034,750	10,118,589	\$ 11,137,497
Unreserved	\$ 4,505,392	\$ 5,635,930	\$ 6,070,986	\$ 3,859,753	\$ 4,425,320	\$ 5,726,238				
Total general fund	<u>\$ 4,505,392</u>	<u>\$ 5,635,930</u>	<u>\$ 6,070,986</u>	<u>\$ 3,859,753</u>	<u>\$ 4,425,320</u>	<u>\$ 5,726,238</u>	<u>\$ 7,705,155</u>	<u>\$ 8,047,813</u>	<u>\$ 11,270,689</u>	<u>\$ 11,137,497</u>
All Other Governmental Funds										
Nonspendable							\$ 5,800,200	\$ 65,200	\$ 5,615,200	\$ 5,485,200
Restricted							1,579,074	2,176,850	2,372,226	1,783,908
Committed							253,858	232,500	269,179	780,172
Assigned							1,144,776	6,849,231	375,252	1,645,597
Unassigned							(678)	(11,041)	(7,469)	(746,154)
Reserved	\$ 940,694	\$ 913,474	\$ 7,566,332	\$ 6,830,624	\$ 6,695,017	\$ 6,619,685				
Unreserved, reported in:										
Special revenue funds	4,094,812	4,614,279	6,037,750	4,852,209	4,780,189	3,033,436				
Capital projects funds	962,603	2,056,878	2,041,079	1,611,047	1,722,871	1,354,397				
Permanent funds	8,467	9,428	10,461	11,029	11,145	11,200				
Total all other governmental funds	<u>\$ 6,006,576</u>	<u>\$ 7,594,059</u>	<u>\$ 15,655,622</u>	<u>\$ 13,304,909</u>	<u>\$ 13,209,222</u>	<u>\$ 11,018,718</u>	<u>\$ 8,777,230</u>	<u>\$ 9,312,740</u>	<u>\$ 8,624,388</u>	<u>\$ 8,948,723</u>

\* See Note to the Financial Statements 12 - GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, will be implemented for years beginning after December 31, 2010

**City of Longview**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues</b>										
Taxes	\$21,803,895	\$ 23,099,558	\$ 24,229,580	\$ 23,712,162	\$ 24,027,336	\$ 24,419,313	\$ 24,057,474	\$ 24,763,927	\$ 26,210,483	\$ 26,612,997
Licenses, fees and permits	1,067,385	1,019,434	1,008,296	934,602	965,692	861,586	761,164	851,945	797,534	804,455
Intergovernmental	3,722,837	3,589,053	5,317,279	8,462,088	5,239,642	4,949,008	3,897,019	5,560,088	4,671,481	4,887,049
Charges for services	2,258,074	2,432,304	2,550,673	2,504,840	3,098,816	3,022,988	3,192,491	3,465,172	3,537,400	3,210,909
Fines and penalties	417,030	514,913	659,329	669,465	667,993	702,335	1,143,694	1,088,764	944,836	1,628,778
Special assessments	368,241	154,602	100,207	88,658	76,676	71,251	71,157	43,888	6,789	6,461
Investment earnings	396,445	693,976	756,507	651,793	364,464	310,425	283,187	282,564	284,574	36,358
Space and facilities rentals	136,891	167,821	150,223	141,013	125,868	131,100	122,482	85,040	102,141	135,180
Contributions from private sources	69,259	1,393,419	668,117	1,215,922	342,497	152,604	93,841	153,713	133,665	209,332
Other revenues	66,290	41,140	50,820	63,047	31,720	51,152	32,415	78,202	92,973	145,136
<b>Total revenues</b>	<b>30,306,348</b>	<b>33,106,220</b>	<b>35,491,030</b>	<b>38,443,590</b>	<b>34,940,704</b>	<b>34,671,762</b>	<b>33,654,924</b>	<b>36,373,303</b>	<b>36,781,876</b>	<b>37,676,655</b>
<b>Expenditures</b>										
General government	4,500,442	4,942,990	5,960,704	5,852,454	5,303,403	5,447,317	4,717,349	4,931,051	5,256,798	5,401,801
Public safety	13,278,329	13,738,968	14,804,840	16,556,013	15,491,860	15,939,535	17,559,708	19,151,137	17,683,290	18,328,747
Transportation	2,682,335	2,639,420	2,708,884	2,815,468	2,639,269	2,577,608	2,793,225	2,896,404	2,815,174	2,802,465
Economic environment	1,862,403	2,004,570	1,825,192	2,621,034	1,784,680	2,132,781	1,682,494	1,876,606	1,448,196	1,470,663
Culture and recreation	4,246,630	4,494,267	4,851,336	5,058,862	4,613,369	4,553,352	4,576,534	4,559,713	4,265,089	4,355,966
Capital outlay	1,820,352	2,307,743	2,794,948	9,270,588	3,558,137	1,412,185	2,345,878	2,041,125	4,872,569	4,358,960
Debt service										
Principal	903,860	657,463	678,469	713,477	783,413	878,952	752,830	739,780	768,905	1,027,389
Interest	747,039	565,400	570,476	760,828	755,907	724,970	662,925	630,513	670,019	455,425
<b>Total expenditures</b>	<b>30,041,389</b>	<b>31,350,821</b>	<b>34,194,849</b>	<b>43,648,724</b>	<b>34,930,038</b>	<b>33,666,700</b>	<b>35,090,943</b>	<b>36,826,329</b>	<b>37,780,040</b>	<b>38,201,416</b>
Excess of revenues over (under) expenditures	264,960	1,755,399	1,296,181	(5,205,134)	10,666	1,005,062	(1,436,019)	(453,026)	(998,164)	(524,761)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing			6,761,594	160,000					3,560,000	
Proceeds from sale of capital assets	101,643	668,812	47,723	147,268	69,768	73,597	156,238		1,150	635,403
Premium (discount) on bonds sold			64,924			8,030			(23,878)	
Transfers in	744,325	1,346,036	1,521,894	1,920,105	1,113,831	669,793	659,293	1,514,594	290,813	1,737,386
Transfers out	(467,348)	(1,052,225)	(1,141,287)	(1,584,184)	(724,386)	(1,680,912)	(1,081,738)	(1,974,405)	(295,394)	(1,656,887)
Proceeds from refunding bonds			1,333,406			7,368,396				
Refunding bond proceeds to escrow agent			(1,333,406)			(7,291,153)				
<b>Total other financing sources (uses)</b>	<b>378,621</b>	<b>962,623</b>	<b>7,254,848</b>	<b>643,189</b>	<b>459,213</b>	<b>(852,249)</b>	<b>(266,207)</b>	<b>(459,811)</b>	<b>3,532,691</b>	<b>715,902</b>
<b>Net change in fund balances</b>	<b>\$ 643,580</b>	<b>\$ 2,718,022</b>	<b>\$ 8,551,029</b>	<b>\$ (4,561,944)</b>	<b>\$ 469,879</b>	<b>\$ 152,813</b>	<b>\$ (1,702,226)</b>	<b>\$ (912,837)</b>	<b>\$ 2,534,527</b>	<b>\$ 191,141</b>
Debt service as a percentage of noncapital expenditures	5.8%	4.2%	4.0%	4.3%	4.9%	5.0%	4.3%	3.9%	4.4%	4.4%

**City of Longview**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended Dec 31,</b>	<b>Tax-Exempt Property (1)</b>	<b>Commercial Property (1)</b>	<b>Industrial Property (1)</b>	<b>Residential Property (1)</b>	<b>Total Taxable Assessed Value (1)</b>	<b>Total Direct Tax Rate (1)</b>	<b>Estimated Actual Taxable Value (2)</b>	<b>Assessed Value as a Percentage of Actual Value (2)</b>
2005					\$ 1,884,708,611	\$ 3.60	\$ 2,091,796,461	90.1%
2006	\$ 304,083,670	\$ 471,618,281	\$ 128,975,270	\$ 1,318,901,727	1,919,495,278	3.60	2,255,576,120	85.1%
2007	423,681,270	569,973,120	195,123,862	1,533,181,727	2,298,278,709	3.15	2,739,307,162	83.9%
2008	456,532,150	762,779,994	303,312,440	1,836,418,957	2,902,511,391	2.88	3,688,070,382	78.7%
2009	465,993,150	1,077,943,356	234,860,736	1,496,534,859	2,809,338,951	2.72	3,356,438,412	83.7%
2010	478,383,790	947,062,146	248,293,446	1,533,143,819	2,728,499,411	2.90	3,111,173,787	87.7%
2011	532,714,740	1,000,904,871	237,383,705	1,465,398,271	2,703,686,847	3.04	3,017,507,642	89.6%
2012	533,635,740	918,458,516	234,744,983	1,349,408,261	2,502,611,760	3.11	2,714,329,458	92.2%
2013	554,672,090	915,070,579	241,367,911	1,376,278,307	2,532,716,797	3.41	2,703,006,187	93.7%
2014	574,232,966	904,882,989	255,071,153	1,421,737,694	2,581,691,836	3.42	2,686,463,929	96.1%

Source: (1) Cowlitz County Assessor's Office, (2) Washington State Department of Revenue, Property Tax Division

Note: Property in Cowlitz County is physically reassessed once every 6 years. Annual reassessments may be imposed in certain areas of the County if there is enough market activity to provide a statistical basis for the reassessment. The County assesses property at 100% of its true and fair value, as is required by the Washington State Constitution. Tax rates are per \$1,000 of assessed value.

**City of Longview**  
**Revenue Information on Value of Taxable Sales**  
**Last Ten Fiscal Years \***

<u>Payer Category</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>		
										<u>Taxable Base</u>	<u>Tax Rate</u>	<u>Sales Tax Revenue</u>
Retail trade	\$ 3,673,861	\$ 4,292,774	\$ 4,467,732	\$ 4,207,261	\$ 3,480,769	\$ 3,671,750	\$ 3,579,162	\$ 3,702,626	\$ 3,967,688	\$ 264,044,889	1.5%	\$ 3,960,673
Construction	601,264	827,854	1,060,712	633,331	554,523	607,543	631,210	571,090	679,533	38,971,114	1.5%	584,567
Accommodation and food services	525,513	581,133	593,000	611,112	588,944	580,343	578,474	590,014	603,915	39,466,486	1.5%	591,997
Wholesale trade	489,361	509,161	570,340	599,731	474,728	510,571	446,767	438,829	473,279	29,208,597	1.5%	438,129
Other services	213,859	229,787	212,235	203,669	190,143	182,995	189,148	190,061	195,892	12,689,235	1.5%	190,339
Real estate	158,755	183,009	190,850	169,384	142,389	133,110	120,098	107,835	111,581	7,997,582	1.5%	119,964
Manufacturing	102,907	118,256	139,059	168,389	129,964	124,568	136,067	129,382	189,169	7,453,993	1.5%	111,810
Information and finance	225,630	187,491	130,621	136,685	296,281	301,011	324,796	298,710	307,709	22,181,771	1.5%	332,727
Professional services	103,510	119,252	109,333	116,019	80,899	82,106	90,572	94,808	88,580	5,518,811	1.5%	82,782
Administration	63,849	74,879	84,142	92,662	124,352	92,473	83,170	133,866	66,663	5,278,051	1.5%	79,171
Healthcare	72,196	46,484	48,497	48,697	38,917	38,293	46,296	63,102	48,159	1,872,321	1.5%	28,085
Arts and entertainment	47,731	48,547	46,663	40,509	43,782	46,201	44,417	47,293	50,490	3,137,201	1.5%	47,058
Tourism	24,550	34,139	37,511	44,781	35,194	36,326	33,398	38,469	36,391	1,951,210	2.0%	39,024
Education	34,558	31,837	29,539	35,916	35,142	34,110	36,810	28,961	27,714	1,954,707	1.5%	29,321
Utilities	10,188	10,821	24,434	22,503	14,769	27,165	13,347	23,776	18,707	1,213,496	1.5%	18,202
Transportation	15,039	(27,078)	20,165	17,591	20,462	40,631	39,094	25,986	20,650	2,723,951	1.5%	40,859
Other miscellaneous	4,067	3,966	13,437	198,915	151,713	176,062	175,539	160,434	215,657	13,068,514	1.5%	196,028
Unknown **	110,743	157,384	224,478	20,638	12,054	52,901	101,619	19,161	16,220	2,142,038	1.5%	32,131
	\$ 6,477,580	\$ 7,429,695	\$ 8,002,749	\$ 7,367,792	\$ 6,415,025	\$ 6,738,159	\$ 6,669,987	\$ 6,664,400	\$ 7,117,998	\$ 460,873,964		\$ 6,922,866

\* Information disclosed after conversion to new reporting model

\*\* Sales tax filings without listed Uniform Business Identification codes.

Source: Washington State Department of Revenue

**City of Longview**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
(rate per \$1,000 of assessed value)

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Overlapping Rates</u>				<u>Total Direct and Overlapping</u>
		<u>Longview School District</u>	<u>Washington State Schools</u>	<u>Cowlitz County</u>	<u>Port of Longview</u>	
2005	\$ 3.60	\$ 4.43	\$ 2.76	\$ 1.87	\$ 0.45	\$ 13.11
2006	3.60	4.56	2.57	1.84	0.45	13.02
2007	3.15	3.88	2.39	1.72	0.45	11.59
2008	2.88	3.59	2.23	1.64	0.41	10.75
2009	2.72	3.55	2.06	1.66	0.40	10.40
2010	2.90	3.91	2.11	1.69	0.39	11.00
2011	3.04	4.34	2.30	1.73	0.39	11.80
2012	3.11	4.84	2.37	1.86	0.22	12.41
2013	3.41	4.93	2.45	1.94	0.22	12.95
2014	3.42	4.83	2.34	2.04	0.45	13.08

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Longview. Tax rates are per \$1,000 of assessed value.

Source: Cowlitz County Assessor's Office

**City of Longview  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>2014</b>			<b>2005</b>		
	<b>Taxable Assessed Value (1)</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value (1)</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Puget Sound Energy	\$ 110,659,769	1	4.29%			
Solvay Interlox America	37,717,900	2	1.46%	\$ 48,517,750	1	2.57%
Wal-Mart Stores Inc	36,000,100	3	1.39%			
MB Longview Triangle LLC	28,138,220	4	1.09%	15,876,500	3	0.84%
Simpson Lumber Company	22,335,450	5	0.87%			
Bond Properties	19,488,900	6	0.75%	11,949,180	8	0.63%
Fibre Federal Credit Union	17,067,820	7	0.66%			
Metropolitan Life Insurance Company	16,486,840	8	0.64%	12,585,000	7	0.67%
NHP Canterbury LLC	16,471,750	9	0.64%			
Epson Toyocom Seattle	12,993,130	10	0.50%			
Mint Farm Energy Center LLC				25,200,000	2	1.34%
Toyocom Devices of America Inc				15,063,840	4	0.80%
Weyerhaeuser Real Estate Development				13,765,400	5	0.73%
QWest Corporation				12,951,998	6	0.69%
Emmett Koelsch et al				11,423,540	9	0.61%
Caffall Brothers Forest Products				11,099,540	10	0.59%
	<u>\$ 317,359,879</u>		<u>12.29%</u>	<u>\$ 178,432,748</u>		<u>9.47%</u>

Note: Taxable property represents current values assessed in subsequent year.  
Source: (1) Cowlitz County Assessor's Office

**City of Longview  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year Ended Dec 31,</b>	<b>Taxes Levied for the Fiscal Year (1)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount (2)</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
<b>2005</b>	6,784,958	6,531,062	96.3%	253,896	6,784,958	100.0%
<b>2006</b>	6,910,177	6,695,098	96.9%	214,592	6,909,690	100.0%
<b>2007</b>	7,188,339	6,995,907	97.3%	192,432	7,188,339	100.0%
<b>2008</b>	7,472,453	7,227,121	96.7%	244,412	7,471,533	100.0%
<b>2009</b>	7,906,394	7,563,467	95.7%	339,585	7,903,052	100.0%
<b>2010</b>	8,134,755	7,825,346	96.2%	303,763	8,129,109	99.9%
<b>2011</b>	8,284,505	7,893,582	95.3%	380,667	8,274,249	99.9%
<b>2012</b>	8,419,453	8,159,460	96.9%	190,395	8,349,855	99.2%
<b>2013</b>	8,533,948	8,281,157	97.0%	157,013	8,438,170	98.9%
<b>2014</b>	8,671,020	8,421,687	97.1%	N/A	8,421,687	97.1%

Source: (1) Cowlitz County Assessor's Office, (2) Cowlitz County Treasurer's Office

**City of Longview  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Population (1)	Per Capita Debt	Per Capita Personal Income (2)	Percentage of Per Capita Debt to Personal Income
	Net General Obligation Bonds	Net Special Assessment Bonds	Intergovernmental Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Intergovernmental Loans					
2005	\$ 10,095,203	\$ 566,000	\$ 2,142,000	\$ 24,919	\$ 152,000	\$ 6,840,000	\$ 1,326,000	\$ 21,146,122	35,430	\$ 596.84	\$ 26,268	2.3%
2006	9,772,254	440,000	1,963,000	14,185	140,000	5,615,000	1,202,000	19,146,439	35,570	538.27	26,300	2.0%
2007	16,323,040	296,000	1,784,000	16,174	128,000	4,875,000	1,064,000	24,486,214	35,710	685.70	26,781	2.6%
2008	15,822,165	251,000	1,762,000	10,367	114,500	4,095,000	899,500	22,954,532	35,880	639.76	28,076	2.3%
2009	15,385,949	150,000	1,564,396	7,021	100,500	3,000,000	1,538,414	21,746,280	36,010	603.90	29,703	2.0%
2010	14,654,705	97,000	1,378,444	4,722	86,604	2,000,000	2,795,374	21,016,849	36,648	573.48	30,982	1.9%
2011	14,159,429	39,000	1,190,534	2,232	83,525	1,000,000	17,871,924	34,346,644	36,730	935.11	31,630	3.0%
2012	13,649,643	21,000	1,000,559	-	80,330	-	35,326,687	50,078,219	36,910	1,356.77	32,607	4.2%
2013	11,335,597	-	808,401	-	77,077	-	37,186,526	49,407,601	36,940	1,337.16	34,867	3.8%
2014	10,653,837	-	597,704	-	73,767	9,991,228	35,818,537	57,135,073	37,040	1,542.52	36,002	4.3%

Source: (1) Washington State Office of Financial Management  
(2) Bureau of Economic Analysis, U.S. Department of Commerce

**City of Longview**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds Outstanding</u>	<u>Estimated Actual Taxable Value of Property (1)</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Population (2)</u>	<u>Per Capita Debt</u>
<b>2005</b>	\$10,247,203	\$ 2,091,796,461	0.490%	35,430	\$ 289.22
<b>2006</b>	9,912,254	2,255,576,120	0.439%	35,570	278.67
<b>2007</b>	16,575,000	2,739,307,162	0.605%	35,710	464.16
<b>2008</b>	16,080,000	3,688,070,382	0.436%	35,880	448.16
<b>2009</b>	15,585,000	3,356,438,412	0.464%	36,010	432.80
<b>2010</b>	15,025,000	3,111,173,787	0.483%	36,648	409.98
<b>2011</b>	14,515,000	3,017,507,642	0.481%	36,730	395.18
<b>2012</b>	14,013,213	2,714,329,458	0.516%	36,910	379.66
<b>2013</b>	16,977,674	2,703,006,187	0.628%	36,940	459.60
<b>2014</b>	16,162,604	2,686,463,929	0.602%	37,040	436.36

Source: (1) Washington State Department of Revenue, Property Tax Division  
(2) Washington State Office of Financial Management

**City of Longview**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Cowlitz County	\$ 46,675,547	28.2%	\$ 13,142,548
Port of Longview	12,030,000	36.9%	4,435,518
Longview School District	24,825,000	59.7%	14,826,031
<b>Other debt</b>			-
<b>Subtotal, overlapping debt</b>			32,404,097
<b>City direct debt</b>			
General obligation bonds - general government only			16,088,837
Special assessment bonds			6,000
Intergovernmental loans			597,704
<b>Subtotal, City direct debt</b>			16,692,541
<b>Total direct and overlapping debt</b>			\$ 49,096,638

Source: Cowlitz County Treasurer

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Longview.

**City of Longview  
Legal Debt Margin Information  
Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed value (Assessed in 2014 for 2015)	\$ 2,581,691,836
Debt limit (1.5% of assessed value)	38,725,378
Debt applicable to limit:	
General obligation debt	16,686,541
Less: Amount available for repayment of general obligation debt	-
Total net debt applicable to limit	<u>16,686,541</u>
Legal debt margin	<u>\$ 22,038,837</u>

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 28,792,429	\$ 34,444,179	\$ 38,943,619	\$ 43,537,671	\$ 42,140,084	\$ 40,927,491	\$ 40,555,303	\$ 37,539,176	\$ 37,990,752	\$ 38,725,378
Total net debt applicable to limit	<u>12,373,461</u>	<u>11,874,998</u>	<u>17,519,321</u>	<u>17,653,891</u>	<u>16,993,748</u>	<u>2,868,401</u>	<u>2,637,102</u>	<u>14,980,559</u>	<u>17,786,056</u>	<u>16,686,541</u>
Legal debt margin	<u>\$ 16,418,968</u>	<u>\$ 22,569,181</u>	<u>\$ 21,424,298</u>	<u>\$ 25,883,780</u>	<u>\$ 25,146,336</u>	<u>\$ 38,059,090</u>	<u>\$ 37,918,201</u>	<u>\$ 22,558,617</u>	<u>\$ 20,204,696</u>	<u>\$ 22,038,837</u>
Total net debt applicable to the limit as a percentage of debt limit	43.0%	34.5%	45.0%	40.5%	40.3%	7.0%	6.5%	39.9%	46.8%	43.1%

**City of Longview  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Water-Sewer Revenue Bonds</b>					<b>Special Assessment Bonds</b>		
	<b>Utility Net Revenue</b>	<b>Less: Net Expenses</b>	<b>Net Available Revenue</b>	<b>Total Debt Service</b>	<b>Coverage</b>	<b>Special Assessment Collections</b>	<b>Total Debt Service</b>	<b>Coverage</b>
<b>2005</b>	\$ 12,013,598	\$ 8,309,574	\$ 3,704,024	\$ 1,160,264	3.19	\$ 417,835	\$ 461,477	0.91
<b>2006</b>	13,016,106	8,280,330	4,879,776	1,099,675	4.44	152,217	150,910	1.01
<b>2007</b>	14,648,298	9,790,266	4,858,032	1,121,195	4.33	131,424	163,186	0.81
<b>2008</b>	14,653,037	10,286,461	4,366,576	1,151,853	3.79	91,949	58,029	1.58
<b>2009</b>	16,359,956	10,171,841	6,188,115	1,105,000	5.60	72,520	111,950	0.65
<b>2010</b>	17,643,437	10,677,817	6,965,620	1,080,000	6.45	66,337	59,519	1.11
<b>2011</b>	17,902,271	11,430,192	6,472,079	1,055,000	6.13	68,647	62,163	1.10
<b>2012</b>	18,722,089	12,533,494	6,188,595	-	N/A	58,650	19,550	3.00
<b>2013</b>	18,494,991	12,774,555	5,720,436	-	N/A	6,789	10,788	0.63
<b>2014</b>	19,288,659	13,550,745	5,737,914	730,700	7.85	6,462	5,413	1.19

**City of Longview  
Demographic and Economic Statistics  
Last Ten Calendar Years**

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
<b>2005</b>	35,430	\$ 930,675,240	\$ 26,268	7.2%
<b>2006</b>	35,570	935,491,000	26,300	6.5%
<b>2007</b>	35,710	956,349,510	26,781	6.3%
<b>2008</b>	35,880	1,007,366,880	28,076	8.2%
<b>2009</b>	36,010	1,069,605,030	29,703	13.4%
<b>2010</b>	36,648	1,135,428,336	30,982	13.0%
<b>2011</b>	36,730	1,161,769,900	31,630	12.0%
<b>2012</b>	36,910	1,203,524,370	32,607	10.9%
<b>2013</b>	36,940	1,287,986,980	34,867	10.1%
<b>2014</b>	37,040	1,333,514,080	36,002	8.4%

Note: per capita personal income and unemployment rate are for Cowlitz County.

Source: (1) Washington State Office of Financial Management  
(2) Bureau of Economic Analysis, U.S. Department of Commerce  
(3) Washington State Department of Employment Security

**City of Longview  
Cowlitz County Principal Employers (1)  
Current Year and Nine Years Ago**

<u>Employer (1)</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
St John's Medical Center/Peace Health	1,650	1	4.1%	1,535	3	3.9%
Kapstone Paper & Packaging / Longview Fibre	1,600	2	4.0%	1,729	2	4.4%
Weyerhaeuser	1,539	3	3.8%	1,746	1	4.4%
Kelso School District	832	4	2.1%	732	6	1.8%
Longview School District	812	5	2.0%	900	4	2.3%
Foster Farms	707	6	1.8%	753	5	1.9%
JH Kelly	600	7	1.5%	633	7	1.6%
Cowlitz County	549	8	1.4%	563	8	1.4%
Safeway Grocery	454	9	1.1%	501	9	1.3%
NORPAC	450	10	1.1%			
City of Longview				291	10	0.7%
<b>Total</b>	<u>9,193</u>		<u>22.8%</u>	<u>9,383</u>		<u>23.7%</u>

Sources: Cowlitz-Wahkiakum Council of Governments, Kelso Longview Chamber of Commerce and Washington State Employment Security Department

Notes: (1) Principal employer information is for all of Cowlitz County, not just Longview.

**City of Longview**  
**Full-time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government										
Executive/Legal	7	6	7	7	8	8	8	8	8	7
Finance	12	12	14	14	15	15	13	12	13	13
Human Resources	4	4	6	6	6	6	6	6	5	5
Information Technology	11	11	12	12	11	12	11	11	9	12
Public Safety										
Police										
Uniform	53	53	56	55	54	55	55	55	57	55
Civilian	13	13	13	15	16	14	13	13	10	12
Fire										
Uniform	42	42	43	43	45	44	45	49	47	47
Civilian	1	1	2	1	1	1	1	1	1	1
Transportation										
Engineering	9	9	9	9	12	12	12	12	11	13
Traffic	7	7	7	6	5	5	5	5	6	6
Street Maintenance	10	10	8	8	14	14	13	13	13	6
Economic Environment										
Planning & Building	9	9	9	9	11	9	9	9	9	9
Urban Development	1	1	2	1	1	1	1	1	1	1
Culture and Recreation										
Library	20	20	20	20	19	19	18	17	17	17
Recreation	8	8	8	8	8	6	6	6	7	7
Parks	20	20	19	20	19	18	16	15	15	15
Water	16	16	18	18	12	14	14	14	16	16
Sewer	12	12	13	12	12	13	13	13	13	13
Sanitation	2	2	3	3	4	4	4	4	4	4
Storm Water	6	6	10	9	2	2	2	2	2	11
Public Transit	13	13	13	13	11	12	12	15	23	23
Golf	4	4	4	3	3	3	2	2	2	2
Equipment Rental	7	7	6	6	6	6	6	6	6	6
Building Maintenance	4	4	4	4	4	3	3	3	3	3
TOTAL	291	290	306	300	297	296	288	292	298	303

Source: City Human Resources Office

**City of Longview**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years \***

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
<b>Police</b>										
Calls for service	36,818	34,120	31,011	30,688	32,674	33,616	36,002	38,829	48,614	
Adult arrests	4,318	6,331	5,592	5,253	5,451	4,952	3,180	3,197	3,174	
Juvenile arrests	427	519	447	372	330	398	494	263	252	
Parking violations	2,851	2,486	1,668	2,216	1,893	1,928	1,497	573	1,158	
Traffic violations	8,754	8,726	5,292	6,604	6,606	4,677	6,862	5,297	4,222	
<b>Fire</b>										
Fire responses	1,374	922	1,142	753	812	932	1,036	1,146	811	
Medical aid responses	4,096	4,416	4,376	4,252	3,198	3,903	3,812	3,198	3,545	
Fires extinguished	315	226	231	234	177	228	196	156	145	
Inspections	1,093	1,160	1,263	883	1,300	635	1,433	1,136	1,225	
<b>Refuse Collection</b>										
Refuse collected (tons per day)	81	79	75	70	73	70	70	68	73	
Recyclables collected (tons per day)	6	7	6	6	7	6	6	6	7	
<b>Other public works</b>										
Street resurfacing (miles)	3	6	1	3	4	3	5	4	6	
Tons of pothole mix used	23	12	6	15	10	15	32	22	26	
<b>Parks and recreation</b>										
Athletic field permits issued	6	6	6	6	6	6	6	6	5	
<b>Library</b>										
Volumes in collection	203,819	182,195	178,717	178,188	179,688	180,640	178,805	185,065	189,610	
Total volumes borrowed	451,979	458,370	555,220	547,269	527,438	465,900	434,380	405,340	396,850	
<b>Water</b>										
New connections	108	88	51	26	24	19	21	18	20	
Water mains breaks	12	27	24	26	28	18	13	31	54	
Average daily consumption (millions of gallons)	6	5	5	4	4	4	5	5	6	
Peak daily consumption (millions of gallons)	10	9	10	11	9	6	7	9	10	
<b>Wastewater</b>										
Average daily treatment (millions of gallons)	7	6	5	5	6	6	6	6	5	
<b>Transit</b>										
Fixed route miles	215,320	214,683	214,739	215,362	218,708	226,851	220,477	289,224	347,477	
Paratransit miles	156,545	154,053	158,692	168,578	195,333	200,131	196,920	194,702	185,683	
Fixed route passenger trips	330,354	341,028	361,526	444,789	395,778	388,070	378,361	359,742	392,741	
Paratransit passenger trips	46,044	44,174	46,895	49,603	55,858	63,562	62,066	59,381	59,022	

\* Information disclosed after effective date of GASB Statement No. 44.

**City of Longview  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years \***

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
Police										
Stations	1	1	1	1	1	1	1	1	1	
Satellite offices	1	1	1	1	1	1	1	1	1	
K-9 units	1	1	1	2	2	2	2	1	1	
Patrol units	15	17	15	15	15	15	12	12	15	
Fire Stations	2	2	2	2	2	2	2	2	2	
Other public works										
Streets (miles)	138	138	138	138	138	138	138	138	138	
Streetlights	2,430	2,458	2,458	2,474	2,496	2,528	2,582	2,582	2,582	
Traffic signals	74	74	74	74	74	74	74	75	75	
Parks and recreation										
Acreage	436	436	442	442	442	442	442	442	442	
Playgrounds	16	16	17	17	17	17	17	17	17	
Baseball/softball diamonds	20	20	20	20	20	20	20	20	20	
Soccer/football fields	5	5	5	5	5	5	5	5	5	
Water										
Water mains (miles)	195	205	205	212	213	213	214	214	214	
Fire hydrants	1,250	1,132	1,132	1,138	1,140	1,142	1,171	1,171	1,171	
Average daily consumption (millions of gallons)	6	5	5	4	4	4	5	5	6	
Storage capacity (millions of gallons)	18	19	19	19	19	19	19	19	19	
Wastewater										
Sanitary sewer mains (miles)	151	151	151	151	152	152	152	152	152	
Storm sewers (miles)	30	30	30	30	30	30	30	30	30	
Average daily treatment (millions of gallons)	7	6	5	5	6	6	6	6	5	
Treatment capacity (millions of gallons / day)	26	26	26	26	26	26	26	26	26	
Transit										
Fixed route buses	7	7	7	8	8	9	9	14	15	
Paratransit mini-buses	9	12	10	11	14	14	14	16	18	

\* Information disclosed after effective date of GASB Statement No. 44.