

The City of Longview, Washington

Comprehensive Annual Financial Report

for the year ended December 31, 2015



INTRODUCTORY SECTION



The City of Longview, Washington

Comprehensive Annual Financial Report

for the year ended December 31, 2015



Prepared by Department of Finance

City of Longview
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For the Year Ended December 31, 2015

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List of City Officials

Elective

Councilmembers

Expiration of Term

| | |
|-----------------------------------|--------------|
| Ken Botero | January 2020 |
| Don Jensen - Mayor | January 2020 |
| Chet Makinster | January 2018 |
| Mary Jane Melink | January 2018 |
| Steve Moon | January 2018 |
| Scott Vydra | January 2020 |
| Mike Wallin - Mayor Pro Tem | January 2020 |

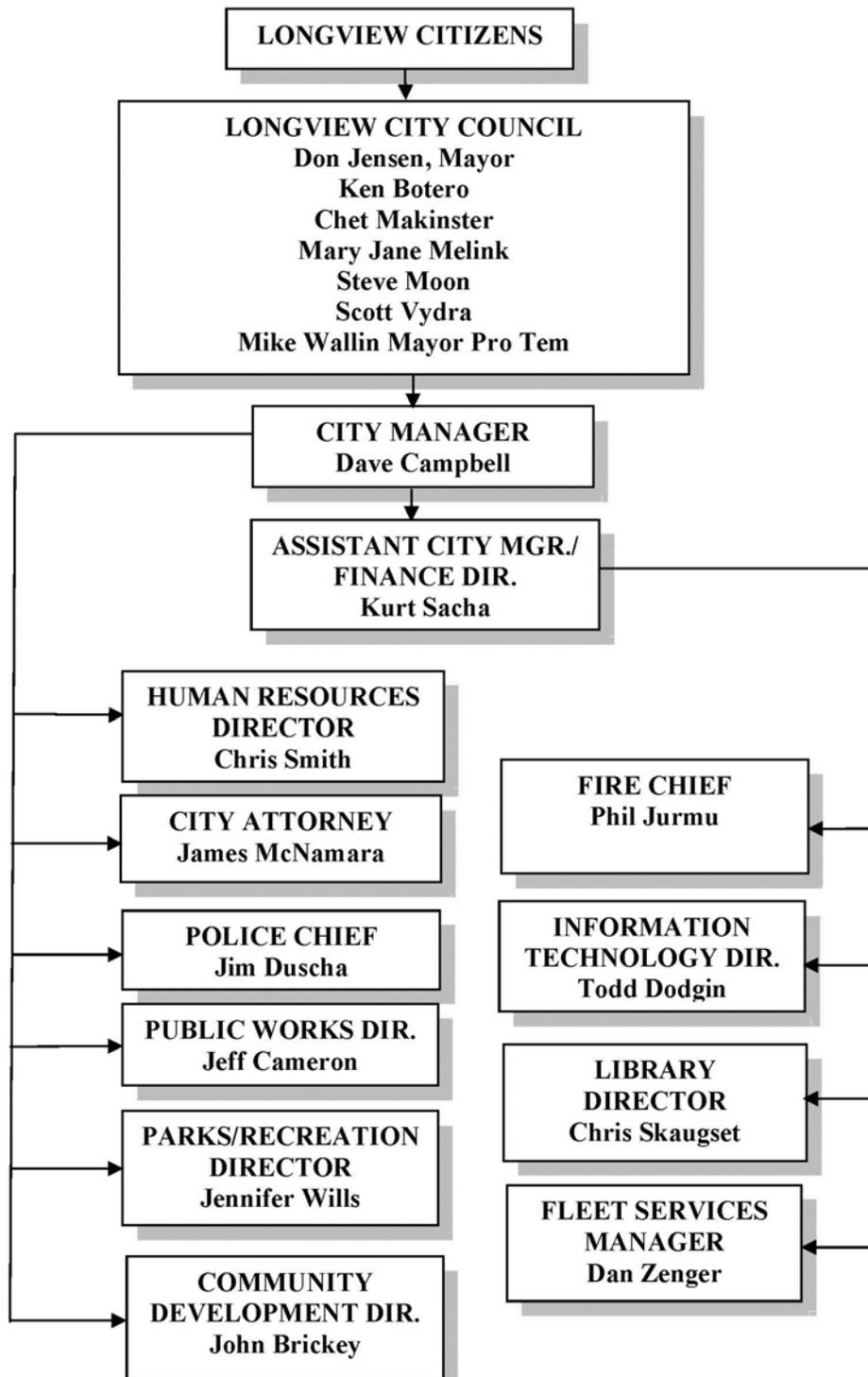
District Court Judges

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

Appointive

| | |
|---|---------------------|
| City Manager | David Campbell |
| Asst. City Manager/Finance Director | Kurt Sacha |
| Human Resources Director | Chris Smith |
| City Attorney | Jim McNamara |
| Information Technology Director | Todd Dodgin |
| Police Chief | Jim Duscha |
| Fire Chief | Phil Jurmu |
| Public Works Director | Jeff Cameron |
| City Engineer | Craig Bozarth, P.E. |
| Community Development Director | John Brickey |
| Library Director | Chris Skaugset |
| Parks & Recreation Director | Jennifer Wills |

2015 Organization Chart for the City of Longview





Government Finance Officers Association

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

Presented to

**City of Longview
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



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

June 27, 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, 2015 to December 31, 2015 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, 2015 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, 2015, 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 37,130, 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. Also included within the reporting entity for the City of Longview is the Longview Public Development Authority (LPDA). The LPDA is a separate legal entity established by the Longview City Council created to facilitate the redevelopment of designated properties. 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 April 27, 2016, information suggests that economic activity in the United States appears to have slowed somewhat. Consumer price inflation continued to run below the Committee's longer-run objective of two percent, restrained in part by earlier decreases in energy prices and declining prices of non-energy imports.

Total nonfarm payroll employment expanded at a solid pace in March, and labor market conditions generally continued to strengthen. Although the unemployment rate stands at 5.0 percent, both the labor force participation rate and the employment-to-population ratio continued to increase. In late March and early April, the four-week moving average of initial claims for unemployment insurance benefits was essentially unchanged, on net, at a low level. Labor productivity growth appeared to have remained slow over the four quarters ending in the first quarter of 2016. Measures of labor compensation continued to rise at a modest pace, as average hourly earnings for all employees increased 2 ¼ percent over the 12 months ending in March.

Total industrial production declined in February and March. Manufacturing output decreased, partly reflecting the effects on export demand of earlier appreciation of foreign exchange value of the dollar. Meanwhile, mining output continued to contract as a result of further declines in drilling activity associated with low crude oil prices. Moreover, unseasonably warm weather in February and March held down the output of utilities. Automakers' assembly schedules and broader indicators of manufacturing

production, such as readings on new orders from national and regional manufacturing surveys, mostly pointed to only modest gains in factory output over the next few months. Growth in real personal consumption expenditures (PCE) appeared to have slowed in the first quarter. Real PCE rose moderately in February after being flat in January. The components of the nominal retail sales data used by the Bureau of Economic Analysis to construct its estimate of PCE moved sideways in March, and the rate of sales of new light motor vehicles decreased markedly. Nevertheless, gains in real disposable income continued to be solid in February. Households' net worth was boosted by the rise in equity prices over the intermeeting period and by further strong increases in home values through February. Also consumer sentiment remained upbeat in early April.

Recent information on housing activity was broadly consistent with a continued slow recovery in this sector. Starts and building permits for new single-family homes were higher for the first quarter of 2016 than in the fourth quarter of 2015.

Total real government purchases seemed to have risen modestly in the first quarter. Federal government spending for defense appeared to have declined. However, the payrolls of state and local governments increased in the first quarter, and nominal construction spending by these governments rose, on net, in the first two months of the quarter.

Total U.S. consumer prices, as measured by the PCE price index, increased 1 percent over the 12 months ending in February, partly restrained by declines in consumer energy prices. Core PCE price inflation, which excludes changes in food and energy prices, was 1 $\frac{3}{4}$ percent over the same 12-month period. Over the 12 months ending in March, total consumer prices as measured by the consumer price index (CPI) rose 1 percent, while core CPI inflation was 2 $\frac{1}{4}$ percent. Survey measures of longer-run inflation expectations were generally little changed in recent months.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee currently expects that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market indicators will continue to strengthen. Inflation is anticipated to remain low in the near term, but to rise gradually toward 2 percent over the medium term as the transitory effects of declines in energy and import prices dissipate and the labor market strengthens further. The Committee continues to closely monitor inflation indicators and global economic and financial developments.

Against this backdrop, the Committee decided to maintain the target range for the federal funds rate at $\frac{1}{4}$ to $\frac{1}{2}$ percent. The stance of the monetary policy remains accommodative, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation.

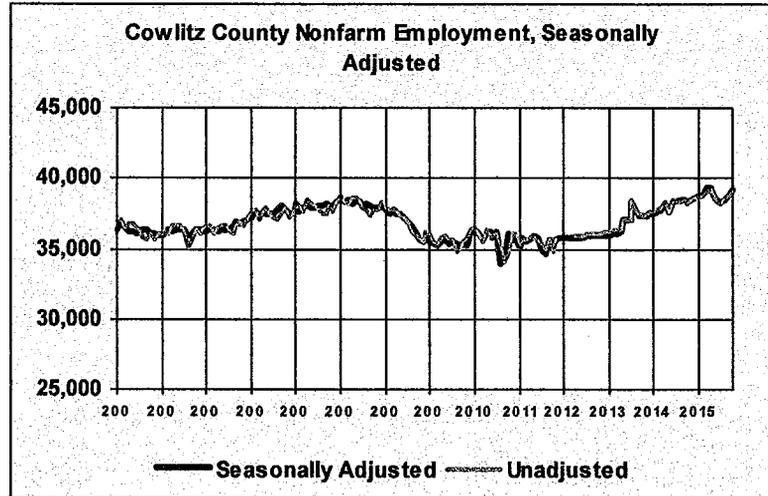
In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate.

State Economy. Washington's economy continues to accelerate. Washington ranks among the top 10 states in year-over-year (March 2015 to March 2016) job growth. Over-the-year job growth was 98,200 jobs (3.2%) for the state. Growth remains diversified, with all major sectors in the plus column, though manufacturing- buffeted by a weak global economy and a strong dollar- was just barely so. The unemployment rate for March 2016 remained at 5.8 percent.

Local Economy. Regionally, the employment outlook appears to be on an upswing in Southwest Washington. The local labor market is showing signs of improvement. According to the U.S. Bureau of Labor Statistics estimates, Cowlitz County's non-farm employment rose by 400 jobs in March. All but 100 of these were due to normal seasonal hiring patterns. Total employment was estimated at 39,200. Job growth over the year improved to an increase of 900 jobs (+2.3%). Construction, trade, transportation and utilities and other services accounted for job gains.

Listed below are the March 2015 - 2016 year-to-year adjustments in employment by occupational sector.

- **Construction, mining and logging** lost 100 jobs from the year-ago level.
- **Manufacturing** decreased by 200
- **Trade, transportation and utilities** increased 400 jobs.
- **Education and health services** rose by 200 jobs.
- **State and local government jobs** also increased by 400 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 economy continues 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 Mint Farm industrial 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 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.

In October 2013, PNW Metal Recycling LLC purchased an existing facility in the Mint Farm Industrial Park. PNW Metal Recycling, LLC purchases and processes metal recyclables, as well as dismantles automobiles for reuse and resale of auto parts. The company employs ten full-time employees.

Bell Lumber and Pole announced in July 2015, it will be breaking ground and opening a pole peeling yard in 2016. The Mint Farm location, part of a company expansion, is between existing facilities in Conway, Washington and Lebanon, Oregon. The manufacturer expects to hire between six and fifteen employees consisting of yard and administrative staff.

Other noteworthy industrial projects in Longview and Cowlitz County include:

- Millenium Bulk Logistic Company's plan for a coal export facility requiring an investment in excess of \$100 million and is expected to produce 300 direct and indirect family-wage jobs.
- 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.
- A recent \$200 million overhaul at the Temco grain elevator at the Port of Kalama.
- Big C Industries announcement on the siting of a new custom steel fabrication facility in Longview. The company specializes in "hard-to-do" steel fabrications- such as stairways and handrail configurations and other projects in sizes up to 150 tons.

Longview also stands to benefit from several commercial construction projects either recently completed or on the horizon for 2016. Commercial projects of note include:

- Canterbury Park Retirement Community's recent completion of a \$4.8 million 33-unit complex for senior living.
- The completion of a \$6.4 million renovation of the Myklebust Gym at Lower Columbia College.
- Stirling Honda's \$2.3 million construction and renovation for a new Honda dealership in 2016.
- 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 2016 Council established the following goals:

- Improve streets and roads
- 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.

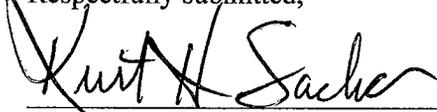
Awards and Acknowledgements

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, 2014. 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-one 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.

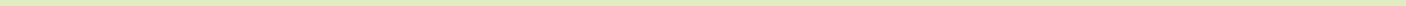
Respectfully submitted,



Kurt N. Sacha

Asst. City Manager/Finance Director

FINANCIAL SECTION





Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 27, 2016

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, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Arterial Street funds 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, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. 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 18 through 31, information on cost-sharing employer pension plans on pages 89 through 90, single employer plans on pages 90 through 91 and other postemployment benefits on page 92 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 Nonmajor Governmental Funds, Internal Services Funds, and Other Statements and Schedules on pages 93 through 129 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

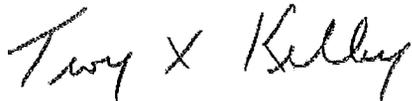
statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards 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 27, 2016, 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,



TROY KELLEY

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, 2015. 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 \$130,035 (net position). Of this amount, \$18,701 (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 \$3,038, or 2.4% in 2015. While governmental activities increased \$2,566, business-type activities increased \$472.
- As of the close of the current fiscal year, the City of Longview's governmental funds reported combined ending fund balances of \$21,856. Approximately 66 percent, \$14,523 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 \$11,925. The entire \$11,925 fund balance for the general fund was unrestricted, and represented 37 percent of total general fund expenditures.
- The City of Longview's total governmental long-term debt decreased by \$1,003 (6 percent) during the current fiscal year. The key factor behind this decrease was regular principal payments on outstanding bonds.
- Principal retirements for governmental and business type activities in the amount of \$3,403 were processed during the current year.

(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 for the City of Longview and the Longview Public Development Authority.

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 17 individual governmental funds. Information is presented separately for the general fund and arterial street fund in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The general fund and arterial street fund are the only funds considered to be major funds. Data from the other 15 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, except for the smaller portions that pertain to business-type 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 \$130,035 at the close of the most recent fiscal year.

By far the largest portion of the City of Longview's net position (70 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>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Current and other assets | \$ 37,706 | \$ 31,606 | \$ 32,089 | \$ 33,921 | \$ 69,795 | \$ 65,527 |
| Capital assets | <u>55,708</u> | <u>49,641</u> | <u>91,419</u> | <u>89,629</u> | <u>147,127</u> | <u>139,270</u> |
| Total assets | <u>93,414</u> | <u>81,247</u> | <u>123,508</u> | <u>123,550</u> | <u>216,922</u> | <u>204,797</u> |
| Deferred outflows | 1,522 | 185 | 464 | 0 | 1,986 | 185 |
| Long-term liabilities outstanding | 31,006 | 22,411 | 49,453 | 49,178 | 80,459 | 71,128 |
| Other liabilities | <u>2,690</u> | <u>2,743</u> | <u>2,842</u> | <u>3,634</u> | <u>5,532</u> | <u>6,838</u> |
| Total liabilities | <u>33,696</u> | <u>25,154</u> | <u>52,295</u> | <u>52,812</u> | <u>85,991</u> | <u>77,966</u> |
| Deferred inflows | <u>2,416</u> | <u>19</u> | <u>467</u> | <u>0</u> | <u>2,883</u> | <u>19</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 40,187 | 33,133 | 51,652 | 50,284 | 91,840 | 83,417 |
| Restricted | 14,059 | 8,184 | 5,435 | 8,211 | 19,494 | 16,395 |
| Unrestricted | <u>4,578</u> | <u>14,942</u> | <u>14,123</u> | <u>12,243</u> | <u>18,701</u> | <u>27,185</u> |
| Total net position | <u>\$ 58,824</u> | <u>\$ 56,259</u> | <u>\$ 71,210</u> | <u>\$ 70,738</u> | <u>\$ 130,035</u> | <u>\$ 126,997</u> |

An additional portion of the City of Longview's net position (15 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$18,701) may be used to meet the government's ongoing obligations to citizens and creditors.

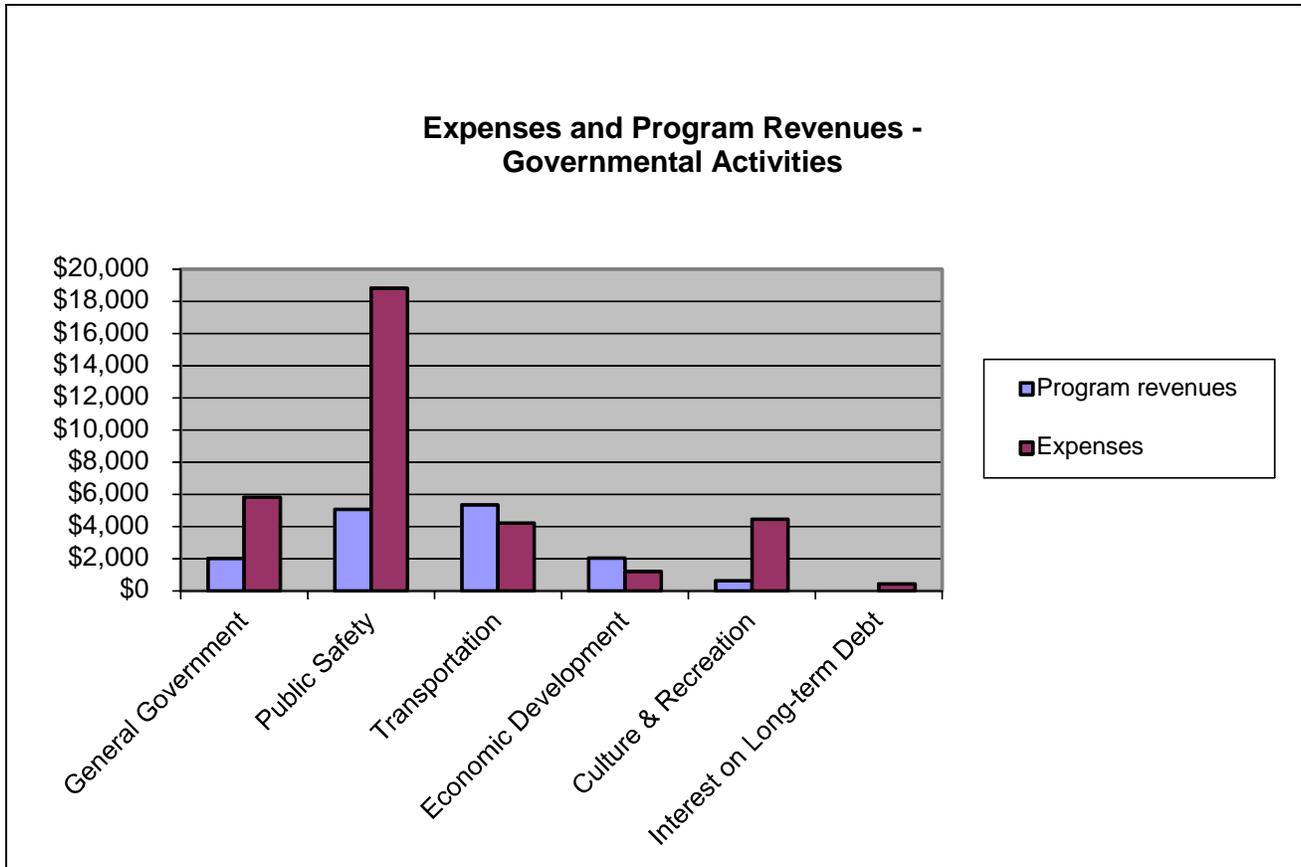
At the end of the current fiscal year, the City of Longview is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true of the prior year.

Governmental activities. Governmental activities increased the City of Longview's net position by \$9,615. Key elements of this increase in governmental net position are as follows:

| | Governmental activities | | Business-type activities | | Total | |
|---|------------------------------------|------------------|-------------------------------------|------------------|-------------------|-------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 7,456 | \$ 5,643 | \$ 33,681 | \$ 30,751 | \$ 41,137 | \$ 36,394 |
| Operating grants and contributions | 2,051 | 1,899 | 610 | 1,534 | 2,661 | 3,433 |
| Capital grants and contributions | 5,608 | 2,563 | 462 | 784 | 6,070 | 3,347 |
| General revenues: | | | | | | |
| Property taxes | 9,171 | 8,981 | - | - | 9,171 | 8,981 |
| Sales taxes | 7,943 | 7,546 | - | - | 7,943 | 7,546 |
| Business/other taxes | 10,173 | 10,040 | - | - | 10,173 | 10,040 |
| Other | <u>1,149</u> | <u>1,669</u> | <u>66</u> | <u>45</u> | <u>1,215</u> | <u>1,714</u> |
| Total revenues | <u>43,551</u> | <u>38,341</u> | <u>34,819</u> | <u>33,114</u> | <u>78,370</u> | <u>71,455</u> |
| Expenses: | | | | | | |
| General government | 5,369 | 5,245 | - | - | 5,369 | 5,245 |
| Public safety | 18,890 | 18,792 | - | - | 18,890 | 18,792 |
| Transportation | 4,289 | 3,906 | - | - | 4,289 | 3,906 |
| Economic development | 1,520 | 1,417 | - | - | 1,520 | 1,417 |
| Culture and recreation | 4,472 | 4,762 | - | - | 4,472 | 4,762 |
| Interest on long-term debt | 430 | 455 | - | - | 430 | 455 |
| Water-Sewer | - | - | 18,149 | 17,459 | 18,149 | 17,459 |
| Sanitation | - | - | 4,884 | 4,830 | 4,884 | 4,830 |
| Storm water | - | - | 2,638 | 2,544 | 2,638 | 2,544 |
| Public transit | - | - | 4,588 | 4,885 | 4,588 | 4,885 |
| Golf/tennis racquet | - | - | 689 | 624 | 689 | 624 |
| Total expenses | <u>34,971</u> | <u>34,577</u> | <u>30,948</u> | <u>30,342</u> | <u>65,919</u> | <u>64,919</u> |
| Increase in net position before transfers | 8,580 | 3,764 | 3,871 | 2,772 | 12,451 | 6,536 |
| Transfers (Note 13) | <u>1,035</u> | <u>1,670</u> | <u>(1,035)</u> | <u>(1,670)</u> | - | - |
| Increase/(Decrease) in net position | 9,615 | 5,434 | 2,837 | 1,102 | 12,530 | 6,536 |
| Beginning net position | 56,259 | 50,604 | 70,738 | 69,857 | 126,997 | 120,461 |
| Change in accounting principle (Note 17) | (6,728) | - | (2,711) | - | (9,439) | - |
| Prior period adjustments (Note 18) | (322) | 221 | 347 | (221) | 25 | - |
| Beginning net position restated | <u>49,209</u> | <u>50,825</u> | <u>68,374</u> | <u>69,636</u> | <u>117,583</u> | <u>120,461</u> |
| Ending net position | <u>\$ 58,824</u> | <u>\$ 56,259</u> | <u>\$ 71,210</u> | <u>\$ 70,738</u> | <u>\$ 130,035</u> | <u>\$ 126,997</u> |

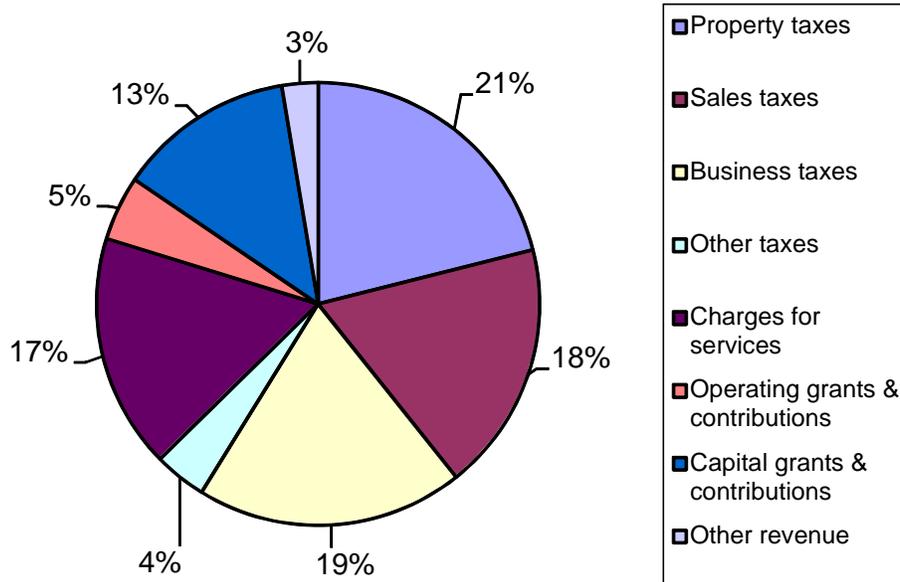
- Property taxes for 2015 increased \$190 (2.1 percent).
- Sales tax revenue increased \$397 (5.3 percent) during the year. This increase in sales tax revenue is largely attributed to increasing automotive sales.
- Business taxes increased \$133 (1.3 percent). The modest increase in business taxes was primarily in the utility sector.
- Other revenues decreased \$520 (31 percent). The 2015 decrease in other revenues is attributed to a one-time gain realized on the disposition of assets reported in 2014.

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

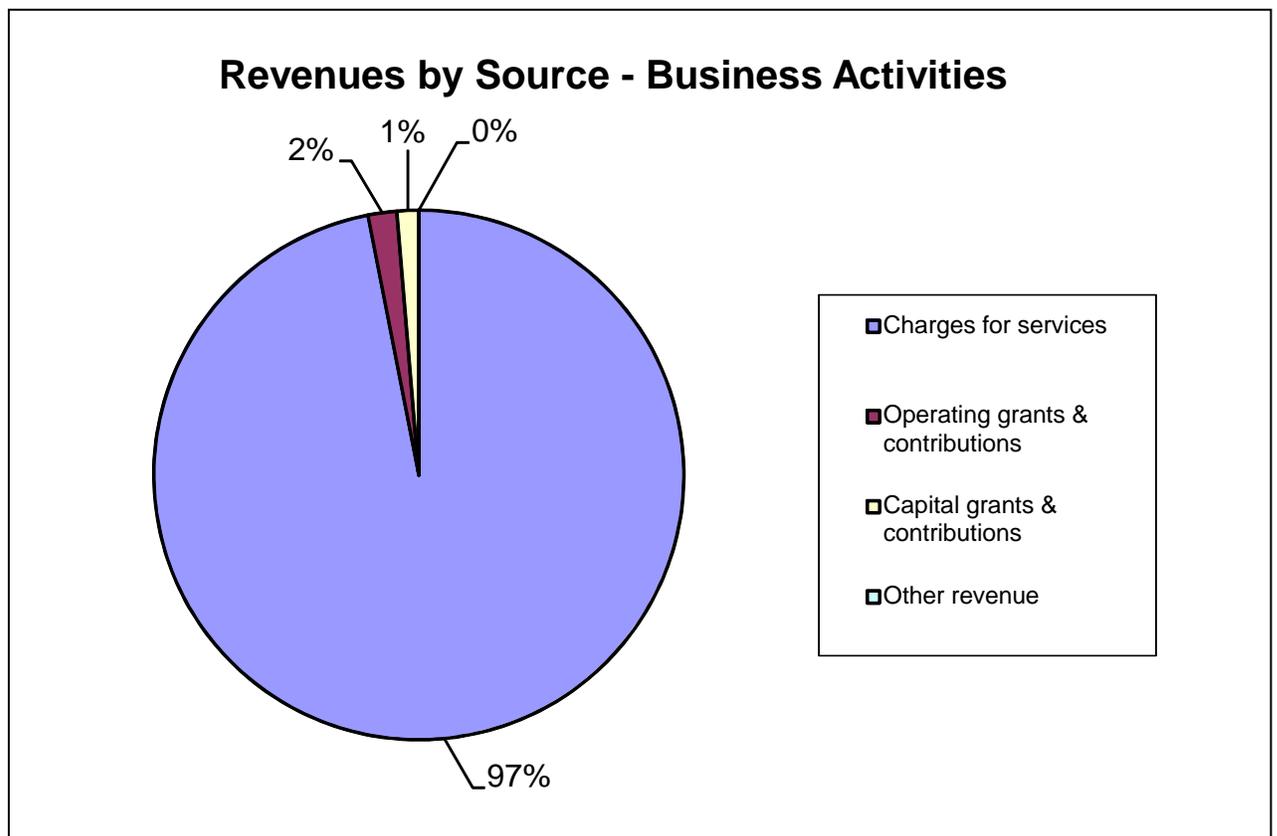


The above chart includes all revenues associated with governmental type activities. In addition to property, sales and business and occupation taxes, the above chart also includes charges for services, operating and capital grants, and contributions. As is illustrated in the above chart, property, sales and business and occupation taxes account for 50 percent of all governmental revenues.

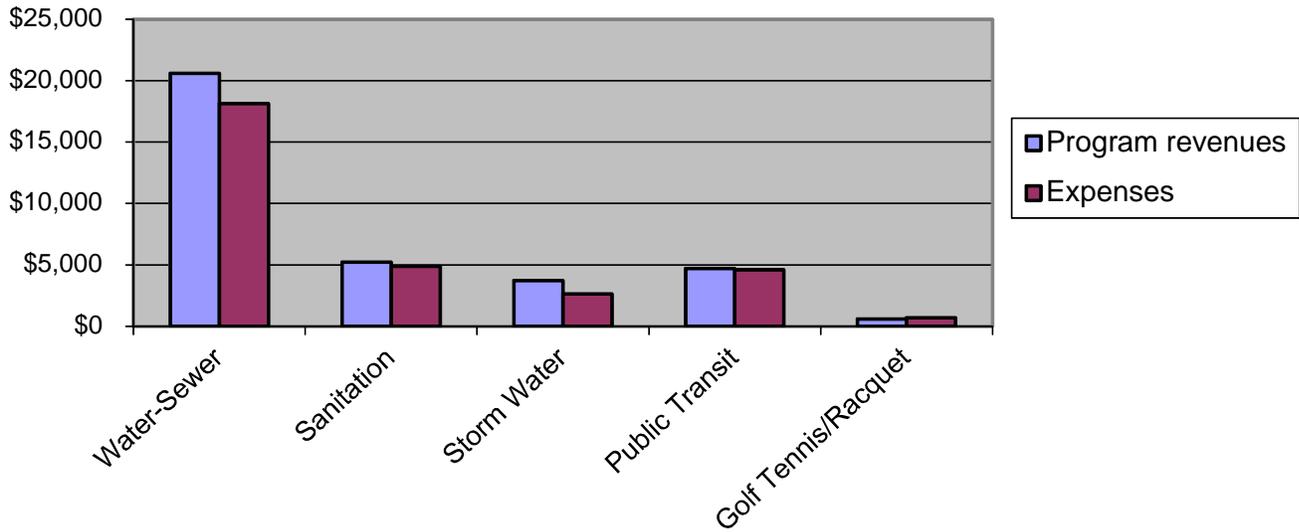
Most operating grant revenues are dedicated toward low-and-moderate income housing projects through the HOME Investment Partnership and Community Development Block Grant programs. In 2015, CDBG funds were also dedicated toward upgrades for the Senior Center and the Highland’s Archie Anderson Park. The 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 14th and 15th 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. The Washington Way bridge replacement project was 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 which include “Secure Our Schools.”

Business-type activities. Business-type activities increased the City of Longview’s net position \$2,915 in 2015. The water-sewer and sanitary fund are clearly the largest proprietary funds in the City. Their combined program revenues account for 74 percent of all business-type activities. In 2015 the net position for the water-sewer and sanitary funds decreased \$0.8.

- Charges for services for business-type activities increased 9.8 percent. Inflationary increases to water/sewer rates and an expansion in public transit services 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 storm water rates were increased to assist in funding the low-impact development infrastructure improvements along Tennant Way and to provide upgrades for the intake structure at Lake Sacajawea.
- Public transit charges for services accounted for \$4,153 of public transit’s \$4,623 total program revenues, while the remaining \$470 was received from operating grant funds.
- Capital grants and contributions accounted for \$462 in revenue for Business-type activities, which largely went toward water-sewer utility improvements and the acquisition of new transit shelters.



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 2015, the City of Longview's governmental funds reported combined ending fund balances of \$21,856, an increase of \$1,770 in comparison with the prior year. Of the \$21,856 total fund balance, approximately 66 percent (\$14,523) constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable (\$5,320) or restricted (\$2,012). Amounts restricted are 1) for the purpose of fostering economic development through the granting of loans (\$490); 2) to pay debt service (\$1); 3) for enhancing public safety (\$739); 4) for promoting tourism (\$110); 5) for enhancing parks (\$662); and 6) for enhancing library service (\$10).

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 \$11,925. All of the \$11,925 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 2015 the unrestricted fund balance represents 37 percent of total general fund expenditures.

In addition to the general fund, the City's other major governmental fund is the arterial street fund. In 2015, the arterial street fund provided for two projects with capital expenditures of more than \$6 million. The Washington Way bridge replacement project had expenditures of \$5 million. In addition, the City's investment in the Downtown Streetscape project consisted of more than \$1 million. The majority of the funding for both projects was provided by federal grant awards.

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 \$10,894, and the net position for the sanitary operation amounted to \$1,752. Storm Water's year-end unrestricted net position amounted to \$1,541. Of Storm Water's remaining net position in the amount of \$6,164, \$5,373 is invested in capital assets and the remaining \$790 is restricted for capital projects. Public transit's net position consists of \$318 in net investment in capital assets and (\$602) in unrestricted net position. The unrestricted net position of (\$602) is entirely due to the implementation of GASB Summary Statement No. 68 – Accounting and Financial Reporting for Pensions. The total increase in net position for all proprietary activity at the fund level in 2015 was \$3,384, which includes City of Longview internal service funds.

General Fund Budgetary Highlights

The amended 2015-2016 biennial budget reflects an increase of \$96 from the original appropriation of \$69,786. The 2015-2016 budget amendment can be summarized as follows:

- \$200 increase in sales tax revenue due to an improving economy and increasing automobile sales.
- \$10 increase in grant revenue from the Washington State Library System.
- \$25 addition from marijuana excise taxes.
- \$139 decrease in fund balance

- \$68 increase in general fund expenditures for indigent defense special legal fees.
- \$10 increase in general fund expenditures for program costs associated with the Digital Skills Training Grant.
- Addition of \$18 in general fund expenditures for the AT&T Mobility Settlement.

Total actual 2015 revenues in the amount of \$33,471 were 50.2 percent of the final budgeted 2015-16 revenues of \$66,658. Overall, 2015 revenues were \$332 more than projected. This was largely the result of higher than anticipated sales tax revenues, one-time grant revenues and an increase in state shared revenue. Total 2015 general fund expenditures and transfers amounted to \$32,798, 4.6 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, 2015, amounts to \$91,840 (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 \$8,462 for the current year. The \$8,462 overall net increase in capital assets is largely due to the infrastructure improvements associated with the Washington Way bridge replacement and Downtown Streetscape projects.

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

| | <u>Governmental activities</u> | | <u>Business-type activities</u> | | <u>Total</u> | |
|--------------------------|--------------------------------|------------------|---------------------------------|------------------|-------------------|-------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Land | \$ 5,499 | \$ 5,499 | \$ 2,622 | \$ 2,622 | \$ 8,121 | \$ 8,121 |
| Buildings and systems | 9,270 | 9,731 | 11,177 | 9,282 | 20,447 | 19,013 |
| Improvements | 1,286 | 1,235 | 53,470 | 49,669 | 54,756 | 50,904 |
| Machinery and equipment | 14,171 | 13,325 | 15,820 | 13,214 | 29,991 | 26,539 |
| Infrastructure | 17,241 | 15,928 | - | - | 17,241 | 15,928 |
| Intangibles | - | - | 4,164 | 4,064 | 4,164 | 4,064 |
| Construction in progress | <u>8,241</u> | <u>3,318</u> | <u>4,166</u> | <u>10,778</u> | <u>12,407</u> | <u>14,096</u> |
| Total | <u>\$ 55,708</u> | <u>\$ 49,036</u> | <u>\$ 91,419</u> | <u>\$ 89,629</u> | <u>\$ 147,127</u> | <u>\$ 138,665</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 2015 include the replacement of several water mains in the St. Helens neighborhood and along Nichols Boulevard; additionally, in 2015 water mains were replaced on Washington Way in conjunction with the bridge replacement project and at Ocean Beach and 44th Avenue. Major sewer projects included several pump station rehabilitation projects throughout Longview; in addition to the City’s ongoing efforts with the installation of sewer liners.
- Various street infrastructure projects including the Downtown Streetscape project along Commerce Avenue; city-wide pedestrian safety crosswalk improvements along 15th Avenue and school zone safety improvements throughout area schools. Additionally, construction on the Washington Way bridge replacement project was completed in 2015. The City also kept up its ongoing sidewalk replacement projects.
- In 2015, the City completed construction of the Tennant Way streetscape project and continued with its study and evaluation of flushing alternatives for Lake Sacajawea.
- Playground equipment replacements at neighborhood parks, field improvements at 7th Avenue for Longview Girls Softball and funding for skate park upgrades at Cloney Park.
- Fire station improvements at Station #82.
- Contributions toward the historic Shay locomotive pavilion project.

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 \$24,972. Of this amount, \$15,300 comprises debt backed by the full faith and credit of the government and \$2 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 \$9,670 are secured solely by specified revenue sources (i.e., revenue bonds).

City of Longview's Outstanding Debt

General Obligation and Revenue Bonds

| | Governmental activities | | Business-type activities | | Total | |
|--------------------------|------------------------------------|------------------|-------------------------------------|------------------|------------------|------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| General obligation bonds | \$ 15,230 | \$ 16,081 | \$ 70 | \$ 74 | \$ 15,300 | \$ 16,155 |
| Special assessment debt | 2 | 6 | - | - | 2 | 6 |
| Revenue bonds | <u>-</u> | <u>-</u> | <u>9,670</u> | <u>9,995</u> | <u>9,670</u> | <u>9,995</u> |
| Total | <u>\$ 15,232</u> | <u>\$ 16,087</u> | <u>\$ 9,740</u> | <u>\$ 10,069</u> | <u>\$ 24,972</u> | <u>\$ 26,156</u> |

The City of Longview's bonded debt decreased \$1,184 (5 percent) during the current fiscal year. The key factor in this decrease was the regular principal payments on outstanding bonds. Principal in the amount of \$1,184 was retired during 2015.

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 \$23.8 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 continued to show signs of improvement this past year. Although we continued to see signs of recovery in 2015, 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 turn-around in terms of economic recovery here in Longview. Although the City's financial position improved in 2015, looking ahead- expenditures are projected to outpace revenues over the next five years. While faced with fiscal challenges, we here at the City are confident that our sound financial principles will continue to guide us in a positive manner as we begin to rebound from 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.

Throughout 2015, 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 recent 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.

Transportation improvements continue to be at the forefront as Longview looks to establish itself as a leader in economic development. The Industrial Way/Oregon Way intersection connecting State Routes (SR) 432 and SR 433 serving the Longview Industrial Area are currently on the drawing board for major transportation improvements. Included in the Washington State Legislature's 2015 approval of the \$16.1 billion transportation revenue bill was an \$85 million award for improvements to this intersection. The Industrial Way/Oregon Way intersection project is of regional significance, and will result in improvements to the existing transportation network and more efficient connections between marine, rail and highway systems connecting the industrial/manufacturing base of Cowlitz County to the BNSF mainline, the I-5 corridor, and the Pacific Ocean.

The primary purpose of the Washington Way/Oregon Way intersection project and the SR 432/433 corridor are to develop an affordable long-term solution that-

- ✓ Maintains or improves emergency response.
- ✓ Improves travel reliability for all vehicles.
- ✓ Accommodates current and future passenger and freight truck movement across the region and states.
- ✓ Maintains or improves safety for all transportation modes.

The SR 432/433 corridor is part of the National Highway System and supports significant passenger and freight movement.

Longview witnessed modest increases in tax revenue in 2015. Overall tax revenue increased 2.2% percent for the year. The increase in tax revenue is primarily due to a modest uptick in the local economy and improving automobile sales.

During the current year, unreserved fund balance in the general fund increased \$788. This increase in fund balance is the result of slightly higher than anticipated revenues combined with expenditure savings on salaries, and underspending in the supplies and other services and charges categories.

For 2015, Longview's utility customers saw the average monthly combined water/sewer/garbage and storm water rate increase 2.3 percent. On average, Longview's utility customers are billed \$152 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.

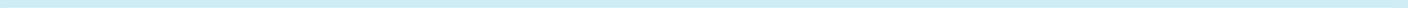
Ongoing challenges for Council and staff continue as we struggle to find that balance between meeting the service demands of our citizens while at the same time acknowledging the call for lower taxes and fees. A strategic Pacific Rim transportation hub, proximity to Portland, Oregon combined with the City's on-going economic development efforts including the Mint Farm Industrial Park with industrial sites fully serviced by road and utility infrastructure and the City's significant investment in transportation and utilities 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. 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 or by mail at the Department of Finance, City of Longview, P.O. Box 128, Longview, Washington 98632.

Basic Financial Statements



City of Longview
STATEMENT OF NET POSITION
As of December 31, 2015

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash | \$1,155,873 | \$236,317 | \$1,392,190 |
| Investments | 20,537,228 | 17,146,415 | 37,683,643 |
| Restricted investments | 0 | 5,435,225 | 5,435,225 |
| Receivables, net | 4,813,573 | 7,740,814 | 12,554,387 |
| Internal balances (Note 13) | (647,190) | 647,190 | 0 |
| Due from other governments | 6,621,354 | 474,002 | 7,095,356 |
| Inventory/prepayments | 0 | 330,530 | 330,530 |
| Assets held for resale | 0 | 78,379 | 78,379 |
| Net pension asset (Note 7) | 4,760,077 | 0 | 4,760,077 |
| Net healthcare funding surplus (Note 7) | 465,708 | 0 | 465,708 |
| Capital assets (Note 6) | | | |
| Land, intangibles & construction in prog. | 13,739,564 | 10,951,496 | 24,691,060 |
| Other capital assets, net of depreciation | 41,968,222 | 80,467,294 | 122,435,516 |
| TOTAL ASSETS | <u>93,414,409</u> | <u>123,507,662</u> | <u>216,922,071</u> |
| DEFERRED OUTFLOWS | | | |
| Pensions | 1,352,910 | 464,551 | 1,817,461 |
| Bond refunding loss | 169,392 | 0 | 169,392 |
| TOTAL DEFERRED OUTFLOWS | <u>1,522,302</u> | <u>464,551</u> | <u>1,986,853</u> |
| LIABILITIES | | | |
| Accounts payable | 1,509,328 | 698,248 | 2,207,576 |
| Due to other governments | 2,723 | 997,835 | 1,000,558 |
| Accrued liabilities | 1,162,864 | 847,855 | 2,010,719 |
| Other current liabilities | 14,842 | 297,974 | 312,816 |
| Long-term liabilities (Note 10) | | | |
| Special assessment debt with government commitment due within one year | 2,000 | 0 | 2,000 |
| Other liabilities due within one year | 2,460,589 | 4,582,788 | 7,043,377 |
| Liabilities not due within one year | | | |
| Net pension liabilities | 9,107,753 | 2,643,760 | 11,751,513 |
| Net other postemployment benefits | 2,616,389 | 0 | 2,616,389 |
| Other liabilities | 16,819,210 | 42,226,674 | 59,045,884 |
| TOTAL LIABILITIES | <u>33,695,698</u> | <u>52,295,134</u> | <u>85,990,832</u> |
| DEFERRED INFLOWS | | | |
| Pensions | 2,378,666 | 466,746 | 2,845,412 |
| Payments received in advance | 37,935 | 0 | 37,935 |
| TOTAL DEFERRED INFLOWS | <u>2,416,601</u> | <u>466,746</u> | <u>2,883,347</u> |
| NET POSITION | | | |
| Net investment in capital assets | 40,187,674 | 51,652,474 | 91,840,148 |
| Restricted for: | | | |
| Debt service | 5,291,531 | 736,200 | 6,027,731 |
| Pensions and Healthcare | 4,594,717 | 0 | 4,594,717 |
| Criminal justice | 2,872,119 | 0 | 2,872,119 |
| Capital projects | 300,000 | 4,699,025 | 4,999,025 |
| Economic development | 510,033 | 0 | 510,033 |
| Culture & recreation | 362,065 | 0 | 362,065 |
| Tourism promotion | 110,292 | 0 | 110,292 |
| Nonexpendable endowments | 18,112 | 0 | 18,112 |
| Unrestricted | 4,577,869 | 14,122,634 | 18,700,503 |
| TOTAL NET POSITION | <u>\$58,824,412</u> | <u>\$71,210,333</u> | <u>\$130,034,745</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Assets | | |
|---|------------------|-------------------------|--|--|--|-----------------------------|---------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$5,369,232 | \$1,957,082 | \$5,731 | \$55,487 | (\$3,350,932) | | (\$3,350,932) |
| Public safety | 18,889,986 | 4,416,846 | 648,126 | 10,679 | (13,814,335) | | (13,814,335) |
| Transportation | 4,289,139 | 60,704 | 618,323 | 4,677,894 | 1,067,782 | | 1,067,782 |
| Economic development | 1,519,838 | 583,537 | 593,457 | 859,555 | 516,711 | | 516,711 |
| Culture and recreation | 4,472,122 | 437,679 | 185,908 | 3,941 | (3,844,594) | | (3,844,594) |
| Interest on long-term debt | 430,226 | 0 | 0 | 0 | (430,226) | | (430,226) |
| Total governmental activities | 34,970,543 | 7,455,848 | 2,051,545 | 5,607,556 | (19,855,594) | | (19,855,594) |
| Business-type activities: | | | | | | | |
| Water-sewer | 18,148,520 | 20,361,840 | 0 | 235,842 | | \$2,449,162 | 2,449,162 |
| Sanitation | 4,883,853 | 5,194,203 | 31,325 | 0 | | 341,675 | 341,675 |
| Public transit | 4,587,939 | 4,152,796 | 243,322 | 226,558 | | 34,737 | 34,737 |
| Storm water | 2,638,495 | 3,389,712 | 335,319 | 0 | | 1,086,536 | 1,086,536 |
| Golf/misc. athletics | 689,004 | 582,399 | 0 | 0 | | (106,605) | (106,605) |
| Total business-type activities | 30,947,812 | 33,680,950 | 609,966 | 462,400 | | 3,805,504 | 3,805,504 |
| Total government | \$65,918,355 | \$41,136,798 | \$2,661,511 | \$6,069,956 | (19,855,594) | 3,805,504 | (16,050,090) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | | | | | 9,171,112 | 0 | 9,171,112 |
| Business | | | | | 8,500,926 | 0 | 8,500,926 |
| Sales | | | | | 7,943,463 | 0 | 7,943,463 |
| Excise | | | | | 1,635,995 | 0 | 1,635,995 |
| Gambling | | | | | 35,935 | 0 | 35,935 |
| Non program specific grants/contributions | | | | | 1,052,656 | 0 | 1,052,656 |
| Unrestricted investment earnings | | | | | 59,621 | 66,023 | 125,644 |
| Miscellaneous | | | | | 36,390 | 0 | 36,390 |
| Transfers (Note 13) | | | | | 1,034,933 | (1,034,933) | 0 |
| Total general revenues and transfers | | | | | 29,471,031 | (968,910) | 28,502,121 |
| Change in net position | | | | | 9,615,437 | 2,836,594 | 12,452,031 |
| Beginning net position as previously reported | | | | | 56,258,845 | 70,737,839 | 126,996,684 |
| Change in accounting principle (Note 17) | | | | | (6,728,095) | (2,711,010) | (9,439,105) |
| Prior period adjustments (Note 18) | | | | | (321,775) | 346,910 | 25,135 |
| Beginning net position, restated | | | | | 49,208,975 | 68,373,739 | 117,582,714 |
| Net position - ending | | | | | \$58,824,412 | \$71,210,333 | \$130,034,745 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

**BALANCE SHEET
GOVERNMENTAL FUNDS**

As of December 31, 2015

| | General | Arterial Street | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------|-------------------|--------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash | \$109,262 | \$1,992 | \$716,283 | \$827,537 |
| Investments | 8,534,173 | 0 | 5,263,303 | 13,797,476 |
| Receivables (net) | | | | |
| Taxes | 3,674,260 | 40,076 | 149,872 | 3,864,208 |
| Accounts | 84,474 | 0 | 135 | 84,609 |
| Assessments | 0 | 0 | 182,155 | 182,155 |
| Notes and contracts | 0 | 0 | 173,439 | 173,439 |
| Due from other funds | 458,794 | 191,636 | 3,495 | 653,925 |
| Interfund loans receivable | 1,490,000 | 0 | 0 | 1,490,000 |
| Due from other governments | 38,736 | 1,076,840 | 5,501,585 | 6,617,161 |
| Total assets | <u>14,389,699</u> | <u>1,310,544</u> | <u>11,990,267</u> | <u>27,690,510</u> |
| LIABILITIES | | | | |
| Accounts payable | 445,675 | 430,355 | 328,513 | 1,204,543 |
| Due to other funds | 440,278 | 0 | 147,560 | 587,838 |
| Interfund loans payable | 0 | 1,435,000 | 55,000 | 1,490,000 |
| Due to other governments | 1,690 | 0 | 452 | 2,142 |
| Accrued wages payable | 1,086,209 | 0 | 22,169 | 1,108,378 |
| Other current liabilities | 4,143 | 450 | 10,191 | 14,784 |
| Total liabilities | <u>1,977,995</u> | <u>1,865,805</u> | <u>563,885</u> | <u>4,407,685</u> |
| DEFERRED INFLOWS | | | | |
| Unavailable revenue-property taxes | 448,705 | 0 | 0 | 448,705 |
| Other unavailable revenue | 0 | 710,722 | 229,907 | 940,629 |
| Payments received in advance | 37,935 | 0 | 0 | 37,935 |
| Total deferred inflows | <u>486,640</u> | <u>710,722</u> | <u>229,907</u> | <u>1,427,269</u> |
| FUND BALANCES | | | | |
| Nonspendable | 0 | 0 | 5,320,200 | 5,320,200 |
| Restricted | 0 | 0 | 2,011,933 | 2,011,933 |
| Committed | 0 | 0 | 1,997,136 | 1,997,136 |
| Assigned | 0 | 0 | 1,887,267 | 1,887,267 |
| Unassigned | 11,925,064 | (1,265,983) | (20,062) | 10,639,019 |
| Total fund balances | <u>11,925,064</u> | <u>(1,265,983)</u> | <u>11,196,474</u> | <u>21,855,555</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, 2015

| | | |
|--|----------------------|----------------------------|
| <i>Total fund balances from the Governmental Funds Balance Sheet</i> | | \$21,855,555 |
| 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. | | 49,107,327 |
| Other long-term assets are not available to pay for expenditures of the current period, and therefore revenue is deferred in fund statements. | | 1,861,163 |
| 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. | | (15,520,108) |
| Balances of other long-term obligations not included in governmental funds. | | |
| | Pensions | (5,075,203) |
| | Healthcare | (2,150,681) |
| | Compensated absences | <u>(3,506,755)</u> |
| | | (10,732,639) |
| 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. | | 12,253,114 |
| <i>Total net position from the Statement of Net Position</i> | | <u><u>\$58,824,412</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, 2015

| | General | Arterial Street | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------|-----------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes | \$26,329,355 | \$0 | \$971,255 | \$27,300,610 |
| Licenses and permits | 777,956 | 0 | 0 | 777,956 |
| Intergovernmental | 2,063,548 | 5,471,185 | 1,337,662 | 8,872,395 |
| Charges for services | 3,405,122 | 0 | 33,546 | 3,438,668 |
| Fines | 582,785 | 0 | 2,415,654 | 2,998,439 |
| Miscellaneous | | | | |
| Interest earnings | 31,493 | 0 | 18,712 | 50,205 |
| Space and facilities rentals | 121,871 | 0 | 23,941 | 145,812 |
| Contributions from private sources | 122,921 | 0 | 57,917 | 180,838 |
| Special assessments | 0 | 0 | 125,232 | 125,232 |
| Other miscellaneous | 36,390 | 12,747 | 39,174 | 88,311 |
| Total revenues | 33,471,441 | 5,483,932 | 5,023,093 | 43,978,466 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 5,343,302 | 0 | 36,473 | 5,379,775 |
| Public safety | 18,003,213 | 0 | 1,212,446 | 19,215,659 |
| Transportation | 3,067,336 | 35,920 | 7,560 | 3,110,816 |
| Economic environment | 1,086,695 | 0 | 576,636 | 1,663,331 |
| Culture and recreation | 4,411,489 | 0 | 39,338 | 4,450,827 |
| Capital outlays | 124,318 | 6,276,571 | 715,962 | 7,116,851 |
| Debt service: | | | | |
| Principal | 250,322 | 0 | 752,650 | 1,002,972 |
| Interest and other debt service costs | 125,273 | 885 | 304,068 | 430,226 |
| Total expenditures | 32,411,948 | 6,313,376 | 3,645,133 | 42,370,457 |
| Excess (deficiency) of revenues over (under) expenditures | 1,059,493 | (829,444) | 1,377,960 | 1,608,009 |
| Other financing sources (uses): | | | | |
| Transfers in | 113,692 | 41,674 | 305,479 | 460,845 |
| Transfers out | (385,617) | 0 | (197,078) | (582,695) |
| Total other financing sources (uses) | (271,925) | 41,674 | 108,401 | (121,850) |
| Net change in fund balances | 787,568 | (787,770) | 1,486,361 | 1,486,159 |
| Fund balance, January 1 as previously reported | 11,137,496 | (736,256) | 9,684,978 | 20,086,218 |
| Prior period adjustments (Note 17) | 0 | 258,043 | 25,135 | 283,178 |
| Fund balance, January 1 restated | 11,137,496 | (478,213) | 9,710,113 | 20,369,396 |
| Fund balance, December 31 | \$11,925,064 | (\$1,265,983) | \$11,196,474 | \$21,855,555 |

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, 2015

| | | | |
|--|----------------------|---------------|---------------------------|
| <i>Net change in fund balances from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances</i> | | | \$1,486,159 |
| 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. | | | 5,936,820 |
| 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. | | | 987,642 |
| Activity for other long-term obligations not included in governmental funds. | | | |
| | Pensions | 1,271,674 | |
| | Healthcare | (118,294) | |
| | Compensated absences | (250,579) | |
| | Other | <u>64,132</u> | 966,933 |
| Revenues in the statement of activities that do not provide current financial resources at the fund level. | | | (309,023) |
| 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. | | | 546,906 |
| <i>Change in net position from the Statement of Activities</i> | | | <u><u>\$9,615,437</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, 2015

| | GENERAL FUND | | | | ARTERIAL STREET FUND | | | |
|---|--------------------|--------------------|-------------------|---------------------|----------------------|--------------------|--------------------|--------------------|
| | Original Budget | Final Budget | Actual | Variance | Original Budget | Final Budget | Actual | Variance |
| Revenues: | | | | | | | | |
| Taxes | \$52,610,960 | \$52,810,960 | \$26,329,355 | (\$26,481,605) | \$0 | \$0 | \$0 | \$0 |
| Licenses and permits | 1,553,900 | 1,553,900 | 777,956 | (775,944) | 0 | 0 | 0 | 0 |
| Intergovernmental | 2,866,650 | 2,901,850 | 2,063,548 | (838,302) | 6,514,260 | 6,514,260 | 5,471,185 | (1,043,075) |
| Charges for services | 7,707,630 | 7,707,630 | 3,405,122 | (4,302,508) | 5,000 | 5,000 | 0 | (5,000) |
| Fines | 1,306,550 | 1,306,550 | 582,785 | (723,765) | 0 | 0 | 0 | 0 |
| Miscellaneous: | | | | | | | | |
| Interest earnings | 33,440 | 33,440 | 31,493 | (1,947) | 0 | 0 | 0 | 0 |
| Space and facilities rentals | 171,300 | 171,300 | 121,871 | (49,429) | 0 | 0 | 0 | 0 |
| Contributions from private sources | 142,500 | 142,500 | 122,921 | (19,579) | 0 | 0 | 0 | 0 |
| Other miscellaneous | 30,000 | 30,000 | 36,390 | 6,390 | 0 | 0 | 12,747 | 12,747 |
| Total revenues | 66,422,930 | 66,658,130 | 33,471,441 | (33,186,689) | 6,519,260 | 6,519,260 | 5,483,932 | (1,035,328) |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 11,545,950 | 11,631,880 | 5,343,302 | 6,288,578 | 0 | 0 | 0 | 0 |
| Public safety | 36,805,060 | 36,805,060 | 18,003,213 | 18,801,847 | 0 | 0 | 0 | 0 |
| Transportation | 6,640,320 | 6,640,320 | 3,067,336 | 3,572,984 | 65,000 | 65,000 | 35,920 | 29,080 |
| Economic environment | 2,253,430 | 2,253,430 | 1,086,695 | 1,166,735 | 0 | 0 | 0 | 0 |
| Culture and recreation | 9,488,430 | 9,498,630 | 4,411,489 | 5,087,141 | 0 | 0 | 0 | 0 |
| Capital outlays | 164,240 | 164,240 | 124,318 | 39,922 | 7,651,460 | 7,651,460 | 6,276,571 | 1,374,889 |
| Debt service: | | | | | | | | |
| Principal | 492,860 | 492,860 | 250,322 | 242,538 | 210,000 | 210,000 | 0 | 210,000 |
| Interest and fiscal charges | 248,340 | 248,340 | 125,273 | 123,067 | 10,000 | 10,000 | 885 | 9,115 |
| Total expenditures | 67,638,630 | 67,734,760 | 32,411,948 | 35,322,812 | 7,936,460 | 7,936,460 | 6,313,376 | 1,623,084 |
| Excess (deficiency) of revenues over (under) expenditures | (1,215,700) | (1,076,630) | 1,059,493 | 2,136,123 | (1,417,200) | (1,417,200) | (829,444) | 587,756 |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of general long-term debt | 0 | 0 | 0 | 0 | 1,491,200 | 1,491,200 | 0 | (1,491,200) |
| Capital asset disposition proceeds | 0 | 0 | 0 | 0 | 120,000 | 120,000 | 0 | (120,000) |
| Transfers in | 366,690 | 366,690 | 113,692 | (252,998) | 0 | 0 | 41,674 | 41,674 |
| Transfers out | (2,147,570) | (2,147,570) | (385,617) | 1,761,953 | (150,000) | (150,000) | 0 | 150,000 |
| Total other fin. sources (uses) | (1,780,880) | (1,780,880) | (271,925) | 1,508,955 | 1,461,200 | 1,461,200 | 41,674 | (1,419,526) |
| Net change in fund balances | (2,996,580) | (2,857,510) | 787,568 | 3,645,078 | 44,000 | 44,000 | (787,770) | (831,770) |
| Fund balance, January 1, 2015 as previously reported | 11,137,496 | 11,137,496 | 11,137,496 | 0 | (736,256) | (736,256) | (736,256) | 0 |
| Prior period adjustment (Note 18) | 0 | 0 | 0 | 0 | 0 | 0 | 258,043 | 258,043 |
| Fund balance, January 1 restated | 11,137,496 | 11,137,496 | 11,137,496 | 0 | (736,256) | (736,256) | (478,213) | 258,043 |
| Fund balance, December 31, 2015 | \$8,140,916 | \$8,279,986 | 11,925,064 | \$3,645,078 | (\$692,256) | (\$692,256) | (1,265,983) | (\$573,727) |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

As of December 31, 2015

Page 1 of 2

| | WATER- SEWER | SANITARY | STORMWATER | PUBLIC TRANSIT |
|---|----------------------------|---------------------------|---------------------------|---------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$112,747 | \$16,750 | \$36,285 | \$62,040 |
| Investments | 11,711,405 | 1,554,872 | 2,817,151 | 1,012,936 |
| Receivables, net | 3,116,601 | 643,530 | 430,055 | 225 |
| Due from other funds | 194,553 | 33,271 | 8,267 | 78,624 |
| Due from other governments | 336,471 | 0 | 74,856 | 62,675 |
| Inventory | 330,530 | 0 | 0 | 0 |
| Total current assets: | <u>15,802,307</u> | <u>2,248,423</u> | <u>3,366,614</u> | <u>1,216,500</u> |
| Noncurrent assets: | | | | |
| Restricted investments | 4,644,812 | 0 | 790,413 | 0 |
| Noncurrent receivables | 3,548,907 | 0 | 0 | 0 |
| Assets held for resale | 78,379 | 0 | 0 | 0 |
| Capital assets: | | | | |
| Land | 1,367,668 | 0 | 8,640 | 37,400 |
| Buildings | 14,817,187 | 0 | 84,453 | 749,468 |
| Improvements other than buildings | 83,423,547 | 0 | 7,108,997 | 111,578 |
| Machinery and equipment | 20,124,633 | 0 | 471,145 | 6,203 |
| Intangibles | 4,163,538 | 0 | 0 | 0 |
| Construction in progress | 618,772 | 0 | 3,547,329 | 0 |
| Less: Accumulated depreciation | (43,383,525) | 0 | (3,041,057) | (586,155) |
| Net capital assets | <u>81,131,820</u> | <u>0</u> | <u>8,179,507</u> | <u>318,494</u> |
| Total noncurrent assets | <u>89,403,918</u> | <u>0</u> | <u>8,969,920</u> | <u>318,494</u> |
| TOTAL ASSETS | <u>105,206,225</u> | <u>2,248,423</u> | <u>12,336,534</u> | <u>1,534,994</u> |
| TOTAL DEFERRED OUTFLOWS - PENSIONS | <u>217,248</u> | <u>24,768</u> | <u>90,466</u> | <u>110,211</u> |
| Total assets and deferred outflows of resources | <u>105,423,473</u> | <u>2,273,191</u> | <u>12,427,000</u> | <u>1,645,205</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 216,209 | 314,647 | 55,561 | 106,804 |
| Due to other funds | 88,174 | 12,560 | 217,771 | 0 |
| Due to other governments | 37,542 | 0 | 0 | 960,293 |
| Accrued wages payable | 162,369 | 18,374 | 69,449 | 104,614 |
| Compensated absences | 114,877 | 16,944 | 49,902 | 35,386 |
| Customer deposits | 480,803 | 0 | 0 | 0 |
| Other current liabilities | 191,965 | 0 | 104,600 | 1,271 |
| Current portion of long-term obligations | 4,216,835 | 0 | 130,560 | 0 |
| Total current liabilities: | <u>5,508,774</u> | <u>362,525</u> | <u>627,843</u> | <u>1,208,368</u> |
| Noncurrent liabilities | | | | |
| Bonds payable, net | 6,728,323 | 0 | 3,466,106 | 0 |
| Due to other governments | 31,744,737 | 0 | 0 | 0 |
| Compensated absences | 83,863 | 20,013 | 67,780 | 8,132 |
| Pension obligation (net) | 1,329,780 | 116,935 | 486,981 | 616,094 |
| Total noncurrent liabilities | <u>39,886,703</u> | <u>136,948</u> | <u>4,020,867</u> | <u>624,226</u> |
| TOTAL LIABILITIES | <u>45,395,477</u> | <u>499,473</u> | <u>4,648,710</u> | <u>1,832,594</u> |
| TOTAL DEFERRED INFLOWS - PENSIONS | <u>247,136</u> | <u>21,988</u> | <u>73,548</u> | <u>95,664</u> |
| Total liabilities and deferred inflows of resources | <u>45,642,613</u> | <u>521,461</u> | <u>4,722,258</u> | <u>1,928,258</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 44,242,157 | 0 | 5,373,254 | 318,494 |
| Restricted for debt service | 736,200 | 0 | 0 | 0 |
| Restricted for capital projects | 3,908,612 | 0 | 790,413 | 0 |
| Unrestricted | 10,893,891 | 1,751,730 | 1,541,075 | (601,547) |
| TOTAL NET POSITION | <u>\$59,780,860</u> | <u>\$1,751,730</u> | <u>\$7,704,742</u> | <u>(\$283,053)</u> |

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

As of December 31, 2015

Page 2 of 2

| | NONMAJOR MINT VALLEY COMPLEX | ENTERPRISE TOTALS | INTERNAL SERVICE FUNDS |
|---|------------------------------------|----------------------|------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$8,495 | \$236,317 | \$328,336 |
| Investments | 50,051 | 17,146,415 | 6,739,752 |
| Receivables, net | 1,496 | 4,191,907 | 37,334 |
| Due from other funds | 0 | 314,715 | 127,860 |
| Due from other governments | 0 | 474,002 | 4,193 |
| Inventory | 0 | 330,530 | 0 |
| Total current assets: | <u>60,042</u> | <u>22,693,886</u> | <u>7,237,475</u> |
| Noncurrent assets: | | | |
| Restricted investments | 0 | 5,435,225 | 0 |
| Noncurrent receivables | 0 | 3,548,907 | 0 |
| Assets held for resale | 0 | 78,379 | 0 |
| Capital assets: | | | |
| Land | 1,208,151 | 2,621,859 | 56,095 |
| Buildings | 1,508,914 | 17,160,022 | 967,533 |
| Improvements other than buildings | 920,268 | 91,564,390 | 604,786 |
| Machinery and equipment | 55,047 | 20,657,028 | 14,249,366 |
| Intangibles | 0 | 4,163,538 | 0 |
| Construction in progress | 0 | 4,166,101 | 224,923 |
| Less: Accumulated depreciation | (1,903,411) | (48,914,148) | (9,502,245) |
| Net capital assets | <u>1,788,969</u> | <u>91,418,790</u> | <u>6,600,458</u> |
| Total noncurrent assets | <u>1,788,969</u> | <u>100,481,301</u> | <u>6,600,458</u> |
| TOTAL ASSETS | <u>1,849,011</u> | <u>123,175,187</u> | <u>13,837,933</u> |
| TOTAL DEFERRED OUTFLOWS - PENSIONS | | | |
| | 21,858 | 464,551 | 70,041 |
| Total assets and deferred outflows of resources | <u>1,870,869</u> | <u>123,639,738</u> | <u>13,907,974</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 5,028 | 698,249 | 304,785 |
| Due to other funds | 0 | 318,505 | 190,157 |
| Due to other governments | 0 | 997,835 | 581 |
| Accrued wages payable | 12,246 | 367,052 | 54,486 |
| Compensated absences | 16,948 | 234,057 | 60,211 |
| Customer deposits | 0 | 480,803 | 0 |
| Other current liabilities | 138 | 297,974 | 58 |
| Current portion of long-term obligations | 1,336 | 4,348,731 | 0 |
| Total current liabilities: | <u>35,696</u> | <u>7,743,206</u> | <u>610,278</u> |
| Noncurrent liabilities | | | |
| Bonds payable, net | 69,064 | 10,263,493 | 0 |
| Due to other governments | 0 | 31,744,737 | 0 |
| Compensated absences | 38,655 | 218,443 | 25,332 |
| Pension obligation (net) | 93,970 | 2,643,760 | 287,518 |
| Total noncurrent liabilities | <u>201,689</u> | <u>44,870,433</u> | <u>312,850</u> |
| TOTAL LIABILITIES | <u>237,385</u> | <u>52,613,639</u> | <u>923,128</u> |
| TOTAL DEFERRED INFLOWS - PENSIONS | | | |
| | 28,410 | 466,746 | 80,752 |
| Total liabilities and deferred inflows of resources | <u>265,795</u> | <u>53,080,385</u> | <u>1,003,880</u> |
| NET POSITION | | | |
| Net investment in capital assets | 1,718,569 | 51,652,474 | 6,600,458 |
| Restricted for debt service | 0 | 736,200 | 0 |
| Restricted for capital projects | 0 | 4,699,025 | 0 |
| Unrestricted | (113,495) | 13,471,654 | 6,303,636 |
| TOTAL NET POSITION | <u>\$1,605,074</u> | <u>\$70,559,353</u> | <u>\$12,904,094</u> |
| Business-type net position used in Internal Service Fund activities | | <u>650,980</u> | |
| Net position of business-type activities | | <u>\$71,210,333</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, 2015

Page 1 of 2

| | ENTERPRISE | | | |
|---|-------------------------|--------------------|--------------------|---------------------------|
| | WATER- SEWER | SANITARY | STORMWATER | PUBLIC TRANSIT |
| Operating revenues: | | | | |
| Charges for services | \$20,346,882 | \$5,174,280 | \$3,389,712 | \$4,127,202 |
| Miscellaneous | 1,390 | 8,473 | 0 | 25,512 |
| Total operating revenues | 20,348,272 | 5,182,753 | 3,389,712 | 4,152,714 |
| Operating expenses: | | | | |
| Cost of sales and services | 13,381,782 | 4,365,061 | 2,424,720 | 4,126,659 |
| Administration | 1,306,565 | 540,255 | 316,298 | 450,311 |
| Depreciation | 3,218,599 | 0 | 130,313 | 14,815 |
| Total operating expenses | 17,906,946 | 4,905,316 | 2,871,331 | 4,591,785 |
| Operating income (loss) | 2,441,326 | 277,437 | 518,381 | (439,071) |
| Nonoperating revenues (expenses): | | | | |
| Interest revenue | 59,810 | 2,076 | 2,555 | 1,531 |
| Interest expense | (662,622) | 0 | (111,192) | 0 |
| Operating grant revenue | 0 | 31,325 | 335,319 | 243,322 |
| Disposition of capital assets | (1,265,702) | 0 | 0 | 0 |
| Other | 13,568 | 11,450 | 0 | 82 |
| Total nonoperating revenues (expenses) | (1,854,946) | 44,851 | 226,682 | 244,935 |
| Income (loss) before capital contributions, special items and transfers | 586,380 | 322,288 | 745,063 | (194,136) |
| Capital contributions | 275,376 | 0 | 231,081 | 226,558 |
| Transfers in | 0 | 0 | 506,679 | 0 |
| Transfers out | (506,679) | 0 | (41,674) | 0 |
| Change in net position | 355,077 | 322,288 | 1,441,149 | 32,422 |
| Beginning net position as previously reported | 60,825,875 | 1,523,241 | 6,379,046 | 333,309 |
| Change in accounting principle (Note 17) | (1,400,092) | (93,799) | (462,363) | (648,784) |
| Prior period adjustments (Note 18) | 0 | 0 | 346,910 | 0 |
| Beginning net position, restated | 59,425,783 | 1,429,442 | 6,263,593 | (315,475) |
| Net position, December 31 | \$59,780,860 | \$1,751,730 | \$7,704,742 | (\$283,053) |

City of Longview

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

For the year ended December 31, 2015

Page 2 of 2

| | NONMAJOR ENTERPRISE FUNDS | TOTAL ENTERPRISE | TOTAL INTERNAL SERVICE |
|---|--|-----------------------------|---------------------------------------|
| Operating revenues: | | | |
| Charges for services | \$542,689 | \$33,580,765 | \$6,075,025 |
| Miscellaneous | 37,885 | 73,260 | 4,193 |
| Total operating revenues | 580,574 | 33,654,025 | 6,079,218 |
| Operating expenses: | | | |
| Cost of sales and services | 262,967 | 24,561,189 | 3,527,084 |
| Administration | 286,119 | 2,899,548 | 705,811 |
| Depreciation | 41,975 | 3,405,702 | 852,320 |
| Total operating expenses | 591,061 | 30,866,439 | 5,085,215 |
| Operating income (loss) | (10,487) | 2,787,586 | 994,003 |
| Nonoperating revenues (expenses): | | | |
| Interest revenue | 51 | 66,023 | 9,418 |
| Interest expense | (3,191) | (777,005) | 0 |
| Operating grant revenue | 0 | 609,966 | 4,440 |
| Disposition of capital assets | 0 | (1,265,702) | 57,445 |
| Other | 1,825 | 26,925 | 9,936 |
| Total nonoperating revenues (expenses) | (1,315) | (1,339,793) | 81,239 |
| Income (loss) before capital contributions, special items and transfers | (11,802) | 1,447,793 | 1,075,242 |
| Capital contributions | 0 | 733,015 | 5,600 |
| Transfers in | 1,828 | 508,507 | 161,697 |
| Transfers out | 0 | (548,353) | 0 |
| Change in net position | (9,974) | 2,140,962 | 1,242,539 |
| Beginning net position as previously reported | 1,721,020 | 70,782,491 | (314,496) |
| Change in accounting principle (Note 17) | (105,972) | (2,711,010) | 11,976,051 |
| Prior period adjustments (Note 18) | 0 | 346,910 | 0 |
| Beginning net position, restated | 1,615,048 | 68,418,391 | 11,661,555 |
| Net position, December 31 | \$1,605,074 | \$70,559,353 | \$12,904,094 |

| | |
|--|-------------|
| Change in net position from proprietary activities at the fund level (above) | \$2,140,962 |
| Change in net position related to business-type activities | 695,632 |
| Change in net positions from government-wide business-type activities | 2,836,594 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended December 31, 2015

Page 1 of 4

| | WATER- SEWER | SANITARY | STORMWATER | PUBLIC TRANSIT |
|---|--------------------|------------------|--------------------|-------------------|
| Cash flows from operating activities: | | | | |
| Cash flows from customers and users | \$20,825,127 | \$5,304,615 | \$3,717,766 | \$4,480,267 |
| Interfund services provided | 0 | 0 | 0 | 0 |
| Cash from other sources | 42,628 | 42,775 | 260,464 | 180,729 |
| Cash paid to suppliers | (8,481,906) | (3,918,080) | (688,742) | (1,844,075) |
| Cash paid to employees | (3,394,811) | (393,812) | (1,362,513) | (1,817,420) |
| Interfund services used | (2,901,677) | (78,743) | (843,266) | (1,085,892) |
| Cash paid for taxes and other penalties | (692,727) | (540,548) | (47,885) | (622) |
| Net cash provided (used) by operating activities | 5,396,634 | 416,207 | 1,035,824 | (87,013) |
| Cash flows from noncapital financing activities: | | | | |
| Transfer (in) from other funds | 0 | 0 | 0 | 0 |
| Transfer (out) to other funds | 0 | 0 | (41,674) | 0 |
| Net cash provided (used) by noncapital financing activities | 0 | 0 | (41,674) | 0 |
| Cash flows from capital and related financing activities: | | | | |
| Proceeds from debt issuances | 59,603 | 0 | 3,715,325 | 0 |
| Transfer of debt issuance proceeds | (3,715,325) | 0 | 0 | 0 |
| Collection of noncurrent receivables | 262,535 | 0 | 0 | 0 |
| Payments of debt principal | (2,292,374) | 0 | (110,500) | 0 |
| Proceeds from sale of capital assets | 0 | 0 | 0 | 0 |
| Capital contributions | 260,865 | 0 | 0 | 226,558 |
| Purchase of capital assets | 0 | 0 | 0 | 0 |
| Construction | (3,313,859) | 0 | (2,651,556) | 0 |
| Interest paid | (678,462) | 0 | (119,351) | 0 |
| Net cash provided (used) by capital and related financing activities | (9,417,017) | 0 | 833,918 | 226,558 |
| Cash flows from investing activities: | | | | |
| Proceeds from sale of investments | 11,275,130 | 0 | 1,650,000 | 980,000 |
| Purchase of investments | (7,220,000) | (440,000) | (3,450,000) | (1,100,000) |
| Net cash provided (used) by investing activities | 4,055,130 | (440,000) | (1,800,000) | (120,000) |
| Net cash increase (decrease) | 34,747 | (23,793) | 28,068 | 19,545 |
| Cash and restricted cash, January 1 | 78,000 | 40,543 | 8,217 | 42,495 |
| Cash and restricted cash, December 31 | \$112,747 | \$16,750 | \$36,285 | \$62,040 |

City of Longview

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended December 31, 2015

Page 2 of 4

| | ENTERPRISE | | | |
|--|-------------------------|------------------|--------------------|---------------------------|
| | WATER- SEWER | SANITARY | STORMWATER | PUBLIC TRANSIT |
| Reconciliation of Operating Income to Net Cash Provided By Operating Activities | | | | |
| Operating income (loss) | \$2,441,326 | \$277,437 | \$518,381 | (\$439,071) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 3,218,599 | 0 | 130,313 | 14,815 |
| Capital projects expensed | 68,924 | 0 | 0 | 0 |
| Accrued pension expense | (40,423) | 20,356 | 7,700 | (47,237) |
| Miscellaneous nonoperating cash activity | 42,628 | 42,775 | 260,464 | 180,729 |
| (Increase) decrease from: | | | | |
| Accounts & notes receivable | (155,433) | (32,389) | (69,307) | (10) |
| Due from other funds | (7,777) | 95,655 | 6,268 | (23,854) |
| Due from other governments | 17,935 | 5,069 | 356,085 | 614,869 |
| Inventory | (40,421) | 0 | 0 | 0 |
| Increase (decrease) from: | | | | |
| Accounts payable | (62,748) | 6,516 | (43,930) | (51,623) |
| Due to other funds | (107,425) | 454 | (230,854) | 0 |
| Due to other governments | 3,914 | 0 | 0 | 78,593 |
| Accrued wages payable | 5,653 | (12) | (9,666) | (411,364) |
| Compensated absences | (17,369) | 346 | 7,817 | (2,892) |
| Customer deposits | 28,840 | 0 | 0 | 0 |
| Other current liabilities | 411 | 0 | 102,553 | 32 |
| Total adjustments | 2,955,308 | 138,770 | 517,443 | 352,058 |
| Net cash provided (used) by operating activities | \$5,396,634 | \$416,207 | \$1,035,824 | (\$87,013) |
| Noncash Investing, Capital and Financing Activities | | | | |
| Acquisition of capital assets on account | 224,473 | 0 | 213,146 | 0 |
| Capital (to) from governmental activities | (1,265,702) | 0 | 231,081 | 0 |
| Capital (to) from Stormwater | (506,679) | 0 | 0 | 0 |
| Asset disposition receivables | 0 | 0 | 0 | 0 |
| Related party capital and debt participation | 6,595 | 0 | 0 | 0 |
| Nonoperating interest income | 30,692 | 2,076 | 2,555 | 1,531 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended December 31, 2015

Page 3 of 4

| | NONMAJOR MINT VALLEY COMPLEX | TOTAL ENTERPRISE FUNDS | INTERNAL SERVICE FUNDS |
|---|---|---------------------------------------|---------------------------------------|
| Cash flows from operating activities: | | | |
| Cash flows from customers and users | \$582,941 | \$34,910,716 | \$249,782 |
| Interfund services provided | 0 | 0 | 6,181,040 |
| Cash from other sources | 1,825 | 528,421 | 14,375 |
| Cash paid to suppliers | (209,345) | (15,142,148) | (3,016,047) |
| Cash paid to employees | (277,965) | (7,246,521) | (974,234) |
| Interfund services used | (22,465) | (4,932,043) | (196,609) |
| Cash paid for taxes and other penalties | (43,395) | (1,325,177) | (5,717) |
| Net cash provided (used) by operating activities | 31,596 | 6,793,248 | 2,252,590 |
| Cash flows from noncapital financing activities: | | | |
| Transfer (in) from other funds | 1,828 | 1,828 | 45,047 |
| Transfer (out) to other funds | 0 | (41,674) | 0 |
| Net cash provided (used) by noncapital financing activities | 1,828 | (39,846) | 45,047 |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from debt issuances | 0 | 3,774,928 | 0 |
| Transfer of debt issuance proceeds | 0 | (3,715,325) | 0 |
| Collection of noncurrent receivables | 0 | 262,535 | 0 |
| Payments of debt principal | (3,367) | (2,406,241) | 0 |
| Proceeds from sale of capital assets | 0 | 0 | 45,350 |
| Capital contributions | 0 | 487,423 | 0 |
| Purchase of capital assets | (9,378) | (9,378) | (1,855,601) |
| Construction | 0 | (5,965,415) | 0 |
| Interest paid | (3,191) | (801,004) | 0 |
| Net cash provided (used) by capital and related financing activities | (15,936) | (8,372,477) | (1,810,251) |
| Cash flows from investing activities: | | | |
| Proceeds from sale of investments | 50,000 | 13,955,130 | 1,400,000 |
| Purchase of investments | (100,000) | (12,310,000) | (1,820,000) |
| Net cash provided (used) by investing activities | (50,000) | 1,645,130 | (420,000) |
| Net cash increase (decrease) | (32,512) | 26,055 | 67,386 |
| Cash and restricted cash, January 1 | 41,007 | 210,262 | 260,950 |
| Cash and restricted cash, December 31 | \$8,495 | \$236,317 | \$328,336 |

City of Longview

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended December 31, 2015

Page 4 of 4

| | <u>NONMAJOR</u> MINT VALLEY COMPLEX | TOTAL ENTERPRISE FUNDS | INTERNAL SERVICE FUNDS |
|--|---|------------------------------|------------------------------|
| Reconciliation of Operating Income to Net Cash Provided By Operating Activities | | | |
| Operating income (loss) | (\$10,486) | \$2,787,587 | \$994,003 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 41,975 | 3,405,702 | 852,320 |
| Capital projects expensed | 0 | 68,924 | 0 |
| Accrued pension expense | (5,449) | (65,053) | (16,266) |
| Miscellaneous nonoperating cash activity | 1,825 | 528,421 | 14,375 |
| (Increase) decrease from: | | | |
| Accounts & notes receivable | 0 | (257,139) | 5,776 |
| Due from other funds | 0 | 70,292 | 183,272 |
| Due from other governments | 0 | 993,958 | (4,193) |
| Inventory | 0 | (40,421) | 0 |
| Increase (decrease) from: | | | |
| Accounts payable | 1,860 | (149,925) | 77,998 |
| Due to other funds | (2,774) | (340,599) | 138,306 |
| Due to other governments | 0 | 82,507 | 0 |
| Accrued wages payable | 788 | (414,601) | 9,321 |
| Compensated absences | 3,727 | (8,371) | (1,705) |
| Customer deposits | 0 | 28,840 | 0 |
| Other current liabilities | 130 | 103,126 | (617) |
| Total adjustments | 42,082 | 4,005,661 | 1,258,587 |
| Net cash provided (used) by operating activities | \$31,596 | \$6,793,248 | \$2,252,590 |
| Noncash Investing, Capital and Financing Activities | | | |
| Acquisition of capital assets on account | 0 | 437,619 | 131,622 |
| Capital (to) from governmental activities | 0 | (1,034,621) | 0 |
| Capital (to) from nonmajor enterprise funds | 0 | (506,679) | 0 |
| Asset disposition receivables | 0 | 0 | 32,800 |
| Related party capital and debt participation | 0 | 6,595 | 0 |
| Nonoperating interest income | 51 | 36,905 | 9,318 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

**STATEMENT OF FIDUCIARY NET POSITON
FIDUCIARY FUNDS**

As of December 31, 2015

| | FIREMEN'S PENSION TRUST FUND | NORTHWEST HEALTH FOUNDATION PRIVATE PURPOSE TRUST FUND | STATE AGENCY FUND |
|---|---|---|----------------------------------|
| ASSETS | | | |
| Cash | \$74,017 | \$17,739 | \$109,155 |
| Investments | | | |
| State investment pool | 1,096,587 | 0 | 0 |
| TOTAL ASSETS | 1,170,604 | 17,739 | 109,155 |
| LIABILITIES | | | |
| Accounts payable | 1,633 | 1,500 | 0 |
| Accrued wages payable | 1,534 | 0 | 0 |
| Accrued employee benefits | 519 | 0 | 0 |
| Due to other governments | 0 | 0 | 109,155 |
| TOTAL LIABILITIES | 3,686 | 1,500 | 109,155 |
| Net position restricted for healthcare benefits | 728,173 | 0 | 0 |
| Net position restricted for pension benefits | 438,745 | 0 | 0 |
| Net position held for private purpose trust | 0 | 16,239 | 0 |
| NET POSITION | \$1,166,918 | \$16,239 | \$0 |

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, 2015

| | FIREMEN'S PENSION TRUST FUND | NORTHWEST HEALTH FOUNDATION PRIVATE PURPOSE TRUST FUND |
|-------------------------------------|---|---|
| <hr/> | | |
| ADDITIONS | | |
| Contributions: | | |
| Employer - healthcare | \$638,353 | \$0 |
| Employer - pension | 126,743 | 0 |
| Other miscellaneous | 48,450 | 30,000 |
| Total contributions | 813,546 | 30,000 |
| Interest income: | | |
| Investments | 1,483 | 0 |
| Totals investment income | 1,483 | 0 |
| TOTAL ADDITIONS | 815,029 | 30,000 |
| DEDUCTIONS | | |
| Benefits - healthcare | 393,133 | 0 |
| Benefits - pension | 103,522 | 0 |
| Administration | 41,454 | 0 |
| Other trust agreement payments | 0 | 22,052 |
| TOTAL DEDUCTIONS | 538,109 | 22,052 |
| Change in net position - healthcare | 252,294 | 0 |
| Change in net position - pension | 24,626 | 0 |
| TOTAL CHANGE IN NET POSITON | 276,920 | 7,948 |
| Beginning net position | 889,998 | 8,291 |
| Ending net position | \$1,166,918 | \$16,239 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview
Notes to the Financial Statements
December 31, 2015

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 also includes the Longview Public Development Authority (PDA), which is a separate legal entity considered to have financial accountability to the City of Longview through a financial benefit or burden relationship, and is therefore considered part of its primary government. The PDA was established by the Longview City Council granting its charter in 2013 created to facilitate the redevelopment of designated properties. With its separate legal status, the PDA is a component unit of the City of Longview presented as a special revenue fund using the blended method of reporting component units. The City of Longview is the PDA's sole source of financial reporting.

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. 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 2015 incorporates the implementation of GASB Statements #68 – Accounting and Financial Reporting for Pensions, and #71 – Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement #68.

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

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 Stormwater Fund provides flood management and water quality protection through managing programs including public drainage systems, erosion control, and environmental public awareness.
- + 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.

NONMAJOR FUNDS

The Mint Valley Complex Fund accounts for the operations and maintenance associated with the Longview Municipal Golf Course and Tennis/Racquetball Facility. This is the only nonmajor enterprise fund of the city and therefor can be separately displayed solely in the nonmajor columns of the enterprise major fund statements. See the Nonmajor Governmental 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 2015-2016 Budget | Budgetary Revisions | Revised 2015-2016 Budget |
|---------------------------------|--|--------------------------------|---|
| Major Funds | | | |
| General | \$ 69,786,200 | \$ 96,130 | \$ 69,882,330 |
| Arterial Street | 8,086,460 | 0 | 8,086,460 |
| Special Revenue Funds: | | | |
| Downtown Parking | 137,170 | 0 | 137,170 |
| Economic Development | 1,704,880 | 0 | 1,704,880 |
| HOME Fund | 1,118,500 | 0 | 1,118,500 |
| CDBG Entitlement | 782,500 | 0 | 782,500 |
| Library Grant | 0 | 0 | 0 |
| Criminal Justice Assistance | 873,010 | 0 | 873,010 |
| Camera Infraction Program | 1,999,470 | 40,000 | 2,039,470 |
| Tourism | 170,780 | 0 | 170,780 |
| Parks and Recreation Mem. Trust | 170,320 | 0 | 170,320 |
| Public Development Authority | 80,000 | 0 | 80,000 |
| Total Special Revenue Funds | 7,036,630 | 40,000 | 7,076,630 |
| Capital Projects Funds: | | | |
| Capital Projects | 438,000 | 0 | 438,000 |
| LID Construction | 6,700,000 | 0 | 6,700,000 |
| Building Replacement | 20,000 | 0 | 20,000 |
| Total Capital Projects Funds | 7,158,000 | 0 | 7,158,000 |
| 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 \$1,547.

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 varying levels of federal, state, and local governments for grants, entitlements, temporary loans, taxes and charges for services.
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 and Stormwater Funds. As of financial statement presentation date, restricted investments of \$5,435,225 account for all the restricted assets comprised of \$4,699,025 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 – 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. 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, 2015 are listed as follows:

| | VACATION | SICK LEAVE | TOTAL |
|---------------|--|------------------|------------------|
| Governmental | \$2,096,574 | \$1,410,181 | \$3,506,755 |
| Proprietary | 374,148 | 163,896 | 538,044 |
| Pension Trust | 519 | 0 | 519 |
| TOTAL | 2,471,241 | 1,574,077 | 4,045,318 |
| | Proprietary Internal Service Fund amounts above reported with governmental activities | | 85,543 |

YEARS OF SERVICE

Amount to be paid by City Resolution

| | |
|--|------------------------------------|
| 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 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. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
14. Fund Equity - Governmental funds report fund equity as fund balance where proprietary funds and government-wide statements report fund equity as net position. 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 | Arterial Street | Special Revenue | Debt Service | Capital Projects | Library Memorial Trust | |
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Loans/contracts receivable | 0 | 0 | 20,000 | 5,290,000 | 0 | 0 | 5,310,000 |
| Permanent fund principal | 0 | 0 | 0 | 0 | 0 | 10,200 | 10,200 |
| Restricted for: | | | | | | | |
| Tourism | 0 | 0 | 110,292 | 0 | 0 | 0 | 110,292 |
| Community policing | 0 | 0 | 738,424 | 0 | 0 | 0 | 738,424 |
| Economic loan program | 0 | 0 | 490,033 | 0 | 0 | 0 | 490,033 |
| Economic development | 0 | 0 | 1,876 | 0 | 0 | 0 | 1,876 |
| Parks improvements | 0 | 0 | 362,065 | 0 | 300,000 | 0 | 662,065 |
| Culture and recreation | 0 | 0 | 0 | 0 | 0 | 7,912 | 7,912 |
| Debt service | 0 | 0 | 0 | 1,331 | 0 | 0 | 1,331 |
| Committed to: | | | | | | | |
| Traffic policing | 0 | 0 | 1,896,192 | 0 | 0 | 0 | 1,896,192 |
| Parking enforcement | 0 | 0 | 100,944 | 0 | 0 | 0 | 100,944 |
| Assigned to: | | | | | | | |
| Government buildings | 0 | 0 | 0 | 0 | 723,438 | 0 | 723,438 |
| General capital projects | 0 | 0 | 0 | 0 | 406,763 | 0 | 406,763 |
| Public safety | 0 | 0 | 136,559 | 0 | 0 | 0 | 136,559 |
| Economic development | 0 | 0 | 620,307 | 0 | 0 | 0 | 620,307 |
| Debt service | 0 | 0 | 0 | 200 | 0 | 0 | 200 |
| Unassigned: | 11,925,064 | (1,265,983) | (20,062) | 0 | 0 | 0 | 10,639,019 |
| | <u>11,925,064</u> | <u>(1,265,983)</u> | <u>4,456,630</u> | <u>5,291,531</u> | <u>1,430,201</u> | <u>18,112</u> | <u>21,855,555</u> |

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 | \$84,413,906 |
| Less: Accumulated depreciation | (35,306,579) |
| TOTAL | <u>\$49,107,327</u> |

Long-term liabilities not due in governmental funds

| | |
|---------------------------------|-----------------------|
| Bonds payable, net | (\$15,237,136) |
| Deferred loss on bond refunding | 169,392 |
| Due to other governments | (450,364) |
| Special assessment debt | (2,000) |
| TOTAL | <u>(\$15,520,108)</u> |

Internal service fund net position reported as governmental activities

| | |
|---|---------------------|
| Total internal service fund net position | \$12,904,094 |
| Net position reported with business-type activities | (650,980) |
| TOTAL | <u>\$12,253,114</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 | \$7,116,850 |
| Depreciation expense-Governmental fund operations | (2,191,889) |
| Contributions to business-type activities | (270,614) |
| Contributions from private sources | 16,772 |
| Contributions from business-type activities | <u>1,265,701</u> |
| TOTAL | <u>\$5,936,820</u> |

Long-term liability activity reported in government-wide statements

| | |
|--|----------------|
| Debt payments expensed in fund statements | \$1,002,972 |
| Amortization of refunding bond loss and bond discount/ premium | (15,330) |
| TOTAL | <u>987,642</u> |

Internal service fund changes in net position attributable to governmental activities

| | |
|--|----------------|
| Total internal service fund changes in net position | \$1,242,539 |
| Changes in net position attributable to business-type activities | (695,633) |
| TOTAL | <u>546,906</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, 2015, were \$1,593,101 which consists of \$1,392,190 as shown on the Statement of Net position, and \$200,911 as reported in the Statement of Fiduciary Net position. The average daily balance maintained during the year was \$3,309,217 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 \$44,215,455 representing their cost with a fair value equal to their carrying value. This amount consists of \$43,118,868 as shown in the Statement of Net Position, and \$1,096,587 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.

| | <u>Property Tax Calendar</u> |
|-------------|---|
| 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 2015 collection was \$3.426732 per \$1,000 on an assessed valuation of \$2,581,691,836 for a total regular levy of \$8,846,766.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Governmental Activities

| | Beginning Balance-restated | Increases | Decreases | Ending Balance |
|--|-------------------------------|-----------|-----------|----------------|
| Capital assets, not being depreciated: | | | | |
| Land | 5,498,514 | 0 | 0 | 5,498,514 |
| Construction in progress | 3,317,600 | 7,268,935 | 2,345,485 | 8,241,050 |
| Total capital assets, not being depreciated | 8,816,114 | 7,268,935 | 2,345,485 | 13,739,564 |
| Capital assets, being depreciated: | | | | |
| Buildings | 17,150,193 | 11,505 | 0 | 17,161,698 |
| Improvements other than buildings | 3,030,640 | 129,329 | 0 | 3,159,969 |
| Machinery and equipment | 17,617,499 | 1,833,870 | 797,345 | 18,654,024 |
| Infrastructure | 44,962,357 | 2,839,001 | 0 | 47,801,358 |
| Total capital assets being depreciated | 82,760,689 | 4,813,705 | 797,345 | 86,777,049 |
| Less accumulated depreciation for: | | | | |
| Buildings | 7,418,617 | 473,333 | 0 | 7,891,950 |
| Improvements other than buildings | 1,795,165 | 78,568 | 0 | 1,873,733 |
| Machinery and equipment | 4,292,933 | 966,685 | 776,640 | 4,482,979 |
| Infrastructure | 29,034,544 | 1,525,621 | 0 | 30,560,165 |
| Total accumulated depreciation | 42,541,259 | 3,044,207 | 776,640 | 44,808,826 |
| Total capital assets, being depreciated, net | 40,219,430 | 1,769,498 | 20,705 | 41,968,223 |
| Governmental activities capital assets, net | 49,035,544 | 9,038,433 | 2,366,190 | 55,707,786 |

Depreciation expense was charged to functions as follows:

| | |
|--|-----------|
| General government | 464,024 |
| Public Safety | 353,132 |
| Transportation | 1,738,564 |
| Economic Environment | 2,298 |
| Culture and Recreation | 486,189 |
| Total governmental activities depreciation expense | 3,044,207 |

Business-Type Activities

| | Beginning | | | Ending Balance |
|--|------------------|------------|------------|----------------|
| | Balance-restated | Increases | Decreases | |
| Capital assets, not being depreciated: | | | | |
| Land | 2,621,858 | 0 | 0 | 2,621,858 |
| Construction in progress | 11,382,798 | 5,623,670 | 12,840,368 | 4,166,100 |
| Intangibles | 4,064,024 | 99,514 | 0 | 4,163,538 |
| Total capital assets, not being depreciated | 18,068,680 | 5,723,184 | 12,840,368 | 10,951,496 |
| Capital assets, being depreciated: | | | | |
| Buildings | 14,864,243 | 2,295,780 | 0 | 17,160,023 |
| Improvements other than buildings | 85,533,835 | 6,030,558 | 0 | 91,564,393 |
| Machinery and equipment | 17,293,230 | 3,381,235 | 17,437 | 20,657,028 |
| Other plant assets | 35,453 | 0 | 35,453 | 0 |
| Total capital assets being depreciated | 117,726,761 | 11,707,573 | 52,890 | 129,381,444 |
| Less accumulated depreciation for: | | | | |
| Buildings | 5,582,574 | 399,860 | 0 | 5,982,434 |
| Improvements other than buildings | 35,864,358 | 2,230,158 | 0 | 38,094,516 |
| Machinery and equipment | 4,078,953 | 775,684 | 17,437 | 4,837,200 |
| Other plant assets | 35,453 | 0 | 35,453 | 0 |
| Total accumulated depreciation | 45,561,338 | 3,405,702 | 52,890 | 48,914,150 |
| Total capital assets, being depreciated, net | 72,165,423 | 8,301,871 | 0 | 80,467,294 |
| Business-type activities capital assets, net | 90,234,103 | 14,025,055 | 12,840,368 | 91,418,790 |

Depreciation expense was charged to functions as follows:

| | |
|---|-----------|
| Water-sewer | 3,218,599 |
| Public transit | 14,815 |
| Storm water | 130,313 |
| Golf/misc. athletics | 41,975 |
| Total business-type activities depreciation expense | 3,405,702 |

NOTE 7 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB 68 for the year 2015:

| Aggregate Pension Amounts - All Plans | | | | | | |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-------------|
| | PERS | PERS | LEOFF | LEOFF | Firemen's | |
| | Plan I | Plan 2/3 | Plan I | Plan II | Pension | TOTAL |
| Pension assets | 0 | 0 | 1,441,444 | 3,318,633 | 0 | 4,760,077 |
| Deferred outflows | 34,274 | 1,165,383 | 0 | 617,804 | 0 | 1,817,461 |
| Pension liabilities | 5,941,133 | 4,654,836 | 0 | 0 | 1,155,545 | 11,751,514 |
| Deferred inflows | 325,045 | 1,271,496 | 243,344 | 1,005,528 | 0 | 2,845,414 |
| Pension expense | (254,489) | (183,379) | (281,104) | (308,591) | (79,235) | (1,106,797) |

State Sponsored 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 and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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
 P.O. Box 48380
 Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees’ Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions - The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

| PERS Plan 1 | | |
|-----------------------------------|-----------------|------------------|
| Actual Contribution Rates: | Employer | Employee* |
| January through June 2015 | 9.21% | 6.00% |

| | | |
|----------------------------|--------|-------|
| July through December 2015 | 11.18% | 6.00% |
|----------------------------|--------|-------|

* For employees participating in JBM, the contribution rate was 12.26%

The City's actual contributions to the plan were \$584,081 for the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 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 benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three 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 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five 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 credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions - The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

| PERS Plan 2/3 | | |
|-----------------------------------|---------------------|--------------------|
| Actual Contribution Rates: | Employer 2/3 | Employee 2* |
| January through June 2015 | 9.21% | 4.92% |
| July through December 2015 | 11.18% | 6.12% |

| | | |
|----------------------|--|--------|
| Employee PERS Plan 3 | | varies |
|----------------------|--|--------|

* For employees participating in JBM, the contribution rate was 15.30%

The City's actual contributions to the plan were \$688,762 for the year ended December 31, 2015.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

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 ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions - Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. 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. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions - The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

| LEOFF Plan 2 | | |
|----------------------------------|-----------------|-----------------|
| Actual Contribution Rates | Employer | Employee |
| state and local governments | 5.23% | 8.41% |

The City's actual contributions to the plan were **\$502,880** for the year ended December 31, 2015.

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. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5%.

To determine that rate, an asset sufficiency test included an assumed 7.7% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7% except LEOFF 2, which has assumed 7.5%). Consistent with the long-term expected rate of return, a 7.5% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on DRS pension plan investments of 7.5% was determined using a building-block-method. The *Washington State Investment Board (WSIB)* used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5% approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

| Asset Class | Target Allocation | % Long-term Expected Real Rate of Return Arithmetic |
|--------------------|--------------------------|--|
| Fixed Income | 20% | 1.70% |
| Tangible Assets | 5% | 4.40% |
| Real Estate | 15% | 5.80% |
| Global Equity | 37% | 6.60% |
| Private Equity | 23% | 9.60% |
| | 100% | |

Sensitivity of NPL

The table below presents the City's proportionate share* of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate.

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|----------|-----------------------|------------------------------------|-----------------------|
| PERS 1 | 7,233,345 | 5,941,133 | 4,829,949 |
| PERS 2/3 | 13,610,982 | 4,654,836 | (2,202,549) |
| LEOFF 1 | (922,168) | (1,441,444) | (1,884,030) |
| LEOFF 2 | 3,323,396 | (3,318,633) | (8,317,012) |

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2015, the City reported a total pension liability (or asset) for its proportionate share of the state sponsored pension plans as follows:

| | Liability (or Asset) |
|----------|----------------------|
| PERS 1 | \$5,941,133 |
| PERS 2/3 | \$4,654,836 |
| LEOFF 1 | (\$1,441,444) |
| LEOFF 2 | (\$3,318,633) |

The amount of the liability/(asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

| | Liability (or Asset) |
|---|----------------------|
| LEOFF 2 – employer's proportionate share | (\$3,318,633) |
| LEOFF 2 – State's proportionate share of the net pension liability/(asset) associated with the employer | (\$2,194,280) |
| TOTAL | (\$5,512,913) |

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Deferred Outflows of Resources and Deferred Inflows of Resources

| Changes in Employer's Proportionate Share | 2015 | | | |
|--|-----------|------------|------------|------------|
| | PERS | PERS | LEOFF | LEOFF |
| | Plan I | Plan 2/3 | Plan I | Plan 2 |
| City of Longview current share of collective net pension liability (asset) | 0.113577% | 0.130276% | 0.119600% | 0.322887% |
| Share at prior measurement date | 0.102161% | 0.131532% | 0.120117% | 0.331291% |
| Change in share since last measurement date | 0.011416% | -0.001256% | -0.000517% | -0.008404% |

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Employer's Deferred Outflows of Resources & (Deferred Inflows of Resources) | | | | | |
|---|-----------|-------------|-----------|-------------|-------------|
| | PERS | PERS | LEOFF | LEOFF | |
| | Plan I | Plan 2/3 | Plan I | Plan 2 | Totals |
| Differences between projected and actual earnings on plan investments | (325,045) | (1,242,621) | (243,344) | (1,005,528) | (2,816,538) |
| Expected and actual experience differences | 0 | 494,810 | 0 | 290,602 | 785,412 |
| Contributions after measurement date | 34,274 | 670,572 | 0 | 255,616 | 960,462 |
| Change in City's proportionate share | 0 | (28,876) | 0 | 71,586 | 42,710 |
| Totals | (290,771) | (77,239) | (243,344) | (459,310) | (1,027,954) |

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Differences Between Projected and Actual Earnings on Plan Investments | | | | | |
|--|--|-----------|-------------|-----------|-------------|
| | | PERS | PERS | LEOFF | LEOFF |
| <u>Year</u> | | Plan I | Plan 2/3 | Plan I | Plan II |
| 2016 | | (126,524) | (486,798) | (94,571) | (396,765) |
| 2017 | | (126,524) | (486,798) | (94,571) | (396,765) |
| 2018 | | (126,524) | (486,798) | (94,571) | (396,765) |
| 2019 | | 54,528 | 217,773 | 40,371 | 184,767 |
| | | (325,045) | (1,242,621) | (243,343) | (1,005,528) |

| Changes in Employer's Share of Net Pension Liability | | | | | |
|---|--|--------|----------|--------|---------|
| | | PERS | PERS | LEOFF | LEOFF |
| <u>Year</u> | | Plan I | Plan 2/3 | Plan I | Plan II |
| 2016 | | 0 | (8,493) | 0 | 13,767 |
| 2017 | | 0 | (8,493) | 0 | 13,767 |
| 2018 | | 0 | (8,493) | 0 | 13,767 |
| 2019 | | 0 | (3,397) | 0 | 13,767 |
| 2020 | | 0 | 0 | 0 | 13,767 |
| 2021 | | 0 | 0 | 0 | 2,753 |
| | | 0 | (28,876) | 0 | 71,586 |

| Differences in Expected and Actual Experience | | | | | |
|--|--|--------|----------|--------|---------|
| | | PERS | PERS | LEOFF | LEOFF |
| <u>Year</u> | | Plan I | Plan 2/3 | Plan I | Plan II |
| 2016 | | 0 | 112,457 | 0 | 46,871 |
| 2017 | | 0 | 112,457 | 0 | 46,871 |
| 2018 | | 0 | 112,457 | 0 | 46,871 |
| 2019 | | 0 | 112,457 | 0 | 46,871 |
| 2020 | | 0 | 44,983 | 0 | 46,871 |
| 2021-22 | | 0 | 0 | 0 | 56,245 |
| | | 0 | 494,810 | 0 | 290,602 |

C. Other Local Government Pension Systems - 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 \$48,450. 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 .1639%. 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 | 41 |
| 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. 17

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 \$1,020,000, while it is \$1,313,000 at minus 1% of the discount rate. The pension plan liability is based on an actuarial valuation date of December 31, 2014 which has been adjusted by adding back a year of discounted

cash flows to derive the net pension liability reported for 2015. 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.

Listed below is further detail regarding the components of the single employer plan that comprise the Firemen's Pension Fund.

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

| | PENSION TRUST | HEALTHCARE TRUST | TOTAL |
|----------------------------|------------------|---------------------|--------------------|
| ASSETS | | | |
| Cash | \$27,829 | \$46,188 | \$74,017 |
| Investments | | | |
| State investment pool | 412,301 | 684,286 | 1,096,587 |
| TOTAL ASSETS | 440,130 | 730,474 | 1,170,604 |
| LIABILITIES | | | |
| Accounts payable | 614 | 1,019 | 1,633 |
| Accrued wages payable | 577 | 957 | 1,534 |
| Accrued employee benefits | 195 | 324 | 519 |
| TOTAL LIABILITIES | 1,386 | 2,300 | 3,686 |
| Net position held in trust | 438,745 | 728,173 | 1,166,918 |
| NET POSITION | \$438,745 | \$728,173 | \$1,166,918 |

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

| | PENSION TRUST | HEALTHCARE TRUST | TOTAL |
|--------------------------|------------------|---------------------|----------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Employer | \$126,743 | \$638,353 | \$765,096 |
| Other miscellaneous | 8,026 | 40,424 | 48,450 |
| Total contributions | 134,769 | 678,777 | 813,546 |
| Interest income: | | | |
| Investments | 246 | 1,237 | 1,483 |
| Totals investment income | 246 | 1,237 | 1,483 |
| TOTAL ADDITIONS | 135,015 | 680,014 | 815,029 |
| DEDUCTIONS | | | |
| Benefits | 103,522 | 393,133 | 496,655 |
| Administration | 6,867 | 34,587 | 41,454 |
| TOTAL DEDUCTIONS | 110,389 | 427,720 | 538,109 |
| Change in net position | 24,626 | 252,294 | 276,920 |
| Beginning net position | 414,119 | 475,879 | 889,998 |
| Ending net position | \$438,745 | \$728,173 | \$1,166,918 |

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 2015, the City's cost for these Medicare premiums was \$31,050. 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 \$681,897 for 2015. 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.

Actuarial Methods and 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.

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 \$872 per month for non-Medicare enrolled retiree only coverage, \$1,751 for non-Medicare enrolled retiree and spouse coverage, \$1,214 for Medicare enrolled retiree and non-Medicare enrolled spouse (or non-Medicare enrolled retiree and Medicare-enrolled spouse) and \$671 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, 2014 was \$1,761,118 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.

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 2015 on principal obligation only.

| | Balances Forward | Increases | Decreases | Ending Balances | Due within one year |
|---|----------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| Governmental activities | | | | | |
| General obligation bonds | \$16,081,232 | \$0 | \$851,632 | \$15,229,600 | \$703,664 |
| unamortized (discount) premium | <u>7,605</u> | <u>0</u> | <u>69</u> | <u>7,536</u> | <u>69</u> |
| Total general obligation bonds | 16,088,837 | 0 | 851,701 | 15,237,136 | 703,733 |
| Special assessment debt with government commitment | 6,000 | 0 | 4,000 | 2,000 | 2,000 |
| Intergovernmental loans | 597,704 | 0 | 147,340 | 450,364 | 166,148 |
| Compensated absences (1) | 3,340,822 | 2,218,493 | 1,967,017 | 3,592,298 | 1,588,708 |
| Net pension liability (2) | 7,840,112 | 1,267,641 | 0 | 9,107,753 | 0 |
| Net OPEB obligation (3) | 2,377,776 | 567,493 | 328,880 | 2,616,389 | 0 |
| Total governmental activities | <u>\$30,251,251</u> | <u>\$4,053,627</u> | <u>\$3,298,938</u> | <u>\$31,005,940</u> | <u>\$2,460,589</u> |
| Business-type activities | | | | | |
| Revenue bonds | \$9,995,000 | \$0 | \$325,000 | \$9,670,000 | \$360,000 |
| unamortized (discount) premium | <u>932,428</u> | <u>0</u> | <u>24,000</u> | <u>908,428</u> | <u>24,000</u> |
| Total revenue bonds | 10,927,428 | 0 | 349,000 | 10,578,428 | 384,000 |
| General obligation bonds | 73,767 | 0 | 3,367 | 70,400 | 1,336 |
| Intergovernmental loans | 35,818,537 | 69,749 | 2,071,774 | 33,816,512 | 2,071,775 |
| Compensated absences | 460,870 | 250,932 | 259,300 | 452,502 | 234,057 |
| Net pension liability (2) | 1,845,021 | 798,739 | 0 | 2,643,760 | 0 |
| Pollution remediation obligations | 1,897,719 | 0 | 6,099 | \$1,891,620 | 1,891,620 |
| Total business-type activities | <u>\$51,023,342</u> | <u>\$1,119,420</u> | <u>\$2,689,540</u> | <u>\$49,453,222</u> | <u>\$4,582,788</u> |

1) Paid by employee home fund - typically the General Fund

2) See Note 7 for additional details

3) See Note 8 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%. 6,115,000

 \$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%. 6,060,000

 \$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%. 3,125,000

Total General Obligation Bonds Outstanding

\$15,300,000

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.

214,285

\$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.

186,396

\$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

\$450,364

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

GENERAL OBLIGATION DEBT

| Year ending December, 31 | Bonds | | Other | |
|-----------------------------|---------------------|--------------------|------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2016 | 705,000 | 616,919 | 166,147 | 15,967 |
| 2017 | 745,000 | 591,604 | 168,868 | 11,103 |
| 2018 | 570,000 | 569,495 | 64,601 | 6,084 |
| 2019 | 590,000 | 550,895 | 50,748 | 3,045 |
| 2020 | 850,000 | 529,082 | 0 | 0 |
| 2021-25 | 4,705,000 | 2,101,013 | 0 | 0 |
| 2026-30 | 4,345,000 | 1,087,395 | 0 | 0 |
| 2031-35 | 2,790,000 | 280,095 | 0 | 0 |
| | <u>\$15,300,000</u> | <u>\$6,326,495</u> | <u>\$450,364</u> | <u>\$36,199</u> |

D. Revenue Bonds & Other Enterprise Debt

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%. **\$9,670,000**

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 408,572

 \$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 693,714

 \$1,000,000 – 2010 Public Works Trust Fund Loan. Proceeds to fund new Regional Water Treatment Plant. Annual interest of 1/2% through 2028 693,714

 \$3,052,350 – 2010 Public Works Trust Fund Loan. Proceeds to fund new Regional Water Treatment Plant. Annual interest of 1/2% through 2028 2,403,252

 \$4,193,183 – 2011 Public Works Trust Fund Loan. Proceeds to fund new Regional Water Treatment Plant. Annual interest of 1/2% through 2028 4,412,930

 \$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 9,643,278

 \$11,278,744 – 2012 Public Works Trust Fund Loan for the Mint Farm Regional Water Supply Projects. Annual interest of 1% through 2034 7,140,000

 \$7,785,408 – 2012 Public Works Trust Fund Loan for the Mint Farm Regional Water Supply Project. Annual interest of .5% through 2032 8,421,052

Total Other Enterprise Debt **\$33,816,512**

The annual requirements for outstanding revenue debt are as follows:

REVENUE DEBT

| Year ending December, 31 | Bonds | | Other | |
|-----------------------------|--------------------|--------------------|---------------------|--------------------|
| | Principal | Interest | Principal | Interest |
| 2016 | 360,000 | 371,650 | 2,084,639 | 5,512 |
| 2017 | 375,000 | 360,850 | 2,097,867 | 165,379 |
| 2018 | 385,000 | 349,600 | 2,111,471 | 156,636 |
| 2019 | 395,000 | 338,050 | 2,125,461 | 146,063 |
| 2020 | 405,000 | 326,200 | 2,139,847 | 135,490 |
| 2021-25 | 2,295,000 | 1,373,400 | 10,929,727 | 518,866 |
| 2026-30 | 2,795,000 | 876,400 | 9,889,387 | 243,103 |
| 2031-34 | 2,660,000 | 271,400 | 2,438,114 | 33,347 |
| | <u>\$9,670,000</u> | <u>\$4,267,550</u> | <u>\$33,816,512</u> | <u>\$1,404,397</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% | 2,000 |
| <i>Total Local Improvement District Bonds Outstanding</i> | <u>\$2,000</u> |

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

| | | |
|----------------------------|------------------|-----------------|
| <u>Year ending Dec. 31</u> | <u>Principal</u> | <u>Interest</u> |
| 2016 | \$2,000 | \$75 |

NOTE 11 - SHORT-TERM DEBT

The City of Longview had no short-term debt outstanding as of December 31, 2015, but did have applicable debt activity during the fiscal period. The Stormwater Fund entered into an agreement to utilize the Department of Ecology State Revolving Loan Fund to provide local match for the acceptance of related grant financing. Total program costs incurred during 2015 were \$24,598.96 with half pertaining to the loan which was repaid.

NOTE 12 - CONTINGENCIES AND LITIGATION

| | DUE FROM OTHER FUNDS | | | | | | | | TOTAL |
|---------------------------|----------------------|-----------------|-----------------------|----------------|---------------|--------------|----------------|------------------|------------------|
| | General Fund | Arterial Street | Nonmajor Governmental | Water-Sewer | Sanitation | Stormwater | Public Transit | Internal Service | |
| DUE TO OTHER FUNDS | | | | | | | | | |
| General Fund | | 1,054 | 3,495 | 189,067 | 33,271 | 8,267 | 78,624 | 126,500 | 440,278 |
| Nonmajor Governmental | 146,201 | | | | | | | 1,360 | 147,561 |
| Water-Sewer | 88,173 | | | | | | | | 88,173 |
| Sanitation | 12,560 | | | | | | | | 12,560 |
| Stormwater | 21,703 | 190,582 | | 5,486 | | | | | 217,771 |
| Internal Service | 190,157 | | | | | | | | 190,157 |
| TOTAL | 458,794 | 191,636 | 3,495 | 194,553 | 33,271 | 8,267 | 78,624 | 127,860 | 1,096,500 |

Amount due governmental funds (bold) over proprietary funds (italics) 3,789
Resources from business-type activities used in Internal Service Fund operations 650,980
Government-wide internal balances due business-type activities 647,191

C. Interfund loans authorized by are used to finance fund activities for which resources are not currently available usually are needed to finance capital or special projects. The repayment for these obligations is attached to the interest rate obtained by the City’s investable balances throughout the loan term. As of financial presentation date, the City had the following interfund loans outstanding.

| <u>INTERFUND LOANS RECEIVABLE</u> | | |
|-----------------------------------|------------------|------------------|
| | General Fund | TOTAL |
| <u>INTERFUND LOANS PAYABLE</u> | | |
| Arterial Street | 1,435,000 | 1,435,000 |
| Nonmajor Governmental | 55,000 | 55,000 |
| TOTAL | 1,490,000 | 1,490,000 |

NOTE: All interfund loans eliminated at government-wide level

NOTE 14 - FUND BALANCES

Fund Equity Deficits

The following funds reported deficit fund balances as of December 31, 2015:

Arterial Street Special Revenue Fund

The reported deficit fund balance of \$1,265,983 is mostly covered by funds collected shortly after the cutoff period for recognizing deferred inflows. However, as capital expenditures decrease fund balance, an interfund loan has been established until such time revenues can the balance of the deficit.

CDBG Fund

The timing of grant fund receipts is the sole issue for the deficit as the collection of deferred inflows covers the \$20,062 deficit entirely.

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 \$7,913 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 2015, the City of Longview incurred \$4,702,800 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, 2015, the Economic Development Special Revenue Fund had \$144,698 in loans outstanding, while reporting \$345,335 in cash and investments totaling \$490,033 in fund balance reserved for this program. This fund also holds an additional \$20,000 in fund balance reserved for loans due to an interlocal debt service agreement with the City of Kelso toward financing regional airport hangar 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, 2015, ownership distribution was 85.43% for the City to 14.57% 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 \$1,277,142 for operations and maintenance, and \$290,065 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. Below are the 2015 changes in the BHWS's minority interest.

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

| | |
|---|--------------------|
| Balance forward | \$3,779,073 |
| Net contributions (uses) of capital funding | (25,768) |
| Net loss percentage | (182,201) |
| Ending balance | <u>\$3,571,105</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 2015, The City of Longview paid TRRWA a total of \$5,502,012. 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 4th Avenue North, Kelso, WA 98626.

- E. The City issued general obligation bonds in 2007 to improve the Columbia Theatre pursuant to an interlocal agreement with the Cowlitz County Public Facilities District (PFD). Upon issuance of the bonds, the PFD was loaned \$6,130,000 representing their obligation to the project. As of December 31, 2015, the City's 2007 LTGO Bond Debt Service Fund reports an intergovernmental receivable of \$5,290,000 which is the remaining amount of the loan outstanding from the PFD.

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 \$71,250 to the Board in 2015. 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 - CHANGE IN ACCOUNTING PRINCIPAL

GASB Statements #68 and #71 establish new standards for measuring and recognizing pension related assets and liabilities, deferred outflows of resources, deferred inflows of resources and pension expense. The intention of this standard is to improve decision making as well as assess accountability and interperiod equity by requiring recognition of the net pension liability along with a more comprehensive measure of pension expense. The implementation of this standard has brought on adjustments to the above mentioned balances both at the government-wide and proprietary fund levels. The change in beginning net position by reporting group due to this change is listed below. See Note 7 for further detail relative to these accounts.

| | Govern'tal Activities * | Water- Sewer | Sanitation | Stormwater | Public Transit | Mint Valley Complex | Insurance Reserve | Equipment Rental | Facilities Mntce | TOTALS |
|--------------------------|----------------------------|-----------------|------------|------------|-------------------|------------------------|----------------------|---------------------|---------------------|-------------|
| Net Pension Asset | 5,853,142 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,853,142 |
| Deferred Outflows | 543,337 | 104,684 | 11,904 | 46,249 | 57,073 | 9,924 | 3,833 | 16,897 | 7,381 | 801,282 |
| Net Pension Liability | (7,673,799) | (945,648) | (51,312) | (323,103) | (468,698) | (56,260) | (24,176) | (89,848) | (52,289) | (9,685,134) |
| Deferred Inflows | (5,136,279) | (559,128) | (54,391) | (185,509) | (237,160) | (59,636) | (25,627) | (95,240) | (55,427) | (6,408,396) |
| Change in acctg prin | 6,413,598 | 1,400,092 | 93,799 | 462,363 | 648,785 | 105,972 | 45,970 | 168,191 | 100,335 | 9,439,106 |

* Excludes Internal Service Fund amounts displayed separately here of \$314,496.

NOTE 18 - PRIOR PERIOD ADJUSTMENTS

- A. The City in 2014 issued combined utility revenue bonds with all debt related balances reported in a consolidated bond fund. Net bonds payable relative to the Stormwater utility have been separated from those reported with the Water-Sewer utility in the amount of \$3,715,325 offset by like amounts due from the Water-Sewer Fund to the Stormwater Fund having no impact on the net position of either fund.
- B. Construction in process relative to business-type activities was included with governmental activities in 2014. Capital assets of 604,953 have been reduced decreasing the net position of governmental activities and increasing the capital assets and net position of the Stormwater Enterprise Fund. The net position of the Stormwater Fund reports a prior period adjustment of \$346,910, which incorporates the recognition of interfund financing from the Arterial Street Special Revenue Fund which reports a prior period adjustment of \$258,043.
- C. The City, prior to this reporting period, did not disclose the balances and activities of the Longview Public Development Authority, a component unit of the City of Longview. As discussed in Note 1, this

is a separate legal entity included within the financial statements of the special revenue funds. The net position balance of the Longview Public Development Authority as of December 31, 2014 brought on as an adjustment to prior periods was \$25,135.

NOTE 19 - 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 2016.

**Required
Supplementary
Information**

Required Supplementary Information

Supplementary Schedules - cost-sharing employer pension plans

Supplementary information regarding the City's participation in various statewide retirement plans administered by the Washington State Department of Retirement Systems is provided below.

| Detail on Employer's Proportionate Share | | | |
|---|------------|------------|-------------|
| Plans without Special Funding Situations | | | |
| | 6/30/2015 | | |
| | PERS | PERS | LEOFF |
| | Plan I | Plan 2/3 | Plan I |
| Collective Net Pension Liability (NPL) | 5,230,930 | 3,573,057 | (1,205,221) |
| City of Longview value of NPL | 5,941,133 | 4,654,836 | (1,441,444) |
| City of Longview share of NPL | 0.113577% | 0.130276% | 0.119600% |
| City of Longview share of NPL at prior measurement date | 0.102161% | 0.131532% | 0.120117% |
| Change in share since last measurement date | 0.011416% | -0.001256% | -0.000517% |
| Covered payroll | 646,234 | 11,577,313 | 0 |
| City of Longview value of NPL as a percentage of covered payroll | 919.35% | 40.21% | N/A |
| Pension plan's fiduciary net position (FNP) * | 7,561,078 | 29,515,161 | 5,610,149 |
| Total pension liability * | 12,789,242 | 33,085,016 | 4,404,928 |
| FNP as a percentage of total pension liability | 59.12% | 89.21% | 127.36% |

| Detail on Employer's Proportionate Share | |
|---|-----------|
| Plans with Special Funding Situations | |
| | 6/30/15 |
| | LEOFF |
| | Plan II |
| Collective Net Pension Asset (NPA) * | 1,027,800 |
| City of Longview share of NPA | 0.322887% |
| City of Longview value of NPA (A) | 3,318,633 |
| Nonemployer entities share on NPA (B) | 2,194,180 |
| Total of A and B above | 5,512,813 |
| Covered payroll | 9,383,324 |
| City of Longview value of NPA as a percentage of covered payroll | 35.37% |
| Pension plan's fiduciary net position (FNP) * | 9,832,669 |
| Total pension asset * | 8,804,869 |
| FNP as a percentage of total pension asset | 111.67% |

* As reported by the Washington State Department of Retirement Systems (in thousands of dollars)

| Schedule of Employer Contributions | 12/31/15 | | | |
|---|-----------|------------|--------|-----------|
| | PERS | PERS | LEOFF | LEOFF |
| | Plan I | Plan 2/3 | Plan I | Plan II |
| Contractually required contributions | 584,081 | 688,762 | 0 | 502,880 |
| Above amount recognized by the plan | (584,081) | (688,762) | 0 | (502,880) |
| Contractually required contributions in excess of plan recognized contributions | 0 | 0 | 0 | 0 |
| Covered payroll | 633,215 | 11,838,443 | 0 | 9,615,287 |
| Contributions as a percentage of covered payroll | 92.24% | 5.82% | N/A | 5.23% |

Supplementary Schedules – single employer plans

Listed below is supplementary information on the individual pension and healthcare plans that comprise the Firemen's Pension Fund including the application of actuarial methods used to determine the City's obligation and funding status regarding the Fund.

SCHEDULE OF NET HEALTHCARE OBLIGATION & EMPLOYER CONTRIBUTIONS

| | 2015 | 2014 | 2013 |
|---|-------------|-------------|-------------|
| Annual Required Contribution (ARC) | \$499,058 | \$479,863 | \$668,517 |
| Interest on Net Healthcare Oblig. (NHO) | (12,089) | (8,154) | (9,225) |
| Adjustment to Healthcare Obligation | 31,065 | 19,993 | 18,219 |
| Annual Healthcare Cost (AHC) | 518,034 | 491,702 | 677,510 |
| Employer contributions | 638,353 | 604,132 | 679,835 |
| Percentage of ARC contributed | 127.9% | 125.9% | 101.7% |
| Percentage of AHC contributed | 123.2% | 122.9% | 100.3% |
| Increase (decrease) in NHO | (120,319) | (112,430) | (2,325) |
| Beginning Net Healthcare Obligation | (345,389) | (232,959) | (230,634) |
| Ending Net Healthcare Obligation | (\$465,708) | (\$345,389) | (\$232,959) |

SCHEDULE OF HEALTHCARE FUNDING PROGRESS

| | 2015 | 2014 | 2013 |
|--|-------------|-------------|--------------|
| Actuarial accrued liability | \$8,302,554 | \$8,302,554 | \$11,875,796 |
| Actuarial value of assets | 728,173 | 475,879 | 596,963 |
| Unfunded actuarial liability (UAL) | 7,574,381 | 7,826,675 | 11,278,833 |
| Funded ratio | 8.8% | 5.7% | 5.0% |
| Covered payroll | N/A | N/A | N/A |
| UAL as a percentage of covered payroll | N/A | N/A | N/A |

**SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS**

Last 10 Fiscal Years *

| | <u>2015</u> | <u>2014</u> |
|---|---------------------------|---------------------------|
| Total pension liability | | |
| Service cost | \$0 | \$0 |
| Interest | 55,780 | 52,458 |
| Changes of benefit terms | 0 | 243,174 |
| Expected and actual experience differences | 0 | 93,739 |
| Benefit payments | <u>(110,389)</u> | <u>(103,855)</u> |
| Net change in total pension liability | (54,609) | 285,516 |
| Beginning total pension liability | <u>1,648,899</u> | <u>1,363,383</u> |
| Ending total pension liability (a) | <u><u>\$1,594,290</u></u> | <u><u>\$1,648,899</u></u> |
| | | |
| Plan fiduciary net position | | |
| Contributions - employer | \$134,769 | \$128,171 |
| Net investment income | 246 | 115 |
| Benefit payments | (103,522) | (97,924) |
| Administration | <u>(6,867)</u> | <u>(5,931)</u> |
| Net change in plan fiduciary net position | 24,626 | 24,431 |
| Beginning plan fiduciary net position | <u>414,119</u> | <u>389,688</u> |
| Ending plan fiduciary net position | <u><u>\$438,745</u></u> | <u><u>\$414,119</u></u> |
| Ending net pension liability | <u><u>\$1,155,545</u></u> | <u><u>\$1,234,780</u></u> |
| | | |
| Plan fiduciary net position as a percentage of the total pension liability | 27.5% | 25.1% |
| Covered employee payroll | \$0 | \$0 |
| Net pension liability as a percentage of above | N/A | N/A |

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years *

Numbers in thousands of dollars

| | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|
| Actuarially determined contributions | \$578 | \$556 |
| Contributions in relation to the actuarially determined contributions | 814 | 773 |
| Contribution deficiency (excess) | <u>(\$236)</u> | <u>(\$217)</u> |
| Covered employee payroll | 0 | 0 |
| Contribution as a percentage of above | N/A | N/A |

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN

Last 10 Fiscal Years *

| <u>2015</u> | <u>2014</u> |
|-------------|-------------|
| 0.16390% | 0.09980% |

* Information presented since implementation of GASB 67.

Supplementary Schedules – other postemployment benefits

Information presented below represents other postemployment benefits relative to Note 8 of this report.

SCHEDULE OF EMPLOYER CONTRIBUTIONS & NET OPEB OBLIGATION

| | 2015 | 2014 | 2013 |
|---------------------------------------|--------------------|--------------------|--------------------|
| Annual Required Contribution (ARC) | \$681,897 | \$762,642 | \$802,159 |
| Interest on Net OPEB Obligation (NOO) | 107,000 | 93,241 | 81,493 |
| Adjustment to Net OPEB Obligation | (221,404) | (192,933) | (168,624) |
| Annual OPEB Cost (AOC) | 567,493 | 662,950 | 715,028 |
| Employer contributions | 328,880 | 357,190 | 453,961 |
| Percentage of ARC contributed | 48.2% | 46.8% | 56.6% |
| Percentage of AOC contributed | 58.0% | 53.9% | 63.5% |
| Increase (decrease) in NOO | 238,613 | 305,760 | 261,067 |
| Beginning Net OPEB Obligation | 2,377,776 | 2,072,016 | 1,810,949 |
| Ending Net OPEB Obligation | <u>\$2,616,389</u> | <u>\$2,377,776</u> | <u>\$2,072,016</u> |

SCHEDULE OF OPEB FUNDING PROGRESS

| | 2015 | 2014 | 2013 |
|--|-------------|-------------|-------------|
| Actuarial accrued liability | \$7,323,260 | \$8,190,433 | \$8,614,828 |
| Actuarial value of assets | 0 | 0 | 0 |
| Unfunded actuarial liability (UAL) | 7,323,260 | 8,190,433 | 8,614,828 |
| 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 |

Nonmajor Governmental Funds

City of Longview

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

As of December 31, 2015

| | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | Library Memor. Trust Permanent Fund | Total Nonmajor Governmental Funds |
|----------------------------|-----------------------------|------------------------------|--------------------------|--|---|
| ASSETS | | | | | |
| Cash | \$574,518 | \$132,338 | \$1,531 | \$7,896 | \$716,283 |
| Investments | 3,949,510 | 1,303,265 | 0 | 10,528 | 5,263,303 |
| Receivables (net) | | | 0 | | |
| Taxes | 121,154 | 28,718 | 0 | 0 | 149,872 |
| Accounts | 135 | 0 | 0 | 0 | 135 |
| Assessments | 180,600 | 0 | 1,555 | 0 | 182,155 |
| Notes and contracts | 173,439 | 0 | 0 | 0 | 173,439 |
| Due from other funds | 3,495 | 0 | 0 | 0 | 3,495 |
| Due from other governments | 211,585 | 0 | 5,290,000 | 0 | 5,501,585 |
| Total assets | <u>5,214,436</u> | <u>1,464,321</u> | <u>5,293,086</u> | <u>18,424</u> | <u>11,990,267</u> |
| LIABILITIES | | | | | |
| Accounts payable | 302,927 | 25,275 | 0 | 311 | 328,513 |
| Due to other funds | 144,291 | 3,269 | 0 | 0 | 147,560 |
| Interfund loans payable | 55,000 | 0 | 0 | 0 | 55,000 |
| Due to other governments | 452 | 0 | 0 | 0 | 452 |
| Accrued wages payable | 22,169 | 0 | 0 | 0 | 22,169 |
| Other current liabilities | 4,615 | 5,576 | 0 | 0 | 10,191 |
| Total liabilities | <u>529,454</u> | <u>34,120</u> | <u>0</u> | <u>311</u> | <u>563,885</u> |
| DEFERRED INFLOWS | | | | | |
| Other unavailable revenue | 228,352 | 0 | 1,555 | 0 | 229,907 |
| Total deferred inflows | <u>228,352</u> | <u>0</u> | <u>1,555</u> | <u>0</u> | <u>229,907</u> |
| FUND BALANCES | | | | | |
| Nonspendable | 20,000 | 0 | 5,290,000 | 10,200 | 5,320,200 |
| Restricted | 1,702,690 | 300,000 | 1,331 | 7,912 | 2,011,933 |
| Committed | 1,997,136 | 0 | 0 | 0 | 1,997,136 |
| Assigned | 756,866 | 1,130,201 | 200 | 0 | 1,887,267 |
| Unassigned | (20,062) | 0 | 0 | 0 | (20,062) |
| Total fund balances | <u>\$4,456,630</u> | <u>\$1,430,201</u> | <u>\$5,291,531</u> | <u>\$18,112</u> | <u>\$11,196,474</u> |

City of Longview

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

For the year ended December 31, 2015

| | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | Library Memor. Trust Permanent Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------|------------------------------|-----------------------|--|---|
| Revenues: | | | | | |
| Taxes | \$599,367 | \$371,888 | \$0 | \$0 | \$971,255 |
| Intergovernmental | 1,245,473 | 92,189 | 0 | 0 | 1,337,662 |
| Charges for services | 33,546 | 0 | 0 | 0 | 33,546 |
| Fines | 2,415,654 | 0 | 0 | 0 | 2,415,654 |
| Miscellaneous | | | | | |
| Interest earnings | 15,150 | 3,540 | 6 | 16 | 18,712 |
| Space and facilities rentals | 23,941 | 0 | 0 | 0 | 23,941 |
| Contributions from private sources | 6,187 | 51,730 | 0 | 0 | 57,917 |
| Special assessments | 124,227 | 0 | 1,005 | 0 | 125,232 |
| Other miscellaneous | 39,174 | 0 | 0 | 0 | 39,174 |
| Total revenues | 4,502,719 | 519,347 | 1,011 | 16 | 5,023,093 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 35,750 | 0 | 723 | 0 | 36,473 |
| Public safety | 1,212,446 | 0 | 0 | 0 | 1,212,446 |
| Transportation | 3,687 | 3,873 | 0 | 0 | 7,560 |
| Economic environment | 576,636 | 0 | 0 | 0 | 576,636 |
| Culture and recreation | 8,225 | 28,763 | 2,350 | 0 | 39,338 |
| Capital outlays | 510,957 | 205,005 | 0 | 0 | 715,962 |
| Debt service: | | | | | |
| Principal | 403,650 | 0 | 349,000 | 0 | 752,650 |
| Interest and other debt service costs | 262,318 | 0 | 41,750 | 0 | 304,068 |
| Total expenditures | 3,013,669 | 237,641 | 393,823 | 0 | 3,645,133 |
| Excess (deficiency) of revenues over (under) expenditures | 1,489,050 | 281,706 | (392,812) | 16 | 1,377,960 |
| Other financing sources (uses): | | | | | |
| Transfers in | 58,856 | 0 | 246,623 | 0 | 305,479 |
| Transfers out | (162,473) | (33,499) | (400) | (706) | (197,078) |
| Total other financing sources (uses) | (103,617) | (33,499) | 246,223 | (706) | 108,401 |
| Net change in fund balances | 1,385,433 | 248,207 | (146,589) | (690) | 1,486,361 |
| Fund balance, January 1 as previously reported | 3,046,062 | 1,181,994 | 5,438,120 | 18,802 | 9,684,978 |
| Prior period adjustments (Note 17) | 25,135 | 0 | 0 | 0 | 25,135 |
| Fund balance, January 1 restated | 3,071,197 | 1,181,994 | 5,438,120 | 18,802 | 9,710,113 |
| Fund balance, December 31 | \$4,456,630 | \$1,430,201 | \$5,291,531 | \$18,112 | \$11,196,474 |

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 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.

The Public Development Authority Is a component unit of the City of Longview created by charter to facilitate the redevelopment of certain properties

City of Longview

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

As of December 31, 2015

Page 1 of 2

| | Downtown Parking | Economic Development | HOME | CDBG Entitlement |
|----------------------------|---------------------|-------------------------|--------------|---------------------|
| ASSETS | | | | |
| Cash | \$16,803 | \$418,891 | \$0 | \$3,283 |
| Investments | 86,398 | 521,188 | 0 | 0 |
| Receivables (net) | | | | |
| Taxes | 0 | 0 | 0 | 0 |
| Accounts | 135 | 0 | 0 | 0 |
| Assessments | 0 | 180,600 | 0 | 0 |
| Notes and contracts | 0 | 173,439 | 0 | 0 |
| Due from other funds | 0 | 0 | 3,495 | 0 |
| Due from other governments | 0 | 20,000 | 5,459 | 158,436 |
| Total assets | <u>103,336</u> | <u>1,314,118</u> | <u>8,954</u> | <u>161,719</u> |
| LIABILITIES | | | | |
| Accounts payable | 284 | 145 | 4,993 | 100,435 |
| Due to other funds | 0 | 0 | 3,961 | 2,669 |
| Interfund loans payable | 0 | 0 | 0 | 55,000 |
| Due to other governments | 0 | 0 | 0 | 0 |
| Accrued wages payable | 2,108 | 2,033 | 0 | 0 |
| Other current liabilities | 0 | 1,000 | 0 | 3,615 |
| Total liabilities | <u>2,392</u> | <u>3,178</u> | <u>8,954</u> | <u>161,719</u> |
| DEFERRED INFLOWS | | | | |
| Other unavailable revenue | 0 | 180,600 | 0 | 20,062 |
| Total deferred inflows | <u>0</u> | <u>180,600</u> | <u>0</u> | <u>20,062</u> |
| FUND BALANCES | | | | |
| Nonspendable | 0 | 20,000 | 0 | 0 |
| Restricted | 0 | 490,033 | 0 | 0 |
| Committed | 100,944 | 0 | 0 | 0 |
| Assigned | 0 | 620,307 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | (20,062) |
| Total fund balances | <u>100,944</u> | <u>1,130,340</u> | <u>0</u> | <u>(20,062)</u> |

| Criminal Justice Assistance | Camera Infraction Program | Tourism | Parks and Recreation Memorial Trust | Longview Public Development Authority | Total Nonmajor Special Revenue Funds |
|--|--|----------------|--|--|---|
| \$25,236 | \$81,536 | \$16,490 | \$10,403 | \$1,876 | \$574,518 |
| 764,261 | 2,132,793 | 93,208 | 351,662 | 0 | 3,949,510 |
| 115,560 | 0 | 5,594 | 0 | 0 | 121,154 |
| 0 | 0 | 0 | 0 | 0 | 135 |
| 0 | 0 | 0 | 0 | 0 | 180,600 |
| 0 | 0 | 0 | 0 | 0 | 173,439 |
| 0 | 0 | 0 | 0 | 0 | 3,495 |
| 27,690 | 0 | 0 | 0 | 0 | 211,585 |
| <u>932,747</u> | <u>2,214,329</u> | <u>115,292</u> | <u>362,065</u> | <u>1,876</u> | <u>5,214,436</u> |
| 16,977 | 175,093 | 5,000 | 0 | 0 | 302,927 |
| 0 | 137,661 | 0 | 0 | 0 | 144,291 |
| 0 | 0 | 0 | 0 | 0 | 55,000 |
| 452 | 0 | 0 | 0 | 0 | 452 |
| 12,645 | 5,383 | 0 | 0 | 0 | 22,169 |
| 0 | 0 | 0 | 0 | 0 | 4,615 |
| <u>30,074</u> | <u>318,137</u> | <u>5,000</u> | <u>0</u> | <u>0</u> | <u>529,454</u> |
| 27,690 | 0 | 0 | 0 | 0 | 228,352 |
| <u>27,690</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>228,352</u> |
| 0 | 0 | 0 | 0 | 0 | 20,000 |
| 738,424 | 0 | 110,292 | 362,065 | 1,876 | 1,702,690 |
| 0 | 1,896,192 | 0 | 0 | 0 | 1,997,136 |
| 136,559 | 0 | 0 | 0 | 0 | 756,866 |
| 0 | 0 | 0 | 0 | 0 | (20,062) |
| <u>874,983</u> | <u>1,896,192</u> | <u>110,292</u> | <u>362,065</u> | <u>1,876</u> | <u>4,456,630</u> |

City of Longview

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

For the year ended December 31, 2015

Page 1 of 2

| | Downtown Parking | Economic Development | HOME | CDBG Entitlement |
|--|---------------------|-------------------------|----------------|---------------------|
| Revenues: | | | | |
| Taxes | \$0 | \$556,806 | \$0 | \$0 |
| Intergovernmental | 0 | 0 | 289,826 | 296,842 |
| Charges for services | 0 | 1,982 | 24,447 | 0 |
| Fines | 31,318 | 0 | 0 | 0 |
| Miscellaneous | | | | |
| Interest earnings | 133 | 11,144 | 0 | 0 |
| Space and facilities rentals | 19,141 | 4,800 | 0 | 0 |
| Contributions from private sources | 0 | 6,187 | 0 | 0 |
| Special assessments | 0 | 124,227 | 0 | 0 |
| Other miscellaneous | 25 | 10,000 | 0 | 0 |
| Total revenues | 50,617 | 715,146 | 314,273 | 296,842 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 0 | 0 | 0 | 0 |
| Public safety | 52,994 | 0 | 0 | 0 |
| Transportation | 3,687 | 0 | 0 | 0 |
| Economic environment | 0 | 72,438 | 314,761 | 166,176 |
| Culture and recreation | 0 | 0 | 0 | 0 |
| Capital outlays | 0 | 0 | 0 | 199,254 |
| Debt service: | | | | |
| Principal | 0 | 403,650 | 0 | 0 |
| Interest and other debt service costs | 0 | 262,318 | 0 | 0 |
| Total expenditures | 56,681 | 738,406 | 314,761 | 365,430 |
| Excess (deficiency) of revenues over (under) expenditures | (6,064) | (23,260) | (488) | (68,588) |
| Other financing sources (uses): | | | | |
| Transfers in | 0 | 0 | 10,330 | 48,526 |
| Transfers out | 0 | (26) | 0 | 0 |
| Total other financing sources (uses) | 0 | (26) | 10,330 | 48,526 |
| Net change in fund balances | (6,064) | (23,286) | 9,842 | (20,062) |
| Fund balance, January 1 as previously reported | 107,008 | 1,153,626 | (9,842) | 0 |
| Prior period adjustment (Note 18) | 0 | 0 | 0 | 0 |
| Fund balance, January 1 restated | 107,008 | 1,153,626 | (9,842) | 0 |
| Fund balance, December 31 | \$100,944 | \$1,130,340 | \$0 | (\$20,062) |

| Criminal Justice Assistance | Camera Infraction Program | Tourism | Parks and Recreation Memorial Trust | Longview Public Development Authority | Total Nonmajor Special Revenue Funds |
|-----------------------------|---------------------------|------------------|-------------------------------------|---------------------------------------|--------------------------------------|
| \$0 | \$0 | \$42,561 | \$0 | \$0 | \$599,367 |
| 658,805 | 0 | 0 | 0 | 0 | 1,245,473 |
| 0 | 7,117 | 0 | 0 | 0 | 33,546 |
| 0 | 2,384,336 | 0 | 0 | 0 | 2,415,654 |
| 987 | 2,201 | 143 | 540 | 2 | 15,150 |
| 0 | 0 | 0 | 0 | 0 | 23,941 |
| 0 | 0 | 0 | 0 | 0 | 6,187 |
| 0 | 0 | 0 | 0 | 0 | 124,227 |
| 29,149 | 0 | 0 | 0 | 0 | 39,174 |
| 688,941 | 2,393,654 | 42,704 | 540 | 2 | 4,502,719 |
| 0 | 0 | 35,750 | 0 | 0 | 35,750 |
| 400,712 | 758,740 | 0 | 0 | 0 | 1,212,446 |
| 0 | 0 | 0 | 0 | 0 | 3,687 |
| 0 | 0 | 0 | 0 | 23,261 | 576,636 |
| 0 | 0 | 0 | 8,225 | 0 | 8,225 |
| 5,000 | 296,600 | 0 | 10,103 | 0 | 510,957 |
| 0 | 0 | 0 | 0 | 0 | 403,650 |
| 0 | 0 | 0 | 0 | 0 | 262,318 |
| 405,712 | 1,055,340 | 35,750 | 18,328 | 23,261 | 3,013,669 |
| 283,229 | 1,338,314 | 6,954 | (17,788) | (23,259) | 1,489,050 |
| 0 | 0 | 0 | 0 | 0 | 58,856 |
| (32,161) | (115,286) | 0 | (15,000) | 0 | (162,473) |
| (32,161) | (115,286) | 0 | (15,000) | 0 | (103,617) |
| 251,068 | 1,223,028 | 6,954 | (32,788) | (23,259) | 1,385,433 |
| 623,915 | 673,164 | 103,338 | 394,853 | 0 | 3,046,062 |
| 0 | 0 | 0 | 0 | 25,135 | 25,135 |
| 623,915 | 673,164 | 103,338 | 394,853 | 25,135 | 3,071,197 |
| \$874,983 | \$1,896,192 | \$110,292 | \$362,065 | \$1,876 | \$4,456,630 |

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, 2015

Page 1 of 8

| | DOWNTOWN PARKING | | | |
|--|--------------------|-----------------|------------------|-----------------|
| | Original Budget | Final Budget | Actual | Variance |
| Revenues: | | | | |
| Taxes | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental | 0 | 0 | 0 | 0 |
| Charges for services | 0 | 0 | 0 | 0 |
| Fines | 42,400 | 42,400 | 31,318 | (11,082) |
| Miscellaneous: | | | | |
| Interest earnings | 300 | 300 | 133 | (167) |
| Space and facilities rentals | 38,800 | 38,800 | 19,141 | (19,659) |
| Contributions from private sources | 0 | 0 | 0 | 0 |
| Special assessments | 0 | 0 | 0 | 0 |
| Other miscellaneous | 0 | 0 | 25 | 25 |
| Total revenues | 81,500 | 81,500 | 50,617 | (30,883) |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 0 | 0 | 0 | 0 |
| Public safety | 125,890 | 125,890 | 52,994 | 72,896 |
| Transportation | 11,280 | 11,280 | 3,687 | 7,593 |
| Economic environment | 0 | 0 | 0 | 0 |
| 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 |
| Total expenditures | 137,170 | 137,170 | 56,681 | 80,489 |
| Excess (deficiency) of revenues over (under) expenditures | (55,670) | (55,670) | (6,064) | 49,606 |
| Other financing sources (uses): | | | | |
| Transfers in | 0 | 0 | 0 | 0 |
| Transfers out | 0 | 0 | 0 | 0 |
| Total other fin. sources (uses) | 0 | 0 | 0 | 0 |
| Net change in fund balances | (55,670) | (55,670) | (6,064) | 49,606 |
| January 1, 2015 fund balance as previously reported | 107,008 | 107,008 | 107,008 | 0 |
| Prior period adjustment (Note 18) | 0 | 0 | 0 | 0 |
| January 1, 2015 fund balance restated | 107,008 | 107,008 | 107,008 | 0 |
| December 31, 2015 fund balance | \$51,338 | \$51,338 | \$100,944 | \$49,606 |

| ECONOMIC DEVELOPMENT | | | | HOME FUND | | | |
|----------------------|------------------|--------------------|------------------|------------------|------------------|----------------|------------------|
| Original Budget | Final Budget | Actual | Variance | Original Budget | Final Budget | Actual | Variance |
| \$946,000 | \$946,000 | \$556,806 | (\$389,194) | \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 1,053,500 | 1,053,500 | 289,826 | (763,674) |
| 15,000 | 15,000 | 1,982 | (13,018) | 65,000 | 65,000 | 24,447 | (40,553) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 460 | 460 | 11,144 | 10,684 | 0 | 0 | 0 | 0 |
| 4,800 | 4,800 | 4,800 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 6,187 | 6,187 | 0 | 0 | 0 | 0 |
| 0 | 0 | 124,227 | 124,227 | 0 | 0 | 0 | 0 |
| 200 | 200 | 10,000 | 9,800 | 0 | 0 | 0 | 0 |
| 966,460 | 966,460 | 715,146 | (251,314) | 1,118,500 | 1,118,500 | 314,273 | (804,227) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 500,670 | 500,670 | 72,438 | 428,232 | 1,118,500 | 1,118,500 | 314,761 | 803,739 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 687,730 | 687,730 | 403,650 | 284,080 | 0 | 0 | 0 | 0 |
| 516,480 | 516,480 | 262,318 | 254,162 | 0 | 0 | 0 | 0 |
| 1,704,880 | 1,704,880 | 738,406 | 966,474 | 1,118,500 | 1,118,500 | 314,761 | 803,739 |
| (738,420) | (738,420) | (23,260) | 715,160 | 0 | 0 | (488) | (488) |
| 0 | 0 | 0 | 0 | 0 | 0 | 10,330 | 10,330 |
| 0 | 0 | (26) | (26) | 0 | 0 | 0 | 0 |
| 0 | 0 | (26) | (26) | 0 | 0 | 10,330 | 10,330 |
| (738,420) | (738,420) | (23,286) | 715,134 | 0 | 0 | 9,842 | 9,842 |
| 1,153,626 | 1,153,626 | 1,153,626 | 0 | (9,842) | (9,842) | (9,842) | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,153,626 | 1,153,626 | 1,153,626 | 0 | (9,842) | (9,842) | (9,842) | 0 |
| \$415,206 | \$415,206 | \$1,130,340 | \$715,134 | (\$9,842) | (\$9,842) | \$0 | \$9,842 |

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, 2015

Page 3 of 8

| | CDBG Entitlement | | | Variance |
|---|------------------|----------------|-------------------|-------------------|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Taxes | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental | 782,500 | 782,500 | 296,842 | (485,658) |
| Charges for services | 0 | 0 | 0 | 0 |
| Fines | 0 | 0 | 0 | 0 |
| Miscellaneous: | | | | |
| Interest earnings | 0 | 0 | 0 | 0 |
| Space and facilities rentals | 0 | 0 | 0 | 0 |
| Contributions from private sources | 0 | 0 | 0 | 0 |
| Special assessments | 0 | 0 | 0 | 0 |
| Other miscellaneous | 0 | 0 | 0 | 0 |
| Total revenues | 782,500 | 782,500 | 296,842 | (485,658) |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 0 | 0 | 0 | 0 |
| Public safety | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 |
| Economic environment | 782,500 | 782,500 | 166,176 | 616,324 |
| Culture and recreation | 0 | 0 | 0 | 0 |
| Capital outlays | 0 | 0 | 199,254 | (199,254) |
| Debt service: | | | | |
| Principal | 0 | 0 | 0 | 0 |
| Interest and fiscal charges | 0 | 0 | 0 | 0 |
| Total expenditures | 782,500 | 782,500 | 365,430 | 417,070 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | (68,588) | (68,588) |
| Other financing sources (uses): | | | | |
| Transfers in | 0 | 0 | 48,526 | 48,526 |
| Transfers out | 0 | 0 | 0 | 0 |
| Total other fin. sources (uses) | 0 | 0 | 48,526 | 48,526 |
| Net change in fund balances | 0 | 0 | (20,062) | (20,062) |
| January 1, 2015 fund balance as previously reported | 0 | 0 | 0 | 0 |
| Prior period adjustment (Note 18) | 0 | 0 | 0 | 0 |
| January 1, 2015 fund balance restated | 0 | 0 | 0 | 0 |
| December 31, 2015 fund balance | \$0 | \$0 | (\$20,062) | (\$20,062) |

| LIBRARY GRANT FUND | | | | CRIMINAL JUSTICE ASSISTANCE | | | |
|--------------------|--------------|------------|------------|-----------------------------|------------------|------------------|------------------|
| Original Budget | Final Budget | Actual | Variance | Original Budget | Final Budget | Actual | Variance |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 779,080 | 779,080 | 658,805 | (120,275) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 600 | 600 | 987 | 387 |
| 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 | 0 | 0 | 48,000 | 48,000 | 29,149 | (18,851) |
| 0 | 0 | 0 | 0 | 827,680 | 827,680 | 688,941 | (138,739) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 873,010 | 873,010 | 400,712 | 472,298 |
| 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 | 5,000 | (5,000) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 873,010 | 873,010 | 405,712 | 467,298 |
| 0 | 0 | 0 | 0 | (45,330) | (45,330) | 283,229 | 328,559 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | (32,161) | (32,161) |
| 0 | 0 | 0 | 0 | 0 | 0 | (32,161) | (32,161) |
| 0 | 0 | 0 | 0 | (45,330) | (45,330) | 251,068 | 296,398 |
| 0 | 0 | 0 | 0 | 623,915 | 623,915 | 623,915 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 623,915 | 623,915 | 623,915 | 0 |
| \$0 | \$0 | \$0 | \$0 | \$578,585 | \$578,585 | \$874,983 | \$296,398 |

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, 2015

Page 5 of 8

| | CAMERA INFRACTION PROGRAM | | | |
|--|---------------------------|------------------|--------------------|--------------------|
| | Original Budget | Final Budget | Actual | Variance |
| Revenues: | | | | |
| Taxes | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental | 327,000 | 327,000 | 0 | (327,000) |
| Charges for services | 0 | 0 | 7,117 | 7,117 |
| Fines | 1,128,120 | 1,168,120 | 2,384,336 | 1,216,216 |
| Miscellaneous: | | | | |
| Interest earnings | 600 | 600 | 2,201 | 1,601 |
| Space and facilities rentals | 0 | 0 | 0 | 0 |
| Contributions from private sources | 0 | 0 | 0 | 0 |
| Special assessments | 0 | 0 | 0 | 0 |
| Other miscellaneous | 0 | 0 | 0 | 0 |
| Total revenues | 1,455,720 | 1,495,720 | 2,393,654 | 897,934 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 0 | 0 | 0 | 0 |
| Public safety | 1,302,240 | 1,342,240 | 758,740 | 583,500 |
| Transportation | 0 | 0 | 0 | 0 |
| Economic environment | 0 | 0 | 0 | 0 |
| Culture and recreation | 0 | 0 | 0 | 0 |
| Capital outlays | 458,570 | 458,570 | 296,600 | 161,970 |
| Debt service: | | | | |
| Principal | 0 | 0 | 0 | 0 |
| Interest and fiscal charges | 0 | 0 | 0 | 0 |
| Total expenditures | 1,760,810 | 1,800,810 | 1,055,340 | 745,470 |
| Excess (deficiency) of revenues over (under) expenditures | (305,090) | (305,090) | 1,338,314 | 1,643,404 |
| Other financing sources (uses): | | | | |
| Transfers in | 0 | 0 | 0 | 0 |
| Transfers out | (238,660) | (238,660) | (115,286) | 123,374 |
| Total other fin. sources (uses) | (238,660) | (238,660) | (115,286) | 123,374 |
| Net change in fund balances | (543,750) | (543,750) | 1,223,028 | 1,766,778 |
| January 1, 2015 fund balance as previously reported | 673,164 | 673,164 | 673,164 | 0 |
| Prior period adjustment (Note 18) | 0 | 0 | 0 | 0 |
| January 1, 2015 fund balance restated | 673,164 | 673,164 | 673,164 | 0 |
| December 31, 2015 fund balance | \$129,414 | \$129,414 | \$1,896,192 | \$1,766,778 |

| TOURISM | | | | PARKS AND RECREATION MEMORIAL TRUST | | | |
|-----------------|-----------------|------------------|------------------|--|------------------|------------------|------------------|
| Original Budget | Final Budget | Actual | Variance | Original Budget | Final Budget | Actual | Variance |
| \$80,000 | \$80,000 | \$42,561 | (\$37,439) | \$0 | \$0 | \$0 | \$0 |
| 67,000 | 67,000 | 0 | (67,000) | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 143 | 143 | 2,000 | 2,000 | 540 | (1,460) |
| 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 |
| 147,000 | 147,000 | 42,704 | (104,296) | 2,000 | 2,000 | 540 | (1,460) |
| 0 | 0 | 35,750 | (35,750) | 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 |
| 170,780 | 170,780 | 0 | 170,780 | 0 | 0 | 8,225 | (8,225) |
| 0 | 0 | 0 | 0 | 170,320 | 170,320 | 10,103 | 160,217 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 170,780 | 170,780 | 35,750 | 135,030 | 170,320 | 170,320 | 18,328 | 151,992 |
| (23,780) | (23,780) | 6,954 | 30,734 | (168,320) | (168,320) | (17,788) | 150,532 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | (15,000) | (15,000) |
| 0 | 0 | 0 | 0 | 0 | 0 | (15,000) | (15,000) |
| (23,780) | (23,780) | 6,954 | 30,734 | (168,320) | (168,320) | (32,788) | 135,532 |
| 103,338 | 103,338 | 103,338 | 0 | 394,853 | 394,853 | 394,853 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 103,338 | 103,338 | 103,338 | 0 | 394,853 | 394,853 | 394,853 | 0 |
| \$79,558 | \$79,558 | \$110,292 | \$30,734 | \$226,533 | \$226,533 | \$362,065 | \$135,532 |

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, 2015

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| LONGVIEW PUBLIC DEVELOPMENT AUTHORITY | | | | |
|--|--------------------|-----------------|----------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance |
| Revenues: | | | | |
| Taxes | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental | 80,000 | 80,000 | 0 | (80,000) |
| Charges for services | 0 | 0 | 0 | 0 |
| Fines | 0 | 0 | 0 | 0 |
| Miscellaneous: | | | | |
| Interest earnings | 0 | 0 | 2 | 2 |
| Space and facilities rentals | 0 | 0 | 0 | 0 |
| Contributions from private sources | 0 | 0 | 0 | 0 |
| Special assessments | 0 | 0 | 0 | 0 |
| Other miscellaneous | 0 | 0 | 0 | 0 |
| Total revenues | 80,000 | 80,000 | 2 | (79,998) |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 0 | 0 | 0 | 0 |
| Public safety | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 |
| Economic environment | 80,000 | 80,000 | 23,261 | 56,739 |
| 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 |
| Total expenditures | 80,000 | 80,000 | 23,261 | 56,739 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | (23,259) | (23,259) |
| Other financing sources (uses): | | | | |
| Transfers in | 0 | 0 | 0 | 0 |
| Transfers out | 0 | 0 | 0 | 0 |
| Total other fin. sources (uses) | 0 | 0 | 0 | 0 |
| Net change in fund balances | 0 | 0 | (23,259) | (23,259) |
| January 1, 2015 fund balance as previously reported | 0 | 0 | 0 | 0 |
| Prior period adjustment (Note 18) | 25,135 | 25,135 | 25,135 | 0 |
| January 1, 2015 fund balance restated | 25,135 | 25,135 | 25,135 | 0 |
| December 31, 2015 fund balance | \$0 | \$0 | \$1,876 | (\$23,259) |

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, 2015

Page 8 of 8

| | TOTALS | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | Original Budget | Final Budget | Actual | Variance |
| Revenues: | | | | |
| Taxes | \$1,026,000 | \$1,026,000 | \$599,367 | (\$426,633) |
| Intergovernmental | 3,089,080 | 3,089,080 | 1,245,473 | (1,843,607) |
| Charges for services | 80,000 | 80,000 | 33,546 | (46,454) |
| Fines | 1,170,520 | 1,210,520 | 2,415,654 | 1,205,134 |
| Miscellaneous: | | | | 0 |
| Interest earnings | 3,960 | 3,960 | 15,150 | 11,190 |
| Space and facilities rentals | 43,600 | 43,600 | 23,941 | (19,659) |
| Contributions from private sources | 0 | 0 | 6,187 | 6,187 |
| Special assessments | 0 | 0 | 124,227 | 124,227 |
| Other miscellaneous | 48,200 | 48,200 | 39,174 | (9,026) |
| Total revenues | 5,461,360 | 5,501,360 | 4,502,719 | (998,641) |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 0 | 0 | 35,750 | 35,750 |
| Public safety | 2,301,140 | 2,341,140 | 1,212,446 | (1,128,694) |
| Transportation | 11,280 | 11,280 | 3,687 | (7,593) |
| Economic environment | 2,481,670 | 2,481,670 | 576,636 | (1,905,034) |
| Culture and recreation | 170,780 | 170,780 | 8,225 | (162,555) |
| Capital outlays | 628,890 | 628,890 | 510,957 | (117,933) |
| Debt service: | | | | |
| Principal | 687,730 | 687,730 | 403,650 | (284,080) |
| Interest and fiscal charges | 516,480 | 516,480 | 262,318 | (254,162) |
| Total expenditures | 6,797,970 | 6,837,970 | 3,013,669 | 3,824,301 |
| Excess (deficiency) of revenues over (under) expenditures | (1,336,610) | (1,336,610) | 1,489,050 | 2,825,660 |
| Other financing sources (uses): | | | | |
| Transfers in | 0 | 0 | 58,856 | 58,856 |
| Transfers out | (238,660) | (238,660) | (162,473) | 76,187 |
| Total other fin. sources (uses) | (238,660) | (238,660) | (103,617) | 135,043 |
| Net change in fund balances | (1,575,270) | (1,575,270) | 1,385,433 | 2,960,703 |
| January 1, 2015 fund balance as previously reported | 3,046,062 | 3,046,062 | 3,046,062 | 0 |
| Prior period adjustment (Note 18) | 25,135 | 25,135 | 25,135 | 0 |
| January 1, 2015 fund balance restated | 3,071,197 | 3,071,197 | 3,071,197 | 0 |
| December 31, 2015 fund balance | \$1,470,792 | \$1,470,792 | \$4,456,630 | \$2,960,703 |

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, 2015

| | Capital Projects | LID Construction | Building Replacement | Total Nonmajor Capital Projects Funds |
|---------------------------|---------------------|---------------------|-------------------------|--|
| ASSETS | | | | |
| Cash | \$70,914 | \$0 | \$61,424 | \$132,338 |
| Investments | 641,251 | 0 | 662,014 | 1,303,265 |
| Receivables (net) | | | | |
| Taxes | 28,718 | 0 | 0 | 28,718 |
| Total assets | <u>740,883</u> | <u>0</u> | <u>723,438</u> | <u>1,464,321</u> |
| LIABILITIES | | | | |
| Accounts payable | 25,275 | 0 | 0 | 25,275 |
| Due to other funds | 3,269 | 0 | 0 | 3,269 |
| Other current liabilities | 5,576 | 0 | 0 | 5,576 |
| Total liabilities | <u>34,120</u> | <u>0</u> | <u>0</u> | <u>34,120</u> |
| FUND BALANCES | | | | |
| Restricted | 300,000 | 0 | 0 | 300,000 |
| Assigned | 406,763 | 0 | 723,438 | 1,130,201 |
| Total fund balances | <u>706,763</u> | <u>0</u> | <u>723,438</u> | <u>1,430,201</u> |

City of Longview

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

For the year ended December 31, 2015

| | Capital Projects | LID Construction | Building Replacement | Total Nonmajor Capital Projects Funds |
|--|---------------------|---------------------|-------------------------|--|
| Revenues: | | | | |
| Taxes | \$371,888 | \$0 | \$0 | \$371,888 |
| Intergovernmental | 3,903 | 0 | 88,286 | 92,189 |
| Miscellaneous | | | | |
| Interest earnings | 2,429 | 0 | 1,111 | 3,540 |
| Contributions from private sources | 51,730 | 0 | 0 | 51,730 |
| Total revenues | 429,950 | 0 | 89,397 | 519,347 |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | 3,873 | 0 | 0 | 3,873 |
| Culture and recreation | 28,763 | 0 | 0 | 28,763 |
| Capital outlays | 205,005 | 0 | 0 | 205,005 |
| Total expenditures | 237,641 | 0 | 0 | 237,641 |
| Excess (deficiency) of revenues over (under) expenditures | 192,309 | 0 | 89,397 | 281,706 |
| Transfers out | (33,499) | 0 | 0 | (33,499) |
| Total other financing sources (uses) | (33,499) | 0 | 0 | (33,499) |
| Net change in fund balances | 158,810 | 0 | 89,397 | 248,207 |
| Fund balance, January 1 | 547,953 | 0 | 634,041 | 1,181,994 |
| Fund balance, December 31 | \$706,763 | \$0 | \$723,438 | \$1,430,201 |

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

NONMAJOR CAPITAL PROJECTS FUNDS

For the biennium ended December 31, 2015

| | CAPITAL PROJECTS | | | |
|--|----------------------------|-------------------------|------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance |
| Revenues: | | | | |
| Taxes | \$350,000 | \$350,000 | \$371,888 | \$21,888 |
| Intergovernmental | 7,800 | 7,800 | 3,903 | (3,897) |
| Miscellaneous: | | | | |
| Interest earnings | 200 | 200 | 2,429 | 2,229 |
| Contributions from private sources | 80,000 | 80,000 | 51,730 | (28,270) |
| Total revenues | 438,000 | 438,000 | 429,950 | (8,050) |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | 7,350 | 7,350 | 3,873 | 3,477 |
| Culture and recreation | 130,000 | 130,000 | 28,763 | 101,237 |
| Capital outlays | 300,650 | 300,650 | 205,005 | 95,645 |
| Total expenditures | 438,000 | 438,000 | 237,641 | 200,359 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 192,309 | 192,309 |
| Other financing sources (uses): | | | | |
| Proceeds of general long-term debt | 0 | 0 | 0 | 0 |
| Transfers out | 0 | 0 | (33,499) | (33,499) |
| Total other fin. sources (uses) | 0 | 0 | (33,499) | (33,499) |
| Net change in fund balances | 0 | 0 | 158,810 | 158,810 |
| Fund balance, January 1 | 547,953 | 547,953 | 547,953 | 0 |
| Fund balance, December 31 | \$547,953 | \$547,953 | \$706,763 | \$158,810 |

| 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 | 0 | 0 | 88,286 | 88,286 |
| 0 | 0 | 0 | 0 | 0 | 0 | 1,111 | 1,111 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 89,397 | 89,397 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6,700,000 | 6,700,000 | 0 | 6,700,000 | 20,000 | 20,000 | 0 | 20,000 |
| 6,700,000 | 6,700,000 | 0 | 6,700,000 | 20,000 | 20,000 | 0 | 20,000 |
| (6,700,000) | (6,700,000) | 0 | 6,700,000 | (20,000) | (20,000) | 89,397 | 109,397 |
| 6,700,000 | 6,700,000 | 0 | (6,700,000) | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6,700,000 | 6,700,000 | 0 | (6,700,000) | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | (20,000) | (20,000) | 89,397 | 109,397 |
| 0 | 0 | 0 | 0 | 634,041 | 634,041 | 634,041 | 0 |
| \$0 | \$0 | \$0 | \$0 | \$614,041 | \$614,041 | \$723,438 | \$109,397 |

| TOTAL NONMAJOR CAPITAL PROJECTS FUNDS | | | | |
|--|----------------------------|-------------------------|--------------------|--------------------|
| | Original Budget | Final Budget | Actual | Variance |
| Revenues: | | | | |
| Taxes | \$350,000 | \$350,000 | \$371,888 | \$21,888 |
| Intergovernmental | 7,800 | 7,800 | 92,189 | 84,389 |
| Miscellaneous: | | | | |
| Interest earnings | 200 | 200 | 3,540 | 3,340 |
| Contributions from private sources | 80,000 | 80,000 | 51,730 | (28,270) |
| Total revenues | 438,000 | 438,000 | 519,347 | 81,347 |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | 7,350 | 7,350 | 3,873 | 3,477 |
| Culture and recreation | 130,000 | 130,000 | 28,763 | 101,237 |
| Capital outlays | 7,020,650 | 7,020,650 | 205,005 | 6,815,645 |
| Total expenditures | 7,158,000 | 7,158,000 | 237,641 | 6,920,359 |
| Excess (deficiency) of revenues over (under) expenditures | (6,720,000) | (6,720,000) | 281,706 | 7,001,706 |
| Other financing sources (uses): | | | | |
| Proceeds of general long-term debt | 6,700,000 | 6,700,000 | 0 | (6,700,000) |
| Transfers out | 0 | 0 | (33,499) | (33,499) |
| Total other fin. sources (uses) | 6,700,000 | 6,700,000 | (33,499) | (6,733,499) |
| Net change in fund balances | (20,000) | (20,000) | 248,207 | 268,207 |
| Fund balance, January 1 | 1,181,994 | 1,181,994 | 1,181,994 | 0 |
| Fund balance, December 31 | \$1,161,994 | \$1,161,994 | \$1,430,201 | \$268,207 |

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, 2015

| | 2007 LTGO Bond Fund | Special Assessment Bond Redemption | Special Assessment Guaranty | Total Nonmajor Debt Service Funds |
|----------------------------|------------------------|---|-----------------------------------|---|
| ASSETS | | | | |
| Cash | \$0 | \$1,331 | \$200 | \$1,531 |
| Receivables (net) | | | | |
| Assessments | 0 | 1,555 | 0 | 1,555 |
| Due from other governments | 5,290,000 | 0 | 0 | 5,290,000 |
| Total assets | <u>5,290,000</u> | <u>2,886</u> | <u>200</u> | <u>5,293,086</u> |
| DEFERRED INFLOWS | | | | |
| Other unavailable revenue | 0 | 1,555 | 0 | 1,555 |
| Total deferred inflows | <u>0</u> | <u>1,555</u> | <u>0</u> | <u>1,555</u> |
| FUND BALANCES | | | | |
| Nonspendable | 5,290,000 | 0 | 0 | 5,290,000 |
| Restricted | 0 | 1,331 | 0 | 1,331 |
| Assigned | 0 | 0 | 200 | 200 |
| Total fund balances | <u>5,290,000</u> | <u>1,331</u> | <u>200</u> | <u>5,291,531</u> |

City of Longview

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

For the year ended December 31, 2015

| | 2007 LTGO Bond Fund | Special Assessment Bond Redemption | Special Assessment Guaranty | Total Nonmajor Debt Service Funds |
|--|------------------------|---|-----------------------------------|---|
| Revenues: | | | | |
| Miscellaneous | | | | |
| Interest earnings | \$6 | \$0 | \$0 | \$6 |
| Special assessments | 0 | 1,005 | 0 | 1,005 |
| Total revenues | 6 | 1,005 | 0 | 1,011 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 0 | 723 | 0 | 723 |
| Culture and recreation | 2,350 | 0 | 0 | 2,350 |
| Debt service: | | | | |
| Principal | 345,000 | 4,000 | 0 | 349,000 |
| Interest and other debt service costs | 41,525 | 225 | 0 | 41,750 |
| Total expenditures | 388,875 | 4,948 | 0 | 393,823 |
| Excess (deficiency) of revenues over (under) expenditures | (388,869) | (3,943) | 0 | (392,812) |
| Other financing sources (uses): | | | | |
| Transfers in | 243,923 | 2,700 | 0 | 246,623 |
| Transfers out | 0 | 0 | (400) | (400) |
| Total other financing sources (uses) | 243,923 | 2,700 | (400) | 246,223 |
| Net change in fund balances | (144,946) | (1,243) | (400) | (146,589) |
| Fund balance, January 1 | 5,434,946 | 2,574 | 600 | 5,438,120 |
| Fund balance, December 31 | \$5,290,000 | \$1,331 | \$200 | \$5,291,531 |

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, 2015

| | Original Budget | Final Budget | Actual | Variance |
|--|----------------------------|-------------------------|-----------------|-----------------|
| Miscellaneous: | | | | |
| Interest earnings | \$2,600 | \$2,600 | \$16 | (\$2,584) |
| Total revenues | 2,600 | 2,600 | 16 | (2,584) |
| Total expenditures | 0 | 0 | 0 | 0 |
| Excess (deficiency) of revenues over (under) expenditures | 2,600 | 2,600 | 16 | (2,584) |
| Other financing sources (uses): | | | | |
| Transfers out | (2,600) | (2,600) | (706) | 1,894 |
| Total other fin. sources (uses) | (2,600) | (2,600) | (706) | 1,894 |
| Net change in fund balances | 0 | 0 | (690) | (690) |
| Fund balance, January 1 | 18,802 | 18,802 | 18,802 | 0 |
| Fund balance, December 31 | \$18,802 | \$18,802 | \$18,112 | (690) |

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, 2015

Page 1 of 2

| | EQUIPMENT RENTAL | INSURANCE RESERVE | OFFICE EQUIPMENT RESERVE | FACILITY MAINTENANCE |
|---|-----------------------------|------------------------------|---|---------------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | \$76,034 | \$55,971 | \$55,701 | \$48,120 |
| Investments | 3,312,558 | 1,213,477 | 1,073,897 | 184,292 |
| Receivables, net | 37,063 | 271 | 0 | 0 |
| Due from other funds | 126,500 | 0 | 0 | 1,360 |
| Due from other governments | 4,193 | 0 | 0 | 0 |
| Total current assets: | <u>3,556,348</u> | <u>1,269,719</u> | <u>1,129,598</u> | <u>233,772</u> |
| 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 | 11,725,549 | 0 | 2,523,817 | 0 |
| Construction in progress | 224,923 | 0 | 0 | 0 |
| Less: Accumulated depreciation | <u>(7,291,152)</u> | <u>0</u> | <u>(2,211,093)</u> | <u>0</u> |
| Net capital assets | <u>5,774,811</u> | <u>0</u> | <u>825,647</u> | <u>0</u> |
| Total noncurrent assets | <u>5,774,811</u> | <u>0</u> | <u>825,647</u> | <u>0</u> |
| TOTAL ASSETS | <u>9,331,159</u> | <u>1,269,719</u> | <u>1,955,245</u> | <u>233,772</u> |
| TOTAL DEFERRED OUTFLOWS - Pensions | <u>41,045</u> | <u>13,595</u> | <u>0</u> | <u>15,401</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 203,248 | 20,873 | 54,399 | 26,265 |
| Due to other funds | 190,157 | 0 | 0 | 0 |
| Due to other governments | 0 | 0 | 34 | 547 |
| Accrued wages payable | 32,143 | 10,687 | 0 | 11,656 |
| Compensated absences | 24,591 | 11,931 | 0 | 8,569 |
| Other current liabilities | 0 | 58 | 0 | 0 |
| Total current liabilities: | <u>450,139</u> | <u>43,549</u> | <u>54,433</u> | <u>47,037</u> |
| Noncurrent liabilities | | | | |
| Compensated absences | 8,782 | 4,008 | 0 | 12,542 |
| Pension obligations, net | 159,368 | 47,355 | 0 | 80,795 |
| Total noncurrent liabilities | <u>168,150</u> | <u>51,363</u> | <u>0</u> | <u>93,337</u> |
| TOTAL LIABILITIES | <u>618,289</u> | <u>94,912</u> | <u>54,433</u> | <u>140,374</u> |
| TOTAL DEFERRED INFLOWS - Pensions | <u>42,282</u> | <u>9,891</u> | <u>0</u> | <u>28,579</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 5,774,811 | 0 | 825,647 | 0 |
| Unrestricted | 2,936,822 | 1,178,511 | 1,075,165 | 80,220 |
| TOTAL NET POSITION | <u>\$8,711,633</u> | <u>\$1,178,511</u> | <u>\$1,900,812</u> | <u>\$80,220</u> |

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

As of December 31, 2015

Page 2 of 2

| | UNEMPLOYMENT COMPENSATION | EMPLOYEE BENEFITS RESERVE | TOTALS |
|---|--------------------------------------|--|----------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$14,522 | \$77,988 | \$328,336 |
| Investments | 204,644 | 750,884 | 6,739,752 |
| Receivables, net | 0 | 0 | 37,334 |
| Due from other funds | 0 | 0 | 127,860 |
| Due from other governments | 0 | 0 | 4,193 |
| Total current assets: | <u>219,166</u> | <u>828,872</u> | <u>7,237,475</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 | 14,249,366 |
| Construction in progress | 0 | 0 | 224,923 |
| Less: Accumulated depreciation | 0 | 0 | <u>(9,502,245)</u> |
| Net capital assets | <u>0</u> | <u>0</u> | <u>6,600,458</u> |
| Total noncurrent assets | <u>0</u> | <u>0</u> | <u>6,600,458</u> |
| TOTAL ASSETS | <u>219,166</u> | <u>828,872</u> | <u>13,837,933</u> |
| TOTAL DEFERRED OUTFLOWS - Pensions | <u>0</u> | <u>0</u> | <u>70,041</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 0 | 0 | 304,785 |
| Due to other funds | 0 | 0 | 190,157 |
| Due to other governments | 0 | 0 | 581 |
| Accrued wages payable | 0 | 0 | 54,486 |
| Compensated absences | 0 | 15,120 | 60,211 |
| Other current liabilities | 0 | 0 | 58 |
| Total current liabilities: | <u>0</u> | <u>15,120</u> | <u>610,278</u> |
| Noncurrent liabilities | | | |
| Compensated absences | 0 | 0 | 25,332 |
| Pension obligations, net | 0 | 0 | 287,518 |
| Total noncurrent liabilities | <u>0</u> | <u>0</u> | <u>312,850</u> |
| TOTAL LIABILITIES | <u>0</u> | <u>15,120</u> | <u>923,128</u> |
| TOTAL DEFERRED INFLOWS - Pensions | <u>0</u> | <u>0</u> | <u>80,752</u> |
| NET POSITION | | | |
| Net investment in capital assets | 0 | 0 | 6,600,458 |
| Unrestricted | 219,166 | 813,752 | 6,303,636 |
| TOTAL NET POSITION | <u>\$219,166</u> | <u>\$813,752</u> | <u>\$12,904,094</u> |

City of Longview

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

For the year ended December 31, 2015

Page 1 of 2

| | EQUIPMENT RENTAL | INSURANCE RESERVE | OFFICE EQUIPMENT RESERVE | FACILITY MAINTENANCE |
|---|---------------------|----------------------|--------------------------------|-------------------------|
| Operating revenues: | | | | |
| Charges for services | \$2,867,367 | \$1,363,360 | \$1,049,583 | \$580,680 |
| Miscellaneous | 4,193 | 0 | 0 | 0 |
| Total operating revenues | 2,871,560 | 1,363,360 | 1,049,583 | 580,680 |
| Operating expenses: | | | | |
| Cost of sales and services | 1,388,732 | 933,104 | 693,145 | 471,696 |
| Administration | 383,929 | 219,892 | 0 | 101,990 |
| Depreciation | 724,087 | 0 | 128,233 | 0 |
| Total operating expenses | 2,496,748 | 1,152,996 | 821,378 | 573,686 |
| Operating income (loss) | 374,812 | 210,364 | 228,205 | 6,994 |
| Nonoperating revenues (expenses): | | | | |
| Interest revenue | 5,120 | 1,279 | 1,383 | 283 |
| Operating grant revenue | 0 | 4,440 | 0 | 0 |
| Disposition of capital assets | 57,445 | 0 | 0 | 0 |
| Other | 2,539 | 4,904 | 0 | 2,493 |
| Total nonoperating revenues (expenses) | 65,104 | 10,623 | 1,383 | 2,776 |
| Income (loss) before capital contributions, special items and transfers | 439,916 | 220,987 | 229,588 | 9,770 |
| Capital contributions | 5,600 | 0 | 0 | 0 |
| Transfers in | 128,051 | 0 | 33,646 | 0 |
| Changes in net position | 573,567 | 220,987 | 263,234 | 9,770 |
| Beginning net position as previously reported | 8,306,257 | 1,003,494 | 1,637,578 | 170,785 |
| Change in accounting principle (Note 17) | (168,191) | (45,970) | 0 | (100,335) |
| Beginning net position, restated | 8,138,066 | 957,524 | 1,637,578 | 70,450 |
| Net position, December 31 | \$8,711,633 | \$1,178,511 | \$1,900,812 | \$80,220 |

City of Longview

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

For the year ended December 31, 2015

Page 2 of 2

| | UNEMPLOYMENT COMPENSATION | EMPLOYEE BENEFITS RESERVE | TOTALS |
|---|------------------------------|---------------------------------|---------------------|
| Operating revenues: | | | |
| Charges for services | \$0 | \$214,035 | \$6,075,025 |
| Miscellaneous | 0 | 0 | 4,193 |
| Total operating revenues | 0 | 214,035 | 6,079,218 |
| Operating expenses: | | | |
| Cost of sales and services | 5,072 | 35,335 | 3,527,084 |
| Administration | 0 | 0 | 705,811 |
| Depreciation | 0 | 0 | 852,320 |
| Total operating expenses | 5,072 | 35,335 | 5,085,215 |
| Operating income (loss) | (5,072) | 178,700 | 994,003 |
| Nonoperating revenues (expenses): | | | |
| Interest revenue | 314 | 1,039 | 9,418 |
| Operating grant revenue | 0 | 0 | 4,440 |
| Disposition of capital assets | 0 | 0 | 57,445 |
| Other | 0 | 0 | 9,936 |
| Total nonoperating revenues (expenses) | 314 | 1,039 | 81,239 |
| Income (loss) before capital contributions, special items and transfers | (4,758) | 179,739 | 1,075,242 |
| Capital contributions | 0 | 0 | 5,600 |
| Transfers in | 0 | 0 | 161,697 |
| Changes in net position | (4,758) | 179,739 | 1,242,539 |
| Beginning net position as previously reported | 223,924 | 634,013 | 11,976,051 |
| Change in accounting principle (Note 17) | 0 | 0 | (314,496) |
| Beginning net position, restated | 223,924 | 634,013 | 11,661,555 |
| Net position, December 31 | \$219,166 | \$813,752 | \$12,904,094 |

City of Longview

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended December 31, 2015

Page 1 of 4

| | EQUIPMENT RENTAL | INSURANCE RESERVE | OFFICE EQUIPMENT RESERVE | FACILITY MAINTENANCE |
|---|---------------------|----------------------|--------------------------------|-------------------------|
| Cash flows from operating activities: | | | | |
| Cash flows from customers and users | \$234,745 | \$0 | \$15,037 | \$0 |
| Interfund services provided | 2,988,287 | 1,363,360 | 1,034,677 | 580,681 |
| Cash from other sources | 2,539 | 9,343 | 0 | 2,493 |
| Cash paid to suppliers | (1,068,692) | (929,160) | (662,050) | (309,009) |
| Cash paid to employees | (557,445) | (219,551) | 0 | (197,238) |
| Interfund services used | (127,995) | (1,193) | 0 | (67,421) |
| Cash paid for taxes and other penalties | (5,480) | 0 | 0 | (237) |
| Net cash provided (used) by operating activities | 1,465,959 | 222,799 | 387,664 | 9,269 |
| Cash flows from noncapital financing activities: | | | | |
| Cash flows from operating grants | | | | |
| Transfer (in) from other funds | 11,401 | 0 | 33,646 | 0 |
| Net cash provided (used) by noncapital financing activities | 11,401 | 0 | 33,646 | 0 |
| Cash flows from capital and related financing activities: | | | | |
| Proceeds from sale of capital assets | 45,350 | 0 | 0 | 0 |
| Purchase of capital assets | (1,634,778) | 0 | (220,823) | 0 |
| Net cash provided (used) by capital and related financing activities | (1,589,428) | 0 | (220,823) | 0 |
| Cash flows from investing activities: | | | | |
| Proceeds from sale of investments | 790,000 | 550,000 | 60,000 | 0 |
| Purchase of investments | (680,000) | (750,000) | (270,000) | 0 |
| Net cash provided (used) by investing activities | 110,000 | (200,000) | (210,000) | 0 |
| Net cash increase (decrease) | (2,068) | 22,799 | (9,513) | 9,269 |
| Cash, January 1 | 78,102 | 33,172 | 65,214 | 38,851 |
| Cash, December 31 | \$76,034 | \$55,971 | \$55,701 | \$48,120 |

City of Longview

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

For the year ended December 31, 2015

Page 2 of 4

| | EQUIPMENT RENTAL | INSURANCE RESERVE | OFFICE EQUIPMENT RESERVE | FACILITY MAINTENANCE |
|--|-----------------------------|------------------------------|---|---------------------------------|
| Reconciliation of Operating Income to Net Cash Provided By Operating Activities | | | | |
| Operating income (loss) | \$374,812 | \$210,364 | \$228,205 | \$6,994 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 724,087 | 0 | 128,233 | 0 |
| Accrued pension expense | (7,586) | (2,319) | 0 | (6,361) |
| Miscellaneous nonoperating cash activity | 2,539 | 9,343 | 0 | 2,493 |
| (Increase) decrease from: | | | | |
| Accounts & notes receivable | 5,776 | 0 | 0 | 0 |
| Due from other funds | 184,632 | 0 | 0 | (1,360) |
| Due from other governments | (4,193) | 0 | 0 | 0 |
| Increase (decrease) from: | | | | |
| Accounts payable | 39,692 | (1,043) | 31,846 | 7,503 |
| Due to other funds | 138,306 | 0 | 0 | 0 |
| Accrued wages payable | 4,382 | 4,939 | 0 | 0 |
| Compensated absences | 3,567 | 1,457 | 0 | 0 |
| Other current liabilities | (55) | 58 | (620) | 0 |
| Total adjustments | 1,091,147 | 12,435 | 159,459 | 2,275 |
| Net cash provided (used) by operating activities | \$1,465,959 | \$222,799 | \$387,664 | \$9,269 |
| Noncash Investing, Capital and Financing Activities | | | | |
| Acquisition of capital assets on account | 110,862 | 0 | 20,760 | 0 |
| Asset disposition receivables | 32,800 | 0 | 0 | 0 |
| Nonoperating interest income | 5,120 | 1,179 | 1,383 | 283 |

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

For the year ended December 31, 2015

| | UNEMPLOYMENT COMPENSATION | EMPLOYEE BENEFITS RESERVE | TOTAL INTERNAL SERVICE |
|---|------------------------------|---------------------------------|------------------------------|
| Cash flows from operating activities: | | | |
| Cash flows from customers and users | \$0 | \$0 | \$249,782 |
| Interfund services provided | 0 | 214,035 | 6,181,040 |
| Cash from other sources | 0 | 0 | 14,375 |
| Cash paid to suppliers | (5,072) | (42,064) | (3,016,047) |
| Cash paid to employees | 0 | 0 | (974,234) |
| Interfund services used | 0 | 0 | (196,609) |
| Cash paid for taxes and other penalties | 0 | 0 | (5,717) |
| Net cash provided (used) by operating activities | (5,072) | 171,971 | 2,252,590 |
| Cash flows from noncapital financing activities: | | | |
| Transfer (in) from other funds | 0 | 0 | 45,047 |
| Net cash provided (used) by noncapital financing activities | 0 | 0 | 45,047 |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from sale of capital assets | 0 | 0 | 45,350 |
| Purchase of capital assets | 0 | 0 | (1,855,601) |
| Net cash provided (used) by capital and related financing activities | 0 | 0 | (1,810,251) |
| Cash flows from investing activities: | | | |
| Proceeds from sale of investments | 0 | 0 | 1,400,000 |
| Purchase of investments | 0 | (120,000) | (1,820,000) |
| Net cash provided (used) by investing activities | 0 | (120,000) | (420,000) |
| Net cash increase (decrease) | (5,072) | 51,971 | 67,386 |
| Cash, January 1 | 19,594 | 26,017 | 260,950 |
| Cash, December 31 | \$14,522 | \$77,988 | \$328,336 |

City of Longview

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended December 31, 2015

Page 4 of 4

| | UNEMPLOYMENT COMPENSATION | EMPLOYEE BENEFITS RESERVE | TOTAL INTERNAL SERVICE |
|--|------------------------------|---------------------------------|------------------------------|
| Reconciliation of Operating Income to Net Cash Provided By Operating Activities | | | |
| Operating income (loss) | (\$5,072) | \$178,700 | \$994,003 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 0 | 0 | 852,320 |
| Accrued pension expense | 0 | 0 | (16,266) |
| Miscellaneous nonoperating cash activity | 0 | 0 | 14,375 |
| (Increase) decrease from: | | | |
| Accounts & notes receivable | 0 | 0 | 5,776 |
| Due from other funds | 0 | 0 | 183,272 |
| Due from other governments | 0 | 0 | (4,193) |
| Increase (decrease) from: | | | |
| Accounts payable | 0 | 0 | 77,998 |
| Due to other funds | 0 | 0 | 138,306 |
| Accrued wages payable | 0 | 0 | 9,321 |
| Compensated absences | 0 | (6,729) | (1,705) |
| Other current liabilities | 0 | 0 | (617) |
| Total adjustments | 0 | (6,729) | 1,258,587 |
| Net cash provided (used) by operating activities | (\$5,072) | \$171,971 | \$2,252,590 |

Noncash Investing, Capital and Financing Activities

| | | | |
|--|-----|-------|---------|
| Acquisition of capital assets on account | 0 | 0 | 131,622 |
| Asset disposition receivables | 0 | 0 | 32,800 |
| Nonoperating interest income | 314 | 1,039 | 9,318 |

Other Statements and Schedules

City of Longview

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

For the year ended December 31, 2015

| | Balances Forward | Additions | Deductions | Ending Balances |
|--------------------------|-----------------------------|------------------|-------------------|----------------------------|
| <hr/> | | | | |
| STATE AGENCY FUND | | | | |
| Assets | | | | |
| Cash | <u>\$122,732</u> | <u>\$494,011</u> | <u>\$507,588</u> | <u>\$109,155</u> |
| Total assets | <u>\$122,732</u> | <u>\$494,011</u> | <u>\$507,588</u> | <u>\$109,155</u> |
| Liabilities | | | | |
| Due to other governments | <u>\$122,732</u> | <u>\$494,011</u> | <u>\$507,588</u> | <u>\$109,155</u> |
| Total liabilities | <u>\$122,732</u> | <u>\$494,011</u> | <u>\$507,588</u> | <u>\$109,155</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.

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| <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. | 132 - 135 |
| <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. | 136 - 140 |
| <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. | 141 - 145 |
| <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. | 146 - 147 |
| <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. | 148 - 150 |

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>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>2015</u> |
|---|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 10,220 | \$ 15,364 | \$ 25,155 | \$ 26,220 | \$ 25,907 | \$ 27,299 | \$ 28,490 | \$ 29,366 | \$ 33,133 | \$ 40,188 |
| Restricted | 4,794 | 12,594 | 10,456 | 11,438 | 10,289 | 8,077 | 8,699 | 8,858 | 8,184 | 14,059 |
| Unrestricted | <u>23,655</u> | <u>13,978</u> | <u>9,386</u> | <u>9,005</u> | <u>8,981</u> | <u>9,818</u> | <u>10,490</u> | <u>12,380</u> | <u>14,942</u> | <u>4,578</u> |
| Total governmental activities net position | <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> | <u>\$ 58,824</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 36,153 | \$ 37,383 | \$ 37,441 | \$ 41,847 | \$ 50,228 | \$ 56,720 | \$ 56,058 | \$ 49,511 | \$ 35,335 | \$ 51,652 |
| Restricted | 1,720 | 1,828 | 1,911 | 1,914 | 1,916 | 1,915 | 1,965 | 3,070 | 8,211 | 5,435 |
| Unrestricted | <u>10,802</u> | <u>11,321</u> | <u>12,214</u> | <u>12,681</u> | <u>13,609</u> | <u>14,856</u> | <u>18,883</u> | <u>17,277</u> | <u>27,192</u> | <u>14,123</u> |
| Total business-type activities net position | <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> | <u>\$ 71,211</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 46,373 | \$ 52,747 | \$ 62,597 | \$ 68,067 | \$ 76,134 | \$ 84,019 | \$ 84,548 | \$ 78,877 | \$ 68,467 | \$ 91,840 |
| Restricted | 6,514 | 14,422 | 12,367 | 13,352 | 12,205 | 9,992 | 10,664 | 11,928 | 16,395 | 19,494 |
| Unrestricted | <u>34,457</u> | <u>25,299</u> | <u>21,601</u> | <u>21,686</u> | <u>22,590</u> | <u>24,674</u> | <u>29,374</u> | <u>29,657</u> | <u>42,134</u> | <u>18,701</u> |
| Total primary government net position | <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> | <u>\$ 130,035</u> |

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 5,031 | \$ 6,169 | \$ 6,100 | \$ 5,523 | \$ 5,451 | \$ 4,771 | \$ 5,037 | \$ 5,440 | \$ 5,245 | \$ 5,369 |
| Public safety | 13,811 | 14,861 | 17,211 | 16,308 | 16,677 | 18,049 | 19,800 | 18,127 | 18,792 | 18,890 |
| Transportation | 3,694 | 3,734 | 3,840 | 3,813 | 4,110 | 4,220 | 4,312 | 4,111 | 3,906 | 4,289 |
| Economic development | 1,949 | 1,725 | 2,547 | 1,694 | 1,788 | 1,603 | 1,847 | 1,443 | 1,417 | 1,520 |
| Culture and recreation | 5,007 | 5,399 | 5,758 | 5,219 | 5,563 | 5,083 | 5,061 | 4,471 | 4,761 | 4,472 |
| Interest on long-term debt | 575 | 546 | 770 | 756 | 723 | 677 | 631 | 670 | 455 | 430 |
| Total governmental activities expenses | <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> | <u>34,971</u> |
| Business-type activities: | | | | | | | | | | |
| Water-Sewer | 12,053 | 13,711 | 14,271 | 14,205 | 14,888 | 14,705 | 15,799 | 16,820 | 17,459 | 18,149 |
| Sanitation | 4,007 | 4,148 | 4,295 | 4,259 | 4,385 | 4,376 | 4,466 | 4,419 | 4,830 | 4,884 |
| Storm water | 2,023 | 2,454 | 1,396 | 1,594 | 1,631 | 1,552 | 1,724 | 2,240 | 2,545 | 2,638 |
| Public transit | 1,123 | 1,300 | 2,499 | 2,916 | 3,089 | 3,586 | 3,305 | 6,992 | 4,885 | 4,588 |
| Golf/tennis racquet | 681 | 677 | 719 | 735 | 625 | 622 | 636 | 655 | 624 | 689 |
| Total business-type activities expenses | <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> | <u>30,948</u> |
| Total primary government expenses | <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> | <u>\$ 65,918</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 1,133 | \$ 1,368 | \$ 1,355 | \$ 1,788 | \$ 1,933 | \$ 2,105 | \$ 2,465 | \$ 2,469 | \$ 1,900 | \$ 1,957 |
| Public safety | 1,299 | 1,216 | 1,198 | 1,908 | 1,362 | 2,008 | 1,854 | 1,911 | 2,703 | 4,417 |
| Economic development | 2,228 | 1,560 | 1,345 | 1,034 | 720 | 602 | 749 | 561 | 560 | 584 |
| Other charges for services | 713 | 536 | 521 | 480 | 496 | 473 | 544 | 499 | 480 | 498 |
| Operating grants and contributions | 1,913 | 2,650 | 1,926 | 1,799 | 1,943 | 1,881 | 2,724 | 2,067 | 1,899 | 2,052 |
| Capital grants and contributions | 480 | 1,789 | 6,597 | 2,298 | 2,256 | 1,678 | 2,270 | 2,452 | 2,563 | 5,608 |
| Total governmental activities program revenues | <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> | <u>15,115</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water-sewer | 13,299 | 14,639 | 15,429 | 17,448 | 18,547 | 17,721 | 18,115 | 18,345 | 19,016 | 20,362 |
| Sanitation | 4,191 | 4,109 | 4,157 | 4,310 | 4,336 | 4,392 | 4,408 | 4,505 | 4,943 | 5,194 |
| Storm water | 1,122 | 1,293 | 1,356 | 1,499 | 1,624 | 1,889 | 2,115 | 2,469 | 2,963 | 3,390 |
| Other charges for services | 763 | 834 | 902 | 819 | 798 | 732 | 729 | 4,888 | 3,829 | 4,735 |
| Operating grants and contributions | 1,218 | 1,661 | 2,274 | 2,821 | 1,688 | 2,975 | 3,225 | 2,998 | 1,533 | 610 |
| Capital grants and contributions | 1,179 | 1,483 | 260 | 1,628 | 2,770 | 5,229 | 5,788 | 833 | 784 | 462 |
| Total business-type activities program revenues | <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> | <u>34,753</u> |
| Total primary government program revenues | <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> | <u>\$ 49,868</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (22,301) | \$ (23,315) | \$ (23,283) | \$ (24,006) | \$ (25,602) | \$ (25,655) | \$ (26,082) | \$ (24,304) | \$ (24,472) | \$ (19,856) |
| Business-type activities | 1,885 | 1,729 | 1,200 | 4,816 | 5,145 | 8,098 | 8,449 | 2,912 | 2,726 | 3,806 |
| Total primary government net expense | <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> | <u>\$ (16,050)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 7,117 | \$ 7,505 | \$ 7,694 | \$ 8,171 | \$ 8,429 | \$ 8,115 | \$ 8,722 | \$ 8,852 | \$ 8,981 | \$ 9,171 |
| Sales taxes | 7,430 | 8,003 | 7,413 | 6,450 | 6,774 | 6,691 | 6,703 | 7,442 | 7,546 | 7,943 |
| Business taxes | 6,212 | 6,725 | 6,878 | 7,324 | 7,452 | 7,620 | 7,805 | 8,496 | 8,465 | 8,501 |
| Other taxes | 2,243 | 1,978 | 1,696 | 2,251 | 1,795 | 1,657 | 1,530 | 1,412 | 1,575 | 1,672 |
| Unrestricted grants and contributions | 1,385 | 898 | 809 | 512 | 808 | 796 | 920 | 948 | 1,210 | 1,053 |
| Gain on asset dispositions | | | | | | | | | 406 | |
| Investment earnings | 871 | 947 | 729 | 372 | 317 | 290 | 46 | 52 | 41 | 60 |
| Miscellaneous | 711 | 238 | 287 | 143 | 88 | 111 | 14 | 31 | 11 | 36 |
| Transfers | 276 | 353 | 465 | 969 | (1,518) | 390 | 1,036 | (6) | 1,670 | 1,035 |
| Total governmental activities | <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> | <u>29,471</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 582 | 567 | 299 | 92 | 44 | 32 | 49 | 66 | 45 | 66 |
| Transfers | (276) | (353) | (465) | (969) | 1,518 | (390) | (1,036) | 6 | (1,670) | (1,035) |
| Special items/other | | | | | | | (4,047) | (7,778) | | |
| Total business-type activities | <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> | <u>(969)</u> |
| Total primary government | <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>\$ 19,521</u> | <u>\$ 28,281</u> | <u>\$ 28,502</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 3,944 | \$ 3,332 | \$ 2,687 | \$ 2,186 | \$ (1,457) | \$ 16 | \$ 696 | \$ 2,924 | \$ 5,434 | \$ 9,615 |
| Business-type activities | 2,191 | 1,943 | 1,034 | 3,940 | 6,706 | 7,740 | 3,414 | (4,794) | 1,102 | 2,837 |
| Total primary government | <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> | <u>\$ 12,452</u> |

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

| | <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>2015</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 | \$ 10,659,081 |
| Unreserved | \$ 5,635,930 | \$ 6,070,986 | \$ 3,859,753 | \$ 4,425,320 | \$ 5,726,238 | | | | | |
| Total major funds | <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> | <u>\$ 10,659,081</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | | | | | | \$ 5,800,200 | \$ 65,200 | \$ 5,615,200 | \$ 5,485,200 | \$ 5,320,200 |
| Restricted | | | | | | 1,579,074 | 2,176,850 | 2,372,226 | 1,783,908 | 2,011,933 |
| Committed | | | | | | 253,858 | 232,500 | 269,179 | 780,172 | 1,997,136 |
| Assigned | | | | | | 1,144,776 | 6,849,231 | 375,252 | 1,645,597 | 1,887,267 |
| Unassigned | | | | | | (678) | (11,041) | (7,469) | (746,154) | (20,062) |
| Reserved | \$ 913,474 | \$ 7,566,332 | \$ 6,830,624 | \$ 6,695,017 | \$ 6,619,685 | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 4,614,279 | 6,037,750 | 4,852,209 | 4,780,189 | 3,033,436 | | | | | |
| Capital projects funds | 2,056,878 | 2,041,079 | 1,611,047 | 1,722,871 | 1,354,397 | | | | | |
| Permanent funds | 9,428 | 10,461 | 11,029 | 11,145 | 11,200 | | | | | |
| Total all other governmental funds | <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> | <u>\$ 11,196,474</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>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>2015</u> |
|---|---------------------|---------------------|-----------------------|-------------------|-------------------|-----------------------|---------------------|---------------------|-------------------|---------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 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 | \$ 27,300,610 |
| Licenses, fees and permits | 1,019,434 | 1,008,296 | 934,602 | 965,692 | 861,586 | 761,164 | 851,945 | 797,534 | 804,455 | 777,956 |
| Intergovernmental | 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 | 8,872,395 |
| Charges for services | 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 | 3,438,668 |
| Fines and penalties | 514,913 | 659,329 | 669,465 | 667,993 | 702,335 | 1,143,694 | 1,088,764 | 944,836 | 1,628,778 | 2,998,439 |
| Special assessments | 154,602 | 100,207 | 88,658 | 76,676 | 71,251 | 71,157 | 43,888 | 6,789 | 6,461 | 125,232 |
| Investment earnings | 693,976 | 756,507 | 651,793 | 364,464 | 310,425 | 283,187 | 282,564 | 284,574 | 36,358 | 50,205 |
| Space and facilities rentals | 167,821 | 150,223 | 141,013 | 125,868 | 131,100 | 122,482 | 85,040 | 102,141 | 135,180 | 145,812 |
| Contributions from private sources | 1,393,419 | 668,117 | 1,215,922 | 342,497 | 152,604 | 93,841 | 153,713 | 133,665 | 209,332 | 180,838 |
| Other revenues | 41,140 | 50,820 | 63,047 | 31,720 | 51,152 | 32,415 | 78,202 | 92,973 | 145,136 | 88,311 |
| Total revenues | 33,106,220 | 35,491,030 | 38,443,590 | 34,940,704 | 34,671,762 | 33,654,924 | 36,373,303 | 36,781,876 | 37,676,655 | 43,978,466 |
| Expenditures | | | | | | | | | | |
| General government | 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 | 5,379,775 |
| Public safety | 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 | 19,215,659 |
| Transportation | 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 | 3,110,816 |
| Economic environment | 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 | 1,663,331 |
| Culture and recreation | 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 | 4,450,827 |
| Capital outlay | 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 | 7,116,851 |
| Debt service | | | | | | | | | | |
| Principal | 657,463 | 678,469 | 713,477 | 783,413 | 878,952 | 752,830 | 739,780 | 768,905 | 1,027,389 | 1,002,972 |
| Interest | 565,400 | 570,476 | 760,828 | 755,907 | 724,970 | 662,925 | 630,513 | 670,019 | 455,425 | 430,226 |
| Total expenditures | 31,350,821 | 34,194,849 | 43,648,724 | 34,930,038 | 33,666,700 | 35,090,943 | 36,826,329 | 37,780,040 | 38,201,416 | 42,370,457 |
| Excess of revenues over (under) expenditures | 1,755,399 | 1,296,181 | (5,205,134) | 10,666 | 1,005,062 | (1,436,019) | (453,026) | (998,164) | (524,761) | 1,608,009 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from borrowing | | 6,761,594 | 160,000 | | | | | 3,560,000 | | |
| Proceeds from sale of capital assets | 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 | 1,346,036 | 1,521,894 | 1,920,105 | 1,113,831 | 669,793 | 659,293 | 1,514,594 | 290,813 | 1,737,386 | 460,845 |
| Transfers out | (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) | (582,695) |
| Proceeds from refunding bonds | | 1,333,406 | | | 7,368,396 | | | | | |
| Refunding bond proceeds to escrow agent | | (1,333,406) | | | (7,291,153) | | | | | |
| Total other financing sources (uses) | 962,623 | 7,254,848 | 643,189 | 459,213 | (852,249) | (266,207) | (459,811) | 3,532,691 | 715,902 | (121,850) |
| Net change in fund balances | \$ 2,718,022 | \$ 8,551,029 | \$ (4,561,944) | \$ 469,879 | \$ 152,813 | \$ (1,702,226) | \$ (912,837) | \$ 2,534,527 | \$ 191,141 | \$ 1,486,159 |
| Debt service as a percentage of noncapital expenditures | 4.2% | 4.0% | 4.3% | 4.9% | 5.0% | 4.3% | 3.9% | 4.4% | 4.4% | 4.1% |

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

| Fiscal Year Ended Dec 31, | Tax-Exempt Property (1) | Commercial Property (1) | Industrial Property (1) | Residential Property (1) | Total Taxable Assessed Value (1) | Total Direct Tax Rate (1) | Estimated Actual Taxable Value (2) | Assessed Value as a Percentage of Actual Value (2) |
|----------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|---|----------------------------------|---|---|
| 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% |
| 2015 | 638,164,209 | 908,767,953 | 276,925,230 | 1,449,180,556 | 2,634,873,739 | 3.43 | 2,812,031,739 | 93.7% |

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>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> | 2015 | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|-----------------|--------------------------|
| | | | | | | | | | | <u>Taxable Base</u> | <u>Tax Rate</u> | <u>Sales Tax Revenue</u> |
| Retail trade | \$ 4,292,774 | \$ 4,467,732 | \$ 4,207,261 | \$ 3,480,769 | \$ 3,671,750 | \$ 3,579,162 | \$ 3,702,626 | \$ 3,967,688 | \$ 3,960,673 | \$ 308,723,472 | 1.5% | \$ 4,630,852 |
| Construction | 827,854 | 1,060,712 | 633,331 | 554,523 | 607,543 | 631,210 | 571,090 | 679,533 | 584,567 | 38,885,699 | 1.5% | 583,285 |
| Accommodation and food services | 581,133 | 593,000 | 611,112 | 588,944 | 580,343 | 578,474 | 590,014 | 603,915 | 591,997 | 45,462,449 | 1.5% | 681,937 |
| Wholesale trade | 509,161 | 570,340 | 599,731 | 474,728 | 510,571 | 446,767 | 438,829 | 473,279 | 438,129 | 34,281,147 | 1.5% | 514,217 |
| Other services | 229,787 | 212,235 | 203,669 | 190,143 | 182,995 | 189,148 | 190,061 | 195,892 | 190,339 | 13,858,896 | 1.5% | 207,883 |
| Real estate | 183,009 | 190,850 | 169,384 | 142,389 | 133,110 | 120,098 | 107,835 | 111,581 | 119,964 | 9,214,589 | 1.5% | 138,219 |
| Manufacturing | 118,256 | 139,059 | 168,389 | 129,964 | 124,568 | 136,067 | 129,382 | 189,169 | 111,810 | 9,817,320 | 1.5% | 147,260 |
| Information and finance | 187,491 | 130,621 | 136,685 | 296,281 | 301,011 | 324,796 | 298,710 | 307,709 | 332,727 | 23,541,278 | 1.5% | 353,119 |
| Professional services | 119,252 | 109,333 | 116,019 | 80,899 | 82,106 | 90,572 | 94,808 | 88,580 | 82,782 | 5,526,816 | 1.5% | 82,902 |
| Administration | 74,879 | 84,142 | 92,662 | 124,352 | 92,473 | 83,170 | 133,866 | 66,663 | 79,171 | 5,119,082 | 1.5% | 76,786 |
| Healthcare | 46,484 | 48,497 | 48,697 | 38,917 | 38,293 | 46,296 | 63,102 | 48,159 | 28,085 | 2,169,761 | 1.5% | 32,546 |
| Arts and entertainment | 48,547 | 46,663 | 40,509 | 43,782 | 46,201 | 44,417 | 47,293 | 50,490 | 47,058 | 3,563,808 | 1.5% | 53,457 |
| Tourism | 34,139 | 37,511 | 44,781 | 35,194 | 36,326 | 33,398 | 38,469 | 36,391 | 39,024 | 2,078,382 | 2.0% | 41,568 |
| Education | 31,837 | 29,539 | 35,916 | 35,142 | 34,110 | 36,810 | 28,961 | 27,714 | 29,321 | 2,166,768 | 1.5% | 32,502 |
| Utilities | 10,821 | 24,434 | 22,503 | 14,769 | 27,165 | 13,347 | 23,776 | 18,707 | 18,202 | 923,760 | 1.5% | 13,856 |
| Transportation | (27,078) | 20,165 | 17,591 | 20,462 | 40,631 | 39,094 | 25,986 | 20,650 | 40,859 | 1,331,067 | 1.5% | 19,966 |
| Other miscellaneous | 3,966 | 13,437 | 198,915 | 151,713 | 176,062 | 175,539 | 160,434 | 215,657 | 196,028 | 14,527,671 | 1.5% | 217,915 |
| Unknown ** | 157,384 | 224,478 | 20,638 | 12,054 | 52,901 | 101,619 | 19,161 | 16,220 | 32,131 | 1,151,815 | 1.5% | 17,277 |
| | \$ 7,429,695 | \$ 8,002,749 | \$ 7,367,792 | \$ 6,415,025 | \$ 6,738,159 | \$ 6,669,987 | \$ 6,664,400 | \$ 7,117,998 | \$ 6,922,866 | \$ 522,343,778 | | \$ 7,845,549 |

* 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> | |
| 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 |
| 2015 | 3.43 | 4.87 | 2.28 | 2.14 | 0.45 | 13.17 |

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**

| Taxpayer | 2015 | | | 2006 | | |
|--------------------------------------|-----------------------------------|-------------|--|-----------------------------------|-------------|--|
| | Taxable Assessed Value (1) | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value (1) | Rank | Percentage of Total City Taxable Assessed Value |
| Puget Sound Energy | \$ 125,923,602 | 1 | 4.78% | | | |
| Solvay Interlox America | 36,764,070 | 2 | 1.40% | \$ 48,517,750 | 1 | 2.53% |
| Wal-Mart Stores Inc | 35,355,250 | 3 | 1.34% | | | |
| MB Longview Triangle LLC | 28,138,220 | 4 | 1.07% | 15,876,500 | 3 | 0.83% |
| Interfor US Inc | 22,298,670 | 5 | 0.85% | | | |
| Fibre Federal Credit Union | 17,057,990 | 6 | 0.65% | | | |
| Bond Properties | 16,399,110 | 7 | 0.62% | 11,949,180 | 8 | 0.62% |
| Metropolitan Life Insurance Company | 16,221,920 | 8 | 0.62% | 12,585,000 | 7 | 0.66% |
| NHP Canterbury LLC | 15,469,890 | 9 | 0.59% | | | |
| JH Kelly | 14,393,540 | 10 | 0.55% | | | |
| Mint Farm Energy Center LLC | | | | 25,200,000 | 2 | 1.31% |
| Toyocom Devices of America Inc | | | | 15,063,840 | 4 | 0.78% |
| Weyerhaeuser Real Estate Development | | | | 13,765,400 | 5 | 0.72% |
| QWest Corporation | | | | 12,951,998 | 6 | 0.67% |
| Emmett Koelsch et al | | | | 11,423,540 | 9 | 0.60% |
| Caffall Brothers Forest Products | | | | 11,099,540 | 10 | 0.58% |
| | <u>\$ 328,022,262</u> | | <u>12.45%</u> | <u>\$ 178,432,748</u> | | <u>9.30%</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**

| Fiscal Year Ended Dec 31, | Taxes Levied for the Fiscal Year (1) | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--|---|---|-------------------------------|--|----------------------------------|-------------------------------|
| | | Amount (2) | Percentage of Levy | | Amount | Percentage of Levy |
| 2006 | \$ 6,910,177 | \$ 6,695,098 | 96.9% | \$ 214,592 | \$ 6,909,690 | 100.0% |
| 2007 | 7,188,339 | 6,995,907 | 97.3% | 192,432 | 7,188,339 | 100.0% |
| 2008 | 7,472,453 | 7,227,121 | 96.7% | 244,412 | 7,471,533 | 100.0% |
| 2009 | 7,906,394 | 7,563,467 | 95.7% | 339,693 | 7,903,160 | 100.0% |
| 2010 | 8,134,755 | 7,825,346 | 96.2% | 304,810 | 8,130,156 | 99.9% |
| 2011 | 8,284,505 | 7,893,582 | 95.3% | 384,974 | 8,278,556 | 99.9% |
| 2012 | 8,419,453 | 8,159,460 | 96.9% | 247,525 | 8,406,985 | 99.9% |
| 2013 | 8,533,948 | 8,281,157 | 97.0% | 189,250 | 8,470,407 | 99.3% |
| 2014 | 8,671,020 | 8,421,687 | 97.1% | 141,732 | 8,563,419 | 98.8% |
| 2015 | 8,846,766 | 8,629,103 | 97.5% | N/A | 8,629,103 | 97.5% |

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 | | | | | |
| 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 | 1,337.51 | 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% |
| 2015 | 9,947,136 | - | 450,364 | - | 70,400 | 9,842,228 | 33,816,512 | 54,126,640 | 37,130 | 1,457.76 | 38,135 | 3.8% |

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**

| Fiscal Year | General Obligation Bonds Outstanding | Estimated Actual Taxable Value of Property (1) | Percentage of Estimated Actual Value of Property | Population (2) | Per Capita Debt |
|--------------------|---|---|---|-----------------------|------------------------|
| 2006 | \$ 9,912,254 | \$ 2,255,576,120 | 0.439% | 35,570 | \$ 278.67 |
| 2007 | 16,575,000 | 2,739,307,162 | 0.605% | 35,710 | 464.16 |
| 2008 | 16,080,000 | 3,688,070,382 | 0.436% | 35,880 | 448.16 |
| 2009 | 15,585,000 | 3,356,438,412 | 0.464% | 36,010 | 432.80 |
| 2010 | 15,025,000 | 3,111,173,787 | 0.483% | 36,648 | 409.98 |
| 2011 | 14,515,000 | 3,017,507,642 | 0.481% | 36,730 | 395.18 |
| 2012 | 14,013,213 | 2,714,329,458 | 0.516% | 36,910 | 379.66 |
| 2013 | 16,977,674 | 2,703,006,187 | 0.628% | 36,940 | 459.60 |
| 2014 | 16,162,604 | 2,686,463,929 | 0.602% | 37,040 | 436.36 |
| 2015 | 15,307,536 | 2,812,031,739 | 0.544% | 37,130 | 412.27 |

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, 2015

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Cowlitz County | \$ 43,862,798 | 27.0% | \$ 11,827,601 |
| Port of Longview | 11,250,000 | 35.7% | 4,011,006 |
| Longview School District | 28,134,698 | 56.7% | 15,965,343 |
| Other debt | | | <u>-</u> |
| Subtotal, overlapping debt | | | <u>31,803,950</u> |
| City direct debt | | | |
| General obligation bonds - general government only | | | 15,237,136 |
| Special assessment bonds | | | 2,000 |
| Intergovernmental loans | | | 450,364 |
| Subtotal, City direct debt | | | <u>15,689,500</u> |
| Total direct and overlapping debt | | | <u>\$ 47,493,450</u> |

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 2015

| | |
|---|----------------------|
| Assessed value (Assessed in 2015 for 2016) | \$ 2,634,873,739 |
| Debt limit (1.5% of assessed value) | 39,523,106 |
| Debt applicable to limit: | |
| General obligation debt | 15,687,500 |
| Less: Amount available for repayment of general obligation debt | - |
| Total net debt applicable to limit | <u>15,687,500</u> |
| Legal debt margin | <u>\$ 23,835,606</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>2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limit | \$ 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 | \$ 39,523,106 |
| Total net debt applicable to limit | <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> | <u>15,687,500</u> |
| Legal debt margin | <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> | <u>\$ 23,835,606</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 34.5% | 45.0% | 40.5% | 40.3% | 7.0% | 6.5% | 39.9% | 46.8% | 43.1% | 39.7% |

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

| Fiscal Year | Water-Sewer Revenue Bonds | | | | | Special Assessment Bonds | | |
|--------------------|----------------------------------|---------------------------|------------------------------|---------------------------|-----------------|---------------------------------------|---------------------------|-----------------|
| | Utility Net Revenue | Less: Net Expenses | Net Available Revenue | Total Debt Service | Coverage | Special Assessment Collections | Total Debt Service | Coverage |
| 2006 | \$ 13,016,106 | \$ 8,280,330 | \$ 4,879,776 | \$ 1,099,675 | 4.44 | \$ 152,217 | \$ 150,910 | 1.01 |
| 2007 | 14,648,298 | 9,790,266 | 4,858,032 | 1,121,195 | 4.33 | 131,424 | 163,186 | 0.81 |
| 2008 | 14,653,037 | 10,286,461 | 4,366,576 | 1,151,853 | 3.79 | 91,949 | 58,029 | 1.58 |
| 2009 | 16,359,956 | 10,171,841 | 6,188,115 | 1,105,000 | 5.60 | 72,520 | 111,950 | 0.65 |
| 2010 | 17,643,437 | 10,677,817 | 6,965,620 | 1,080,000 | 6.45 | 66,337 | 59,519 | 1.11 |
| 2011 | 17,902,271 | 11,430,192 | 6,472,079 | 1,055,000 | 6.13 | 68,647 | 62,163 | 1.10 |
| 2012 | 18,722,089 | 12,533,494 | 6,188,595 | - | N/A | 58,650 | 19,550 | 3.00 |
| 2013 | 18,494,991 | 12,774,555 | 5,720,436 | - | N/A | 6,789 | 10,788 | 0.63 |
| 2014 | 22,239,387 | 16,095,481 | 6,143,906 | 730,700 | 8.41 | 6,462 | 5,413 | 1.19 |
| 2015 | 24,087,903 | 16,744,256 | 7,343,647 | 733,555 | 10.01 | 1,005 | 4,225 | 0.24 |

**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> |
|-------------|-----------------------|----------------------------------|---|----------------------------------|
| 2006 | 35,570 | \$ 935,491,000 | \$ 26,300 | 6.5% |
| 2007 | 35,710 | 956,349,510 | 26,781 | 6.3% |
| 2008 | 35,880 | 1,007,366,880 | 28,076 | 8.2% |
| 2009 | 36,010 | 1,069,605,030 | 29,703 | 13.4% |
| 2010 | 36,648 | 1,135,428,336 | 30,982 | 13.0% |
| 2011 | 36,730 | 1,161,769,900 | 31,630 | 12.0% |
| 2012 | 36,910 | 1,203,524,370 | 32,607 | 10.9% |
| 2013 | 36,940 | 1,287,986,980 | 34,867 | 10.1% |
| 2014 | 37,040 | 1,333,514,080 | 36,002 | 8.4% |
| 2015 | 37,130 | 1,415,952,550 | 38,135 | 7.6% |

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>2015</u> | | | <u>2006</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> |
| Weyerhaeuser | 2,500 | 1 | 6.1% | 1,850 | 1 | 4.5% |
| St John's Medical Center/Peace Health | 1,919 | 2 | 4.7% | 1,500 | 3 | 3.6% |
| Kapstone Paper & Packaging / Longview Fibre | 1,140 | 3 | 2.8% | 1,743 | 2 | 4.2% |
| JH Kelly | 787 | 4 | 1.9% | 500 | 8 | 1.2% |
| Wal-Mart | 750 | 5 | 1.8% | | | |
| Longview School District | 735 | 6 | 1.8% | 925 | 4 | 2.2% |
| Foster Farms | 687 | 7 | 1.7% | 700 | 6 | 1.7% |
| Kelso School District | 637 | 8 | 1.6% | 850 | 5 | 2.1% |
| Cowlitz County | 519 | 9 | 1.3% | 570 | 7 | 1.4% |
| Safeway Grocery | 328 | 10 | 0.8% | 475 | 9 | 1.2% |
| NORPAC | | | | 450 | 10 | 1.1% |
| Total | <u>10,002</u> | | <u>24.4%</u> | <u>9,563</u> | | <u>23.2%</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>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>2015</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | | | | | | | | | | |
| Executive/Legal | 6 | 7 | 7 | 8 | 8 | 8 | 8 | 8 | 7 | 7 |
| Finance | 12 | 14 | 14 | 15 | 15 | 13 | 12 | 13 | 13 | 12 |
| Human Resources | 4 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 |
| Information Technology | 11 | 12 | 12 | 11 | 12 | 11 | 11 | 9 | 12 | 12 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Uniform | 53 | 56 | 55 | 54 | 55 | 55 | 55 | 57 | 55 | 57 |
| Civilian | 13 | 13 | 15 | 16 | 14 | 13 | 13 | 10 | 12 | 12 |
| Fire | | | | | | | | | | |
| Uniform | 42 | 43 | 43 | 45 | 44 | 45 | 49 | 47 | 47 | 47 |
| Civilian | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Transportation | | | | | | | | | | |
| Engineering | 9 | 9 | 9 | 12 | 12 | 12 | 12 | 11 | 13 | 13 |
| Traffic | 7 | 7 | 6 | 5 | 5 | 5 | 5 | 6 | 6 | 6 |
| Street Maintenance | 10 | 8 | 8 | 14 | 14 | 13 | 13 | 13 | 6 | 6 |
| Economic Environment | | | | | | | | | | |
| Planning & Building | 9 | 9 | 9 | 11 | 9 | 9 | 9 | 9 | 9 | 9 |
| Urban Development | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Culture and Recreation | | | | | | | | | | |
| Library | 20 | 20 | 20 | 19 | 19 | 18 | 17 | 17 | 17 | 17 |
| Recreation | 8 | 8 | 8 | 8 | 6 | 6 | 6 | 7 | 7 | 7 |
| Parks | 20 | 19 | 20 | 19 | 18 | 16 | 15 | 15 | 15 | 15 |
| Water | 16 | 18 | 18 | 12 | 14 | 14 | 14 | 16 | 16 | 16 |
| Sewer | 12 | 13 | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 |
| Sanitation | 2 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 3 |
| Storm Water | 6 | 10 | 9 | 2 | 2 | 2 | 2 | 2 | 11 | 11 |
| Public Transit | 13 | 13 | 13 | 11 | 12 | 12 | 15 | 23 | 23 | 23 |
| Golf | 4 | 4 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Equipment Rental | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 |
| Building Maintenance | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| TOTAL | 290 | 306 | 300 | 297 | 296 | 288 | 292 | 298 | 303 | 305 |

Source: City Human Resources Office

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

| Function/Program | Fiscal Year | | | | | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Police | | | | | | | | | | |
| Calls for service | 36,818 | 34,120 | 31,011 | 30,688 | 32,674 | 33,616 | 36,002 | 38,829 | 48,614 | 47,236 |
| Adult arrests | 4,318 | 6,331 | 5,592 | 5,253 | 5,451 | 4,952 | 3,180 | 3,197 | 3,174 | 2,832 |
| Juvenile arrests | 427 | 519 | 447 | 372 | 330 | 398 | 494 | 263 | 252 | 203 |
| Parking violations | 2,851 | 2,486 | 1,668 | 2,216 | 1,893 | 1,928 | 1,497 | 573 | 1,158 | 1,088 |
| Traffic violations | 8,754 | 8,726 | 5,292 | 6,604 | 6,606 | 4,677 | 6,862 | 5,297 | 4,222 | 4,442 |
| Fire | | | | | | | | | | |
| Fire responses | 1,374 | 922 | 1,142 | 753 | 812 | 932 | 1,036 | 1,146 | 811 | 1,311 |
| Medical aid responses | 4,096 | 4,416 | 4,376 | 4,252 | 3,198 | 3,903 | 3,812 | 3,198 | 3,545 | 3,249 |
| Fires extinguished | 315 | 226 | 231 | 234 | 177 | 228 | 196 | 156 | 145 | 180 |
| Inspections | 1,093 | 1,160 | 1,263 | 883 | 1,300 | 635 | 1,433 | 1,136 | 1,225 | 1,054 |
| Refuse Collection | | | | | | | | | | |
| Refuse collected (tons per day) | 81 | 79 | 75 | 70 | 73 | 70 | 70 | 68 | 73 | 73 |
| Recyclables collected (tons per day) | 6 | 7 | 6 | 6 | 7 | 6 | 6 | 6 | 7 | 7 |
| Other public works | | | | | | | | | | |
| Street resurfacing (miles) | 3 | 6 | 1 | 3 | 4 | 3 | 5 | 4 | 6 | 10 |
| Tons of pothole mix used | 23 | 12 | 6 | 15 | 10 | 15 | 32 | 22 | 26 | 26 |
| Parks and recreation | | | | | | | | | | |
| Athletic field permits issued | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 4 |
| Library | | | | | | | | | | |
| Volumes in collection | 203,819 | 182,195 | 178,717 | 178,188 | 179,688 | 180,640 | 178,805 | 185,065 | 189,610 | 185,665 |
| Total volumes borrowed | 451,979 | 458,370 | 555,220 | 547,269 | 527,438 | 465,900 | 434,380 | 405,340 | 396,850 | 380,028 |
| Water | | | | | | | | | | |
| New connections | 108 | 88 | 51 | 26 | 24 | 19 | 21 | 18 | 20 | 5 |
| Water mains breaks | 12 | 27 | 24 | 26 | 28 | 18 | 13 | 31 | 54 | 27 |
| Average daily consumption (millions of gallons) | 6 | 5 | 5 | 4 | 4 | 4 | 5 | 5 | 6 | 6 |
| Peak daily consumption (millions of gallons) | 10 | 9 | 10 | 11 | 9 | 6 | 7 | 9 | 10 | 10 |
| Wastewater | | | | | | | | | | |
| Average daily treatment (millions of gallons) | 7 | 6 | 5 | 5 | 6 | 6 | 6 | 6 | 5 | 5 |
| Transit | | | | | | | | | | |
| Fixed route miles | 215,320 | 214,683 | 214,739 | 215,362 | 218,708 | 226,851 | 220,477 | 289,224 | 347,477 | 350,531 |
| Paratransit miles | 156,545 | 154,053 | 158,692 | 168,578 | 195,333 | 200,131 | 196,920 | 194,702 | 185,683 | 183,920 |
| Fixed route passenger trips | 330,354 | 341,028 | 361,526 | 444,789 | 395,778 | 388,070 | 378,361 | 359,742 | 392,741 | 428,238 |
| Paratransit passenger trips | 46,044 | 44,174 | 46,895 | 49,603 | 55,858 | 63,562 | 62,066 | 59,381 | 59,022 | 56,756 |

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

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

| Function/Program | Fiscal Year | | | | | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Satellite offices | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| K-9 units | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 1 | 1 | 2 |
| Patrol units | 15 | 17 | 15 | 15 | 15 | 15 | 12 | 12 | 15 | 16 |
| Fire Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Other public works | | | | | | | | | | |
| Streets (miles) | 138 | 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 | 2,594 |
| Traffic signals | 74 | 74 | 74 | 74 | 74 | 74 | 74 | 75 | 75 | 75 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 436 | 436 | 442 | 442 | 442 | 442 | 442 | 442 | 442 | 442 |
| Playgrounds | 16 | 16 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Baseball/softball diamonds | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 16 |
| Soccer/football fields | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 7 |
| Water | | | | | | | | | | |
| Water mains (miles) | 195 | 205 | 205 | 212 | 213 | 213 | 214 | 214 | 214 | 214 |
| Fire hydrants | 1,250 | 1,132 | 1,132 | 1,138 | 1,140 | 1,142 | 1,171 | 1,171 | 1,171 | 1,175 |
| Average daily consumption (millions of gallons) | 6 | 5 | 5 | 4 | 4 | 4 | 5 | 5 | 6 | 6 |
| Storage capacity (millions of gallons) | 18 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 18 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 155 | 156 | 156 | 156 | 157 | 157 | 160 | 161 | 161 | 161 |
| Average daily treatment (millions of gallons) | 7 | 6 | 5 | 5 | 6 | 6 | 6 | 6 | 5 | 5 |
| Treatment capacity (millions of gallons / day) | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 |
| Stormwater | | | | | | | | | | |
| Storm drain pipes (miles) | 94 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 |
| Transit | | | | | | | | | | |
| Fixed route buses | 7 | 7 | 7 | 8 | 8 | 9 | 9 | 14 | 15 | 15 |
| Paratransit mini-buses | 9 | 12 | 10 | 11 | 14 | 14 | 14 | 16 | 18 | 19 |

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