

The City of Longview, Washington

Comprehensive Annual Financial Report

for the year ended December 31, 2013



Prepared by the Department of Finance

INTRODUCTORY SECTION

The City of Longview, Washington

Comprehensive Annual Financial Report

for the year ended December 31, 2013



Prepared by Department of Finance

City of Longview
TABLE OF CONTENTS
 For the Year Ended December 31, 2013

I. INTRODUCTORY SECTION

Title page.....	3
Table of contents.....	4
List of City Officials.....	6
Organization Chart.....	7
Achievement Certificate.....	8
Transmittal letter.....	9

II. FINANCIAL SECTION

Auditor's Opinion.....	19
Management's Discussion & Analysis.....	22
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position.....	39
Statement of Activities.....	40
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	41
Reconciliation of Governmental Fund Balances to Net Position for Governmental Activities....	42
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds.....	43
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	44
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual-Major Governmental Funds.....	45
Statement of Net Position - Proprietary Funds.....	46
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds....	48
Statement of Cash Flows - Proprietary Funds.....	50
Statement of Fiduciary Net Position - Fiduciary Funds.....	54
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	55
Notes to the Financial Statements.....	56
<u>Nonmajor Governmental Funds</u>	
Combining Balance Sheet-Nonmajor Governmental Funds.....	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds.....	96
Description of Nonmajor Special Revenue Funds.....	97
Combining Balance Sheet-Nonmajor Special Revenue Funds.....	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Special Revenue Funds.....	100
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-Nonmajor Special Revenue Funds.....	102
Description of Nonmajor Capital Projects Funds.....	110
Combining Balance Sheet-Nonmajor Capital Projects Funds.....	111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Capital Projects Funds.....	112
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-Nonmajor Capital Projects Funds.....	113

City of Longview
TABLE OF CONTENTS
 For the Year Ended December 31, 2013

II. FINANCIAL SECTION (Cont.)

Nonmajor Governmental Funds (Cont.)

Description of Nonmajor Debt Service Funds.....	116
Combining Balance Sheet-Nonmajor Debt Service Funds.....	117
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Debt Service Funds.....	118
Description of Nonmajor Permanent Funds.....	119
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual-Library Memorial Trust Permanent Fund.....	120

Nonmajor Enterprise Funds

Description of Nonmajor Enterprise Funds.....	123
Combining Statement of Net Position-Nonmajor Enterprise Funds.....	124
Combining Statement of Revenues, Expenses and Changes in Fund Net Position- Nonmajor Enterprise Funds.....	125
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.....	126

Internal Service Funds

Description of Internal Service Funds.....	131
Combining Statement of Net Position- Internal Service Funds.....	132
Combining Statement of Revenues, Expenses and Changes in Fund Net Position- Internal Service Funds.....	134
Combining Statement of Cash Flows - Internal Service Funds.....	136

Other Statements and Schedules

Statement of Changes in Assets and Liabilities - State Agency Fund.....	143
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III. STATISTICAL SECTION

Description of Statistical Section.....	147
Net Position By Component-Last Ten Fiscal Years.....	148
Changes in NetPosition-Last Ten Fiscal Years.....	149
Fund Balances, Governmental Funds-Last Ten Fiscal Years.....	150
Changes in Fund Balances, Governmental Funds-Last Ten Fiscal Years.....	151
Assessed Value and Estimated Actual Value of Taxable Property-Last Ten Fiscal Years.....	152
Revenue Information on Value of Taxable Sales-Last Ten Fiscal Years.....	153
Direct and Overlapping Property Tax Rates.....	154
Principal Property Tax Payers-Current Year and Nine Years Ago.....	155
Property Tax Levies and Collections-Last Ten Fiscal Years.....	156
Ratios of Outstanding Debt by Type-Last Ten Fiscal Years.....	157
Ratios of General Bonded Debt Outstanding-Last Ten Fiscal Years.....	158
Direct and Overlapping Governmental Activities Debt.....	159
Legal Debt Margin Information-Last Ten Fiscal Years.....	160
Pledged-Revenue Coverage-Last Ten Fiscal Years.....	161
Demographic and Economic Statistics-Last Ten Fiscal Years.....	162
Cowlitz County Principal Employers-Current Year and Nine Years Ago.....	163
Full-Time Equivalent Government Employees by Function/Program-Last Ten Fiscal Years.....	164
Operating Indicators by Function/Program-Last Ten Fiscal Years.....	165
Capital Asset Statistics by Function/Program-Last Ten Fiscal Years.....	166



LIST OF CITY OFFICIALS

ELECTIVE

Councilmembers

Don Jensen, Mayor
Mary Jane Melink, MPT
Steve Moon
Ken Botero
Mike Wallin
Tom Hutchinson
Chet Makinster

Expiration of Term

January 2016
January 2017
January 2017
January 2016
January 2016
January 2016
January 2017

Municipal Court Judge

Ed Putka
David Koss, Alternate
Ron Marshall, Alternate

Expiration of Term

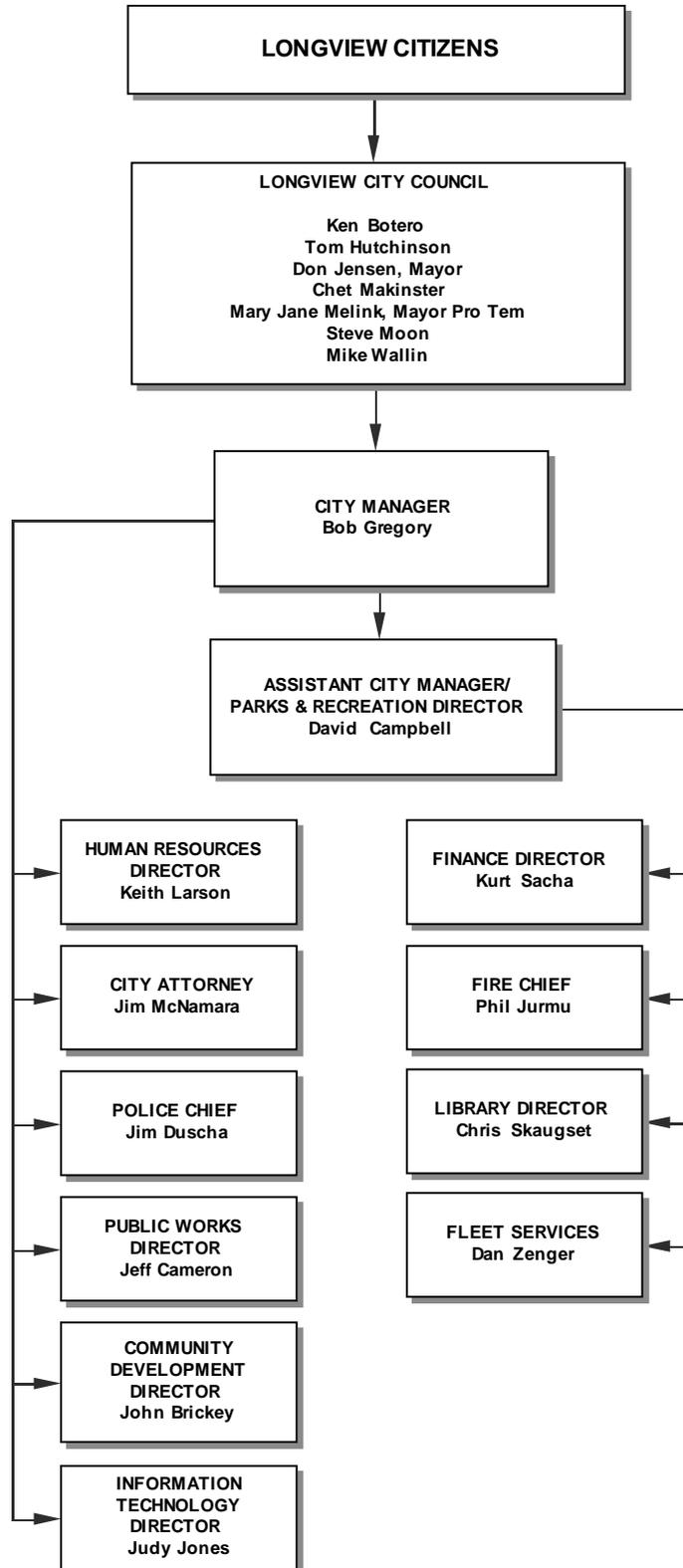
December 31, 2014
December 31, 2014
December 31, 2014

APPOINTIVE

City Manager
Asst. City Mgr/Dir. Parks & Rec
City Attorney
Police Chief
Fire Chief
Director of Public Works
City Engineer
Director of Finance
Director of Community Development
Library Director
Information Technology Director
Human Resources Director

Bob Gregory, P.E.
Dave Campbell
James McNamara
Jim Duscha
Phil Jurmu
Jeff Cameron
Craig Bozarth
Kurt H. Sacha
John Brickey
Chris Skaugset
Judy Jones
Keith Larson

2013 Organization Chart for the City of Longview





Government Finance Officers Association

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**City of Longview
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO



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

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

July 23, 2014

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, 2013 to December 31, 2013 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, 2013 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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

Profile of the Government

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

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

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

The City of Longview provides a full range of municipal services to its citizens. We provide: police, fire, parks and recreation, street maintenance, planning and zoning, code enforcement, information technology, nuisance abatement, library, engineering, water, sewer, storm water and sanitary services and city administration. Waste water treatment is supplied to a majority of the City's residents by a regional sewage treatment plant operated under the provisions of an interlocal agreement which includes the cities of Longview and Kelso, the Beacon Hill 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 June 19, 2013, information suggests that economic activity in the United States has continued to expand at a moderate pace. Labor market conditions have shown significant improvement in recent months. The January 2014 unemployment rate stood at 6.6%. The unemployment rate has declined 1½ percentage points since August 2012, the month before the Federal Open Market Committee (FOMC) began its current asset purchase program. Consumer price inflation remained low. The price index for personal consumption expenditures rose at an annual rate of only 1 percent in the second half of last year, noticeably below the FOMC's longer-run objective of 2 percent.

Economic growth picked up in the second half of 2013. Real gross domestic product is estimated to have increased at an annual rate of 3¾ percent, up from 1¾ percent gain in the first half. Fiscal policy likely began to impose somewhat less restraint on the pace of expansion in the latter part of the year. Moreover, financial markets remained supportive of economic growth- as household net worth rose further, credit became more readily available, and interest rates remained relatively low. As a result, growth in consumer spending, business investment, and exports all increased in the second half of last year.

On the whole, the U.S. financial system continued to strengthen. Capital and liquidity profiles at large bank holding companies improved further. With the economic recovery continuing, most FOMC Committee members judged by the time of the December 2013 FOMC meeting that they had seen meaningful, sustainable improvement in economic and labor market conditions since the beginning of the current asset purchase program even while recognizing that the unemployment rate remained elevated and inflation was running below the Committee's 2 percent longer-run objective.

Accordingly, the FOMC concluded that a highly accommodative policy stance remained appropriate, but that in light of the cumulative progress toward maximum employment and the improvement in the outlook for labor market conditions, the Committee could begin to trim the pace of its asset purchases. At its January 2014 meeting, the Committee further reduced the pace of its asset purchases by an additional \$10 billion per month, to \$65 billion.

To support continued progress toward maximum employment and price stability, the Committee expects that a highly accommodative stance of monetary policy will remain appropriate for a considerable time after the asset purchase program ends and the economic recovery strengthens. To emphasize its commitment to provide a high level of monetary accommodation for as long as needed to support continued progress toward maximum employment and price stability the Committee enhanced its forward guidance regarding the federal funds rate.

In particular, the Committee indicated its intention to maintain the current low target range for the federal funds rate at least as long as the unemployment rate remained above 6½ percent, inflation between one and two years ahead was projected to be no more than a half percentage point above the Committee’s 2 percent longer-run goal, and longer-term inflation expectations continued to be well anchored.

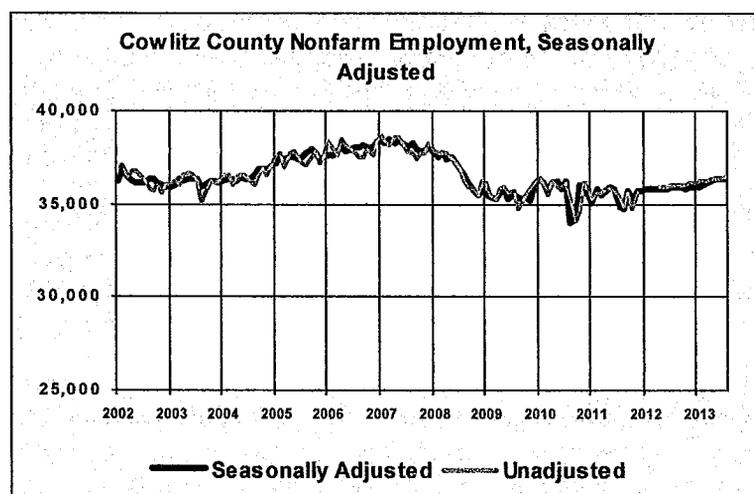
Labor market conditions significantly improved throughout 2013 and into this year. As of July 2014, the national unemployment rate has fallen to 6.3 percent.

State Economy. Washington’s economy has been slowly accelerating, with the June year-over-year job growth above 1 percent. Estimates for June 2013 through June 2014 indicate an increase in employment of 84,700 for the state. The private sector added 83,100 jobs while the public sector gained an estimated 1,600 jobs over the year. The preliminary seasonally adjusted unemployment rate for June 2014 is 5.8 percent, down from 7 percent in June 2013.

Local Economy. Regionally, there appears to be signs of optimism for employment in Southwest Washington. The local labor market is looking better. According to the U.S. Bureau of Labor Statistics estimates, Cowlitz County’s non-farm employment rose by 1,000 jobs in March. March’s job increases include 300 in construction, 100 in trade, transportation and utilities, 300 in leisure and hospitality, and 500 in other private services (which include information, business and financial services). In addition, government employment appears to have stabilized. Over the year, the County has added 1,400 jobs, for a 3.9 percent growth rate

Listed herewith are the May 2013 - 2014 year-to-year adjustments in employment by occupational sector.

- **Construction** added 300 jobs over the year-ago level.
- **Trade, transportation and utilities** increased 100 jobs.
- **Leisure and hospitality** was up 300 from a year ago.
- **Private Services** increased 500 jobs (includes information, business, financial, professional and personal services).
- **Government** employment showed little change jobs from a year-ago.



Source: Cowlitz County Labor

Market Summary

lines. The Patriot Rail Corporation of Boca Raton, Florida is a leading operator of short line and regional freight railroads. Patriot Rail is known for its ability to form strong partnerships with its customers, communities and employees. The company's mission to grow shareholder value by selectively investing, along with its private equity partners in freight railroad properties throughout North America, is expected to create additional development opportunities at the Mint Farm.

Other noteworthy industrial projects in Longview and Cowlitz County include:

- The completion of the \$250 million capital investment by EGT for a new grain elevator at the Port of Longview.
- Haven Energy Terminals' announcement to build a \$275 million propane and butane export facility at the Port of Longview.
- Millenium Bulk Logistic Company's plan for a coal export facility requiring an investment in excess of \$100 million.
- NW Innovation Works plans for a \$1.8 billion methanol project at the Port of Kalama. This project calls for 2,000 construction jobs and will employ 240 full-time workers upon completion.
- Export and Harvest States are in the final stages of upgrading their grain elevators at a cost \$45 million at the Port of Kalama.
- American Paper Converting 122,000 sq. ft. expansion of their manufacturing plant in Woodland.

Longview also stands to benefit from several commercial construction projects either recently completed or on the horizon for 2013. Commercial projects of note include:

- Completion of a \$1.3 million branch for Red Canoe Credit Union.
- A \$6.4 million renovation of the Myklebust Gym underway at Lower Columbia College.
- \$1 million renovation of the Kearney Breast Center located at the St. John Medical Complex.
- Construction/completion of the new Ulta Salon and a Big 5 Sporting Goods Store located at the Triangle Center.
- Construction of a \$24.5 million, Health Sciences Building at Lower Columbia College.

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

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

- 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
- Provide sustainable water quality and environmental infrastructure

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, 2012. 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 nineteen years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Kurt H. Sacha, Finance Director

FINANCIAL SECTION



Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

July 23, 2014

Mayor and City Council
City of Longview
Longview, Washington

REPORT ON 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, 2013, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 1, during the year ended December 31, 2013, the City has implemented the Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 22 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 95 through 143

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 July 23, 2014, 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,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

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, 2013. 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 \$120,461 (net position). Of this amount, \$29,657 (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 decreased by \$4,125, or 3.3% in 2013. While governmental activities increased \$2,924, business-type activities decreased \$7,049.
- As of the close of the current fiscal year, the City of Longview's governmental funds reported combined ending fund balances of \$19,895. Approximately 58 percent, \$11,593 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 \$10,119. The entire \$10,119 fund balance for the general fund was unrestricted, and represented 34 percent of total general fund expenditures.
- The City of Longview's total governmental long-term debt increased by \$2,765 (18.5 percent) during the current fiscal year. The key factor behind this increase was the issuance of General Obligation Bonds in the amount of \$3,560 used to finance energy conservation improvements. Principal retirements totaling \$2,564 were processed during the current year. The net increase in business-type debt was \$325. This increase was the result of low-interest intergovernmental loans provided for the City's new water treatment facility.

(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 outflows 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/racquet center.

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

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

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

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

The City of Longview maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the building replacement fund, the only two funds considered to be major funds. Data from the other 16 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. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 required supplementary 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 \$120,461 at the close of the most recent fiscal year.

By far the largest portion of the City of Longview's net position (65 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 30,293	\$ 26,550	\$ 27,305	\$ 27,865	\$ 57,598	\$ 54,415
Capital assets	<u>46,572</u>	<u>43,229</u>	<u>86,774</u>	<u>91,368</u>	<u>133,346</u>	<u>134,615</u>
Total assets	<u>76,865</u>	<u>69,779</u>	<u>114,079</u>	<u>119,251</u>	<u>190,944</u>	<u>189,030</u>
Deferred outflows	200,190	0	0	0	200,190	0
Long-term liabilities outstanding	21,226	18,284	39,546	39,185	60,772	57,469
Other liabilities	<u>5,212</u>	<u>3,815</u>	<u>4,676</u>	<u>3,160</u>	<u>9,888</u>	<u>6,975</u>
Total liabilities	<u>26,438</u>	<u>22,099</u>	<u>44,222</u>	<u>42,345</u>	<u>70,660</u>	<u>64,444</u>
Deferred inflows	<u>23,036</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,036</u>	<u>0</u>
Net position:						
Invested in capital assets net of related debt	29,366	28,490	49,511	56,058	78,877	84,548
Restricted	8,857	8,699	3,070	1,965	11,927	10,664
Unrestricted	<u>12,380</u>	<u>10,491</u>	<u>17,277</u>	<u>18,883</u>	<u>29,657</u>	<u>29,374</u>
<u>Total net position</u>	<u>\$ 50,604</u>	<u>\$ 47,680</u>	<u>\$ 69,857</u>	<u>\$ 76,906</u>	<u>\$ 120,461</u>	<u>\$ 124,586</u>

An additional portion of the City of Longview's net position (10 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$29,657) may be used to meet the government's ongoing obligations to citizens and creditors.

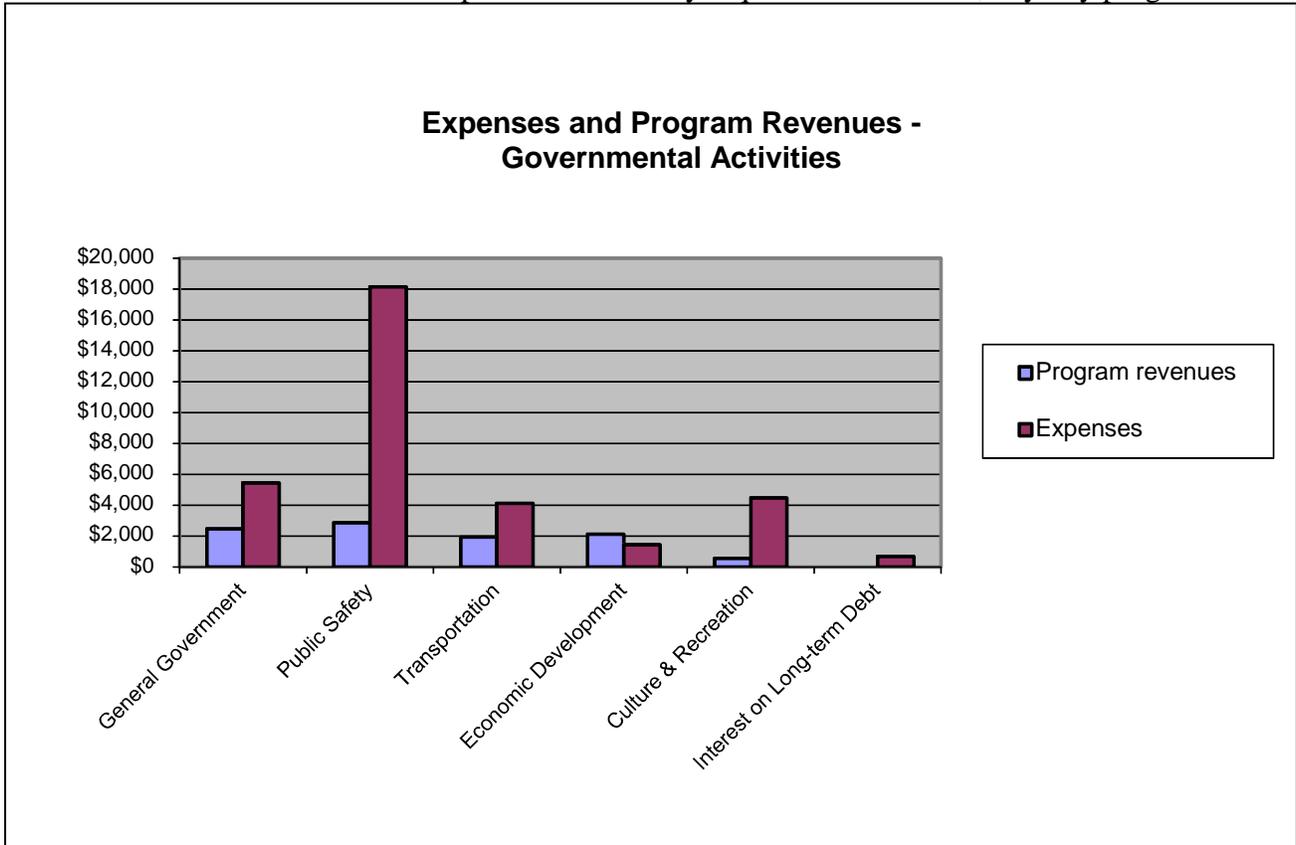
At the end of the current fiscal year, the City of Longview is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true of the prior year.

Governmental activities. Governmental activities increased the City of Longview's net position by \$2,924. Key elements of this increase in governmental net position are as follows:

	Governmental activities		Business-type activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,439	\$ 5,612	\$ 30,207	\$ 25,366	\$ 35,646	\$ 30,978
Operating grants and contributions	2,067	2,724	2,998	3,224	5,065	5,948
Capital grants and contributions	2,452	2,270	833	5,788	3,285	8,058
General revenues:						
Property taxes	8,852	8,722	-	-	8,852	8,722
Sales taxes	7,442	6,703	-	-	7,442	6,703
Business/other taxes	9,908	9,336	-	-	9,908	9,336
Other	<u>1,032</u>	<u>980</u>	<u>(289)</u>	<u>49</u>	<u>743</u>	<u>1,029</u>
Total revenues	<u>37,192</u>	<u>36,347</u>	<u>33,749</u>	<u>34,427</u>	<u>70,941</u>	<u>70,774</u>
Expenses:						
General government	5,440	5,037	-	-	5,440	5,037
Public safety	18,127	19,800	-	-	18,127	19,800
Transportation	4,111	4,312	-	-	4,111	4,312
Economic development	1,443	1,847	-	-	1,443	1,847
Culture and recreation	4,471	5,061	-	-	4,471	5,061
Interest on long-term debt	670	630	-	-	670	630
Water-Sewer	-	-	16,820	15,799	16,820	15,799
Sanitation	-	-	4,419	4,466	4,419	4,466
Storm water	-	-	2,240	1,724	2,240	1,724
Public transit	-	-	6,993	3,305	6,993	3,305
Golf/tennis racquet	-	-	655	636	655	636
Total expenses	<u>34,262</u>	<u>36,687</u>	<u>31,126</u>	<u>25,930</u>	<u>65,389</u>	<u>62,617</u>
Increase in net position before transfers	2,930	(340)	2,623	8,497	5,552	8,157
Transfers (Note 14)	(6)	1,036	6	(1,036)	-	-
Special Items (Note 13)	-	-	<u>(7,423)</u>	<u>(4,047)</u>	<u>(7,423)</u>	<u>(4,047)</u>
Increase/(Decrease) in net position	<u>2,924</u>	<u>696</u>	<u>(4,795)</u>	<u>3,414</u>	<u>(1,871)</u>	<u>4,110</u>
Net position 1/1/2013	47,680	45,193	76,906	73,492	124,586	118,685
Prior period adjustments (Note 18)	-	1,791	(2,254)	-	(2,254)	1,791
Net position 1/1/2013 restated	<u>47,680</u>	<u>46,984</u>	<u>74,652</u>	<u>73,492</u>	<u>122,332</u>	<u>120,476</u>
Net position 12/31/2013	<u>\$ 50,604</u>	<u>\$ 47,680</u>	<u>\$ 69,857</u>	<u>\$ 76,906</u>	<u>\$ 120,461</u>	<u>\$ 124,586</u>

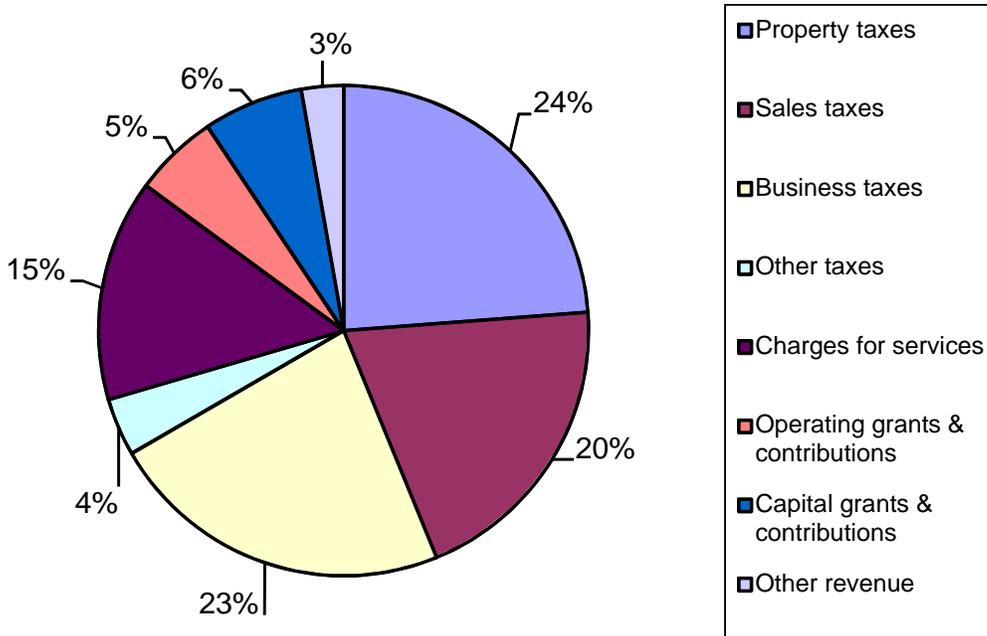
- Property taxes for 2013 increased \$130 (1.5 percent).
- Sales tax revenue increased \$739 (11 percent) during the year. This increase in sales tax revenue is attributed to increasing automotive sales and an increase in construction activity.
- Business taxes increased by \$691 (9 percent). This increase in business taxes is due to an overall increase in utility tax revenue.
- Other revenues increased \$52 (5 percent) in 2013. This increase is due to a modest increase in grant activity from the prior year.

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 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

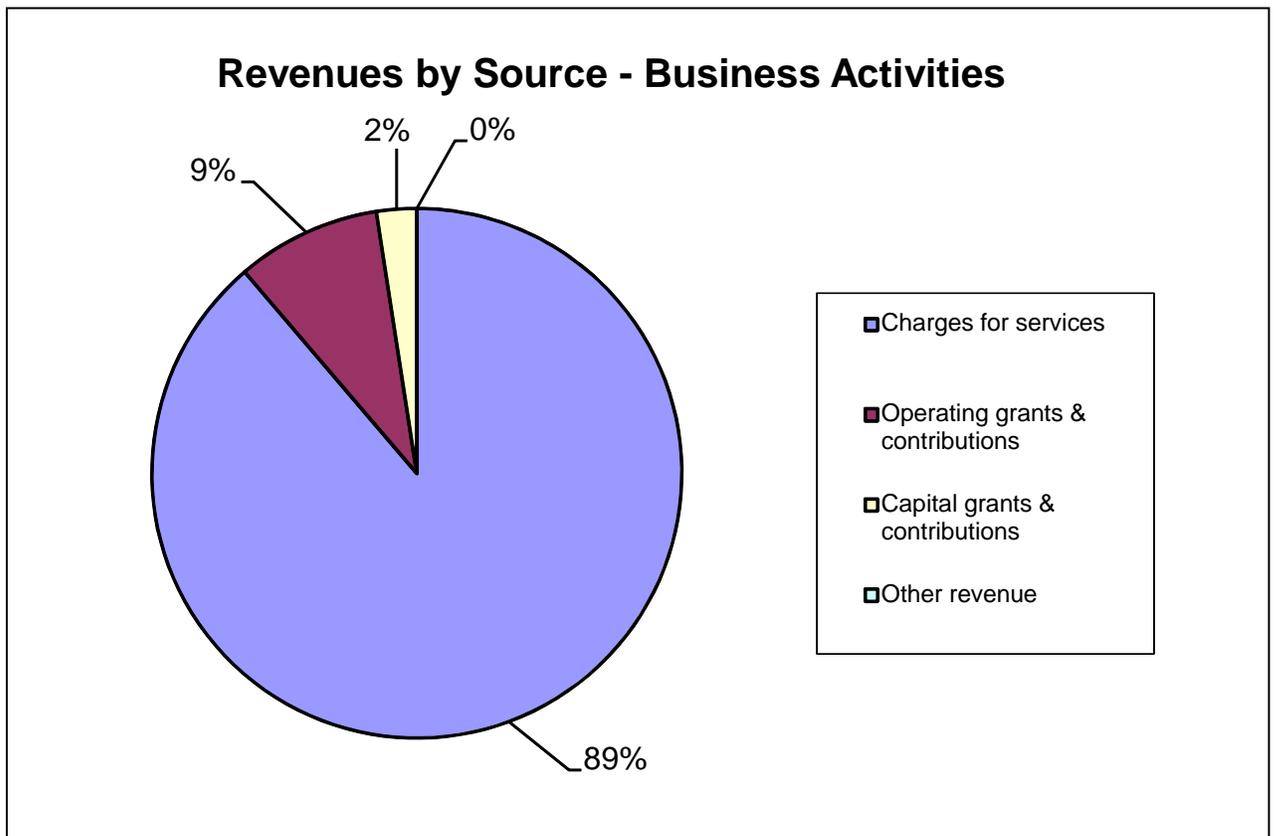


The above chart includes all revenues associated with governmental type activities. In addition to property, sales and business and occupation taxes, the above chart also includes charges for services, operating and capital grants, and contributions. As is illustrated in the above chart, property, sales and business and occupation taxes account for 67 percent of all governmental revenues.

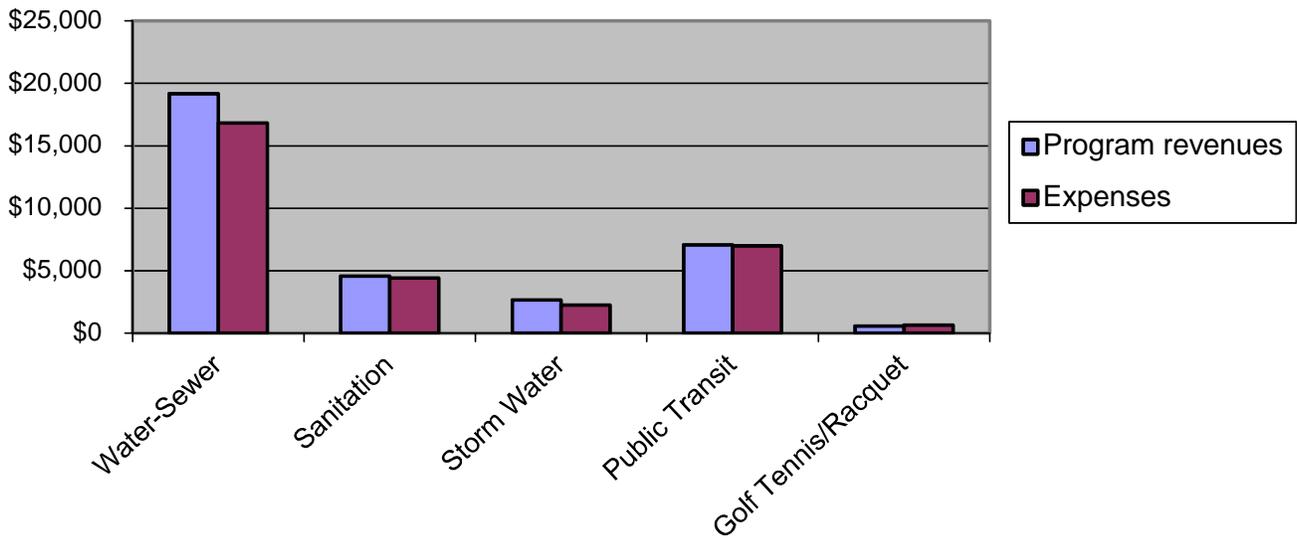
Most operating grant revenues are dedicated toward low-and-moderate income housing projects through the HOME Investment Partnership and Community Development Block Grant programs. The transportation sector receives significant support from capital grants. Under the umbrella of transportation, the City received capital grant funds for traffic safety improvements along 15th Avenue and Washington Way. In addition, signal modification projects on 14th and 15th Avenues were largely funded by capital grants provided by the U.S. Department of Transportation. The City also received transportation funding for design work related to the Washington Way bridge replacement project. Construction on the Washington Way bridge replacement project is scheduled to begin in 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 Secure Our Schools, COPS Hiring and Justice Assistance grant programs.

Business-type activities. Business-type activities decreased the City of Longview’s net position \$7,049 in 2013. The water-sewer and sanitary fund are clearly the largest proprietary funds in the City. Their combined program revenues account for 70 percent of all business-type activities. The decrease in net position of the water-sewer fund for 2013 was \$8,043. This decrease in net position was the direct result of the City replacing its old water treatment facility on the Cowlitz River with a new plant located in the Mint Farm Industrial Park. The primary contributors to the decrease in net position were non-capitalized costs and the undepreciated and unsalvageable value of the old plant.

- Charges for services for business-type activities increased 19.0 percent. The primary driver behind this increase, approximately \$4.2 million was due to the reclassification of contractual revenue received from Cowlitz Transit Authority. The water-sewer portion of this increase was the result of a 2.9 percent water rate hike designed to provide additional resources to help offset the costs associated with the construction of the City’s new water treatment facility and rehabilitation of sewer pump stations. The remainder of this increase was largely the result of a rate increase in storm water charges. The storm water rate increase provided for the City’s requirement to adhere to the storm water permit regulations imposed by the Department of Ecology and the City’s urban forestry program.
- Public transit received \$2,737 in operating grant funds, with all but \$179 coming from the U.S. Department of Transportation.
- Capital grants and contributions accounted for \$833 in revenue for Business-type activities, which largely went toward construction costs of the new water treatment facility.
- Special items under business type activities provides for the completed construction of a new water treatment facility. The new facility located in the Mint Farm Industrial Park replaces the old water treatment plant on the Cowlitz River. Unsalvageable assets at the old plant make up the special item in the amount of \$7,423 (Note 13).



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 2013, the City of Longview's governmental funds reported combined ending fund balances of \$19,895, an increase of \$2,534 in comparison with the prior year. Of the \$19,895 total fund balance, approximately 58 percent (\$11,593) constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable (\$5,615) or restricted (\$2,687). Amounts restricted are 1) for the purpose of fostering economic development through the granting of loans (\$483), 2) to pay debt service (\$63), 3) for the purpose of maintaining and improving the City's transportation infrastructure (\$592), 4) for enhancing public safety (\$370), 5) for promoting tourism (\$110), 6) for enhancing parks (\$753), 7) for enhancing library service (\$1), and 8) (\$314) for capital improvements associated with energy conservation projects.

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 \$10,119. All of the \$10,119 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 2013 the unrestricted fund balance represents 34 percent of total general fund expenditures.

The debt service funds have a total fund balance of \$5,621. Of the \$5,621 total debt service fund balance, \$5,565 represents a loan receivable and is nonspendable; \$55 is restricted for the payment of debt service while \$1 is unrestricted and available for debt service and related costs associated with special assessment debt. The debt service funds saw a \$133 decrease in fund balance during the current fiscal year. This decrease in fund balance is the result of annual debt service payments. In 2013 the City retired general obligation bond principal totaling \$567 and special assessment bond principal in the amount of \$10. Interest earnings in the debt service funds amounted to \$239.

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 \$17,393, and the net position for the sanitary operation amounted to \$1,382. All of public transit's \$348 in net position was limited to the City's net investment in capital assets. The total decrease in net position for all proprietary activity at the fund level in 2013 was (\$7,049). The City of Longview has internal service funds which are reported in the fund statements.

General Fund Budgetary Highlights

The 2013-2014 biennial budget reflects the original appropriation of \$64,000.

Total actual 2013 revenues in the amount of \$32,355 were 52 percent of the final budgeted 2013-14 revenues of \$62,536. Overall, 2013 revenues were 4 percent more than projected. This was largely the result of higher than anticipated sales and business and occupation tax revenues. Total 2013 general fund expenditures and transfers amounted to \$30,287, 4 percent less than budget. Actual expenditures in the general fund were less than budgeted expenditures in virtually all categories and across all departments.

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, 2013, amounts to \$133,346 (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 decreased \$1,269 for the current year. The \$1,269 overall net decrease in capital assets is due to the write-off associated with the decommissioning of the old water treatment plant on the Cowlitz River in conjunction with the values added for the completed construction of a new regional water source of supply and treatment facility at the Mint Farm Industrial Park.

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

	Governmental		Business-type		Total	
	activities		activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	5,507	\$ 5,507	\$ 2,622	\$ 2,643	8,129	\$ 8,150
Buildings and systems	7,526	7,596	9,357	6,609	16,883	14,205
Improvements	903	1,013	47,157	35,290	48,060	36,303
Machinery and equipment	5,870	6,267	13,810	8,650	19,680	14,917
Infrastructure	21,573	20,972	-	-	21,573	20,972
Intangibles	-	-	4,064	4,064	4,064	4,064
Construction in progress	<u>5,193</u>	<u>1,874</u>	<u>9,764</u>	<u>34,130</u>	<u>14,957</u>	<u>36,004</u>
Total	<u>\$ 46,572</u>	<u>\$ 43,229</u>	<u>\$ 86,774</u>	<u>\$ 91,386</u>	<u>\$ 133,346</u>	<u>\$ 134,615</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 2013 include the completed construction of a new regional water source of supply and treatment facility; the west Longview sewer diversion project; replacement of the water mains in the St. Helens neighborhood, Ocean Beach Highway and along 33rd Avenue; and a water/sewer scada system. Major sewer projects included the Hudson Street force main; in addition to sewer pump station rehabilitation projects on Douglas Street, Hudson Street, and 33rd Avenue.
- Various street infrastructure projects including a signal modification project at 14th and Broadway, in addition to pedestrian safety crosswalk improvements at Washington Way and 28th Avenue and on 15th Avenue at the intersections of Douglas and Hemlock Streets. The design phase for the Washington Way bridge replacement project began in 2013. The City also kept up its ongoing sidewalk replacement projects.
- In 2013 the City continued with its study and evaluation of flushing alternatives for Lake Sacajawea and design of the Tennant Way streetscape project
- A variety of improvements to local sporting facilities that include baseball facility improvements at John Null, Archie Anderson and Roy Morse Parks; field and facility improvements at 7th Avenue for Longview Girls Softball and irrigation upgrades for the Longview soccer fields at 7th Avenue Park.
- Plans for theatre streetscape improvements throughout historic downtown Longview.

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

Long-term debt. At the end of the current fiscal year, the City of Longview had total bonded debt outstanding of \$16,981. Of this amount, \$16,970 comprises debt backed by the full faith and credit of the government and \$11 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. In 2012, the City retired all remaining bonds secured solely by specified revenue sources (i.e., revenue bonds). The City had no revenue bonds outstanding in 2013.

City of Longview's Outstanding Debt

General Obligation and Revenue Bonds

	Governmental		Business-type		Total	
	activities		activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 16,893	\$ 13,900	\$ 77	\$ 80	\$ 16,970	\$ 13,980
Special assessment debt	11	21	-	-	11	21
Revenue bonds	-	-	-	-	-	-
Total	<u>\$ 16,904</u>	<u>\$ 13,921</u>	<u>\$ 77</u>	<u>\$ 80</u>	<u>\$ 16,981</u>	<u>\$ 14,001</u>

The City of Longview's bonded debt increased \$2,980 (21 percent) during the current fiscal year. The key factor in this increase was the issuance of general obligation bonds in the amount of \$3,560 for the purpose of financing several energy conservation improvement projects throughout the City. Principal in the amount of \$580 was retired during 2013.

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

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

Economic Factors and Next Year's Budgets and Rates

Longview's economy began to show signs of improvement this past year. Although we began to see signs of recovery in 2013, the drawn-out recession that has resonated among cities all across America have left their mark on the area's economy. There is no question the prolonged recession and America's financial melt-down have taken their toll on state and local budgets. Governments at all levels have seen sharp reductions in tax revenue in a time where demand for services continues to rise. Although faced with fiscal challenges, we here at the City are confident that our sound financial principles will continue to guide us as we move through this time of economic uncertainty. Council's strategic initiatives in conjunction with City's budget model aid in establishing spending priorities and allow us to leverage our fundamental economic strengths and keep us well positioned for recovery and growth opportunities.

During the 2013, the City continued its work on a variety of multifaceted programs and projects which helped it to combat much of the uncertainty surrounding the local economy. Participation in county and statewide economic development organizations coupled with an ongoing partnership with Weyerhaeuser Real Estate Development Company at the City's Mint Farm Industrial Park have allowed Longview to position itself as a prime location for industrial site developments such as manufacturing, warehousing and distribution. Longview continues to be in the early stages of discovery and only beginning to experience success resulting from its proximity to major markets and transportation infrastructure.

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

Longview witnessed an increase in sales tax revenues in 2013. Sales tax revenue increased 11 percent for the year. The increase in sales tax revenue is primarily due to improved automobile sales and an uptick in commercial construction activity. Business taxes rose 9% for the same period. The increase in business taxes is due to an overall increase in utility taxes. Higher utility rates and an increase in demand for utility services were largely responsible for the increase in utility tax revenue.

During the current year, unreserved fund balance in the general fund increased \$2,021. This increase in fund balance is the result of higher than anticipated revenues combined with expenditure savings on employee health insurance premiums and energy costs from the implementation of energy efficient conservation measures. It is intended that the use of fund balance will avoid further reductions in general fund services during 2014.

For 2013, Longview's utility customers saw the average monthly combined water/sewer/garbage and storm water rate increase 2.9 percent. On average, Longview's utility customers are billed \$134.54 monthly for water, sewer, sanitary/recycling and storm water utilities. This combined rate increase was necessary to sustain Longview's sound fiscal policies and to provide for the utility's capital investments, in addition to offsetting the inflationary cost increases experienced in each of the City's utilities. In April 2013, Longview's citizens witnessed completion of the City's \$33 million Mint Farm Regional Water Supply Project. This plant is designed to satisfy customer demand for water for at least the next twenty years.

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

A copy of the City's 2013-2014 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, PO Box 128, Longview, Washington 98632.

Basic Financial Statements

City of Longview

STATEMENT OF NET POSITION

As of December 31, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$1,038,759	\$146,815	\$1,185,574
Deposits with trustees	2,000	0	2,000
Investments	16,800,304	18,789,600	35,589,904
Receivables, net	4,571,532	7,782,771	12,354,303
Internal balances (Note 14)	358,327	(358,327)	0
Due from other governments	7,265,778	538,401	7,804,179
Inventory/prepayments	0	327,090	327,090
Assets held for resale	0	78,379	78,379
Actuarial funding surplus (Note 7-C)			
Net pension obligation	23,685	0	23,685
Net healthcare obligation	232,959	0	232,959
Capital assets (Note 6)			
Land, intangibles & construction in prog.	10,700,048	16,450,000	27,150,048
Other capital assets, net of depreciation	35,871,582	70,324,473	106,196,055
TOTAL ASSETS	76,864,974	114,079,202	190,944,176
DEFERRED OUTFLOWS			
Deferred loss on bond refundings	200,190	0	200,190
TOTAL DEFERRED OUTFLOWS	200,190	0	200,190
LIABILITIES			
Accounts payable/other current liabilities	2,058,346	2,897,701	4,956,047
Matured revenue bonds payable	2,000	0	2,000
Due to other governments	1,283	1,179,838	1,181,121
Accrued liabilities	1,118,713	598,659	1,717,372
Long-term liabilities (Note 10)			
Special assessment debt with government commitment due within one year	6,000	0	6,000
Other debt due within one year	2,418,263	4,265,962	6,684,225
Special assessment debt with government commitment not due within one year	5,000	0	5,000
Other debt not due within one year	20,828,761	35,279,579	56,108,340
TOTAL LIABILITIES	26,438,366	44,221,739	70,660,105
DEFERRED INFLOWS			
Payments received in advance	23,036	0	23,036
TOTAL DEFERRED INFLOWS	23,036	0	23,036
NET POSITION			
Net investment in capital assets	29,366,239	49,510,871	78,877,110
Restricted for:			
Debt service	5,628,938	3,069,712	8,698,650
Economic development	822,172	0	822,172
Capital projects	323,909	0	323,909
Criminal justice	598,010	0	598,010
Transportation	597,336	0	597,336
Culture & recreation	753,549	0	753,549
Tourism promotion	113,773	0	113,773
Nonexpendable endowments	19,455	0	19,455
Unrestricted	12,380,381	17,276,880	29,657,262
TOTAL NET POSITION	\$50,603,762	\$69,857,463	\$120,461,225

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$5,439,611	\$2,468,658	\$8,352	\$1,170	(\$2,961,431)		(\$2,961,431)
Public safety	18,126,723	1,910,677	731,257	218,980	(15,265,809)		(15,265,809)
Transportation	4,110,706	98,532	523,344	1,318,529	(2,170,301)		(2,170,301)
Economic development	1,443,203	560,503	680,819	879,639	677,758		677,758
Culture and recreation	4,471,384	401,083	123,044	33,366	(3,913,891)		(3,913,891)
Interest on long-term debt	670,018	0	0	0	(670,018)		(670,018)
Total governmental activities	<u>34,261,645</u>	<u>5,439,453</u>	<u>2,066,816</u>	<u>2,451,684</u>	<u>(24,303,692)</u>		<u>(24,303,692)</u>
Business-type activities:							
Water-sewer	16,819,524	18,344,896	0	832,575		\$2,357,947	2,357,947
Sanitation	4,419,126	4,504,835	67,912	0		153,621	153,621
Public transit	6,992,488	4,330,297	2,737,229	0		75,038	75,038
Storm water	2,240,354	2,469,353	192,800	0		421,799	421,799
Golf/misc. athletics	654,514	558,011	0	0		(96,503)	(96,503)
Total business-type activities	<u>31,126,006</u>	<u>30,207,392</u>	<u>2,997,941</u>	<u>832,575</u>		<u>2,911,902</u>	<u>2,911,902</u>
Total government	<u>\$65,387,651</u>	<u>\$35,646,845</u>	<u>\$5,064,757</u>	<u>\$3,284,259</u>	<u>(24,303,692)</u>	<u>2,911,902</u>	<u>(21,391,790)</u>
General revenues:							
Taxes:							
Property					8,851,544	0	8,851,544
Business					8,496,013	0	8,496,013
Sales					7,442,312	0	7,442,312
Excise					1,329,628	0	1,329,628
Gambling					82,584	0	82,584
Non program specific grants/contributions					948,373	0	948,373
Gain (loss) on asset dispositions					0	(354,982)	(354,982)
Unrestricted investment earnings					51,962	65,581	117,543
Miscellaneous					31,469	0	31,469
Special items (Note 13)					0	(7,423,083)	(7,423,083)
Transfers (Note 14)					(6,000)	6,000	0
Total general revenues, special items and transfers					<u>27,227,885</u>	<u>(7,706,484)</u>	<u>19,521,401</u>
Change in net position					<u>2,924,193</u>	<u>(4,794,582)</u>	<u>(1,870,389)</u>
Beginning net position as previously reported					<u>47,679,569</u>	<u>76,906,191</u>	<u>124,585,760</u>
Prior period adjustment (Note 18)					<u>0</u>	<u>(2,254,146)</u>	<u>(2,254,146)</u>
Beginning net position, restated					<u>47,679,569</u>	<u>74,652,045</u>	<u>122,331,614</u>
Net position - ending					<u>\$50,603,762</u>	<u>\$69,857,463</u>	<u>\$120,461,225</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

**BALANCE SHEET
GOVERNMENTAL FUNDS**

As of December 31, 2013

	General	Building Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$121,736	\$24,059	\$672,570	\$818,365
Deposits with trustees	0	0	2,000	2,000
Investments	8,400,147	1,489,420	1,745,300	11,634,867
Receivables (net)				
Taxes	3,354,729	0	116,378	3,471,107
Accounts	71,662	0	9,461	81,123
Assessments	0	0	265,936	265,936
Notes and contracts	0	0	243,715	243,715
Due from other funds	334,604	0	0	334,604
Due from other governments	97,806	823,678	6,337,029	7,258,513
Total assets	<u>12,380,684</u>	<u>2,337,157</u>	<u>9,392,389</u>	<u>24,110,230</u>
LIABILITIES				
Accounts payable	535,811	742,102	324,609	1,602,522
Matured bonds/interest payable	0	0	2,000	2,000
Due to other funds	212,300	0	79,309	291,609
Due to other governments	1,206	0	37	1,243
Accrued wages payable	977,173	0	24,703	1,001,876
Other current liabilities	4,574	119,277	16,416	140,267
Total liabilities	<u>1,731,064</u>	<u>861,379</u>	<u>447,074</u>	<u>3,039,517</u>
DEFERRED INFLOWS				
Unavailable revenue-property taxes	507,996	0	0	507,996
Other unavailable revenue	0	323,678	320,927	644,605
Payments received in advance	23,035	0	0	23,035
Total deferred inflows	<u>531,031</u>	<u>323,678</u>	<u>320,927</u>	<u>1,175,636</u>
FUND BALANCES				
Nonspendable	0	0	5,615,200	5,615,200
Restricted	0	314,418	2,372,226	2,686,644
Committed	0	0	269,179	269,179
Assigned	0	837,682	375,252	1,212,934
Unassigned	10,118,589	0	(7,469)	10,111,120
Total fund balances	<u>10,118,589</u>	<u>1,152,100</u>	<u>8,624,388</u>	<u>19,895,077</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, 2013

<i>Total fund balances from the Governmental Funds Balance Sheet</i>	\$19,895,077
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.	40,538,396
Other long-term assets are not available to pay for expenditures of the current period, and therefore revenue is deferred in fund statements.	1,657,662
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.	(17,519,809)
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.	7,916,700
Net actuarial funding differences for pension and healthcare obligations not included in the balances of governmental fund statements.	(1,815,372)
Accrued interest payable on long-term obligations.	(68,892)
<i>Total net position from the Statement of Net Position</i>	<u><u>\$50,603,762</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, 2013

	General	Building Replacement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$25,491,394	\$0	\$719,089	\$26,210,483
Licenses and permits	797,534	0	0	797,534
Intergovernmental	1,677,035	500,000	2,494,446	4,671,481
Charges for services	3,508,870	0	28,530	3,537,400
Fines	648,539	0	296,297	944,836
Miscellaneous				
Interest earnings	27,224	3,848	253,502	284,574
Space and facilities rentals	88,298	0	13,843	102,141
Contributions from private sources	85,535	0	48,130	133,665
Special assessments	0	0	6,789	6,789
Other miscellaneous	30,318	0	62,655	92,973
Total revenues	32,354,747	503,848	3,923,281	36,781,876
Expenditures:				
Current:				
General government	5,207,930	0	48,868	5,256,798
Public safety	16,872,757	0	810,533	17,683,290
Transportation	2,769,026	0	46,148	2,815,174
Economic environment	750,841	29,137	668,218	1,448,196
Culture and recreation	4,215,290	0	49,799	4,265,089
Capital outlays	118,762	3,317,792	1,436,015	4,872,569
Debt service:				
Principal	29,274	0	739,631	768,905
Interest and other debt service costs	29,809	0	640,210	670,019
Total expenditures	29,993,689	3,346,929	4,439,422	37,780,040
Excess (deficiency) of revenues over (under) expenditures	2,361,058	(2,843,081)	(516,141)	(998,164)
Other financing sources (uses):				
Proceeds of general long-term debt	0	3,560,000	0	3,560,000
Proceeds from disposition of capital assets	1,150	0	0	1,150
Transfers in	1,910	0	288,903	290,813
Transfers out	(293,344)	0	(2,050)	(295,394)
Discount on bonds sold	0	(23,878)	0	(23,878)
Total other financing sources (uses)	(290,284)	3,536,122	286,853	3,532,691
Net change in fund balances	2,070,774	693,041	(229,288)	2,534,527
Fund balance, January 1	8,047,815	459,059	8,853,676	17,360,550
Fund balance, December 31	\$10,118,589	\$1,152,100	\$8,624,388	\$19,895,077

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, 2013

<i>Net change in fund balances from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances</i>	\$2,534,527
Governmental funds report capital outlays as expenditures while they are reported as assets with their cost allocated to depreciation expense over their useful lives in the statement of activities. This amount reflects the net activities for capital asset reported at the government-wide level.	3,225,213
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.	(2,878,540)
Revenues in the statement of activities that do not provide current financial resources that are reported as deferred revenue at the fund level.	298,915
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.	6,544
Items below reflect expense adjustments not in the current financial resources measurement focus of governmental funds.	
Accrual adjustment for net pension and net healthcare obligations.	(258,345)
Accrual adjustment for interest payable.	(4,122)
<i>Change in net position from the Statement of Activities</i>	<u><u>\$2,924,192</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, 2013

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$49,345,350	\$49,345,350	\$25,491,394	(\$23,853,956)
Licenses and permits	1,616,540	1,616,540	797,534	(819,006)
Intergovernmental	2,881,520	2,881,520	1,677,035	(1,204,485)
Charges for services	7,163,110	7,163,110	3,508,870	(3,654,240)
Fines	1,253,950	1,253,950	648,539	(605,411)
Miscellaneous:				
Interest earnings	27,480	27,480	27,224	(256)
Space and facilities rentals	147,980	147,980	88,298	(59,682)
Contributions from private sources	77,500	77,500	85,535	8,035
Special assessments	0	0	0	0
Other miscellaneous	22,500	22,500	30,318	7,818
Total revenues	62,535,930	62,535,930	32,354,748	(30,181,182)
Expenditures:				
Current:				
General government	9,471,300	9,471,300	5,207,932	4,263,368
Public safety	33,961,310	33,961,310	16,872,757	17,088,553
Transportation	6,000,120	6,000,120	2,769,026	3,231,094
Economic environment	2,191,130	2,191,130	750,841	1,440,289
Culture and recreation	9,314,420	9,314,420	4,215,290	5,099,130
Capital outlays	169,040	169,040	118,762	50,278
Debt service:				
Principal	59,790	59,790	29,274	30,516
Interest and fiscal charges	59,880	59,880	29,809	30,071
Total expenditures	61,226,990	61,226,990	29,993,691	31,233,299
Excess (deficiency) of revenues over (under) expenditures	1,308,940	1,308,940	2,361,057	1,052,117
Other financing sources (uses):				
Proceeds of general long-term debt	0	0	0	0
Capital asset disposition proceeds	0	0	1,150	1,150
Transfers in	0	0	1,910	1,910
Transfers out	(2,741,040)	(2,741,040)	(293,344)	2,447,696
Refunding bond proceeds to escrow	0	0	0	0
Discount on bonds sold	0	0	0	0
Total other fin. sources (uses)	(2,741,040)	(2,741,040)	(290,284)	2,450,756
Net change in fund balances	(1,432,100)	(1,432,100)	2,070,773	3,502,873
Fund balance, January 1, 2013	8,047,815	8,047,815	8,047,815	0
	0	0	0	0
Fund balance, December 31, 2013	\$6,615,715	\$6,615,715	10,118,588	\$3,502,873

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

As of December 31, 2013

Page 1 of 2

	WATER- SEWER	SANITARY	PUBLIC TRANSIT
ASSETS			
Current assets:			
Cash	\$48,990	\$20,806	\$16,643
Investments	14,768,251	951,835	1,450,258
Receivables, net	2,922,407	626,871	215
Due from other funds	88,851	98,860	0
Due from other governments	438,142	33,716	0
Inventory	319,888	0	0
Prepaid expenses	0	0	7,202
Total current assets:	<u>18,586,529</u>	<u>1,732,088</u>	<u>1,474,318</u>
Noncurrent assets:			
Noncurrent receivables	3,924,434	0	0
Assets held for resale	78,379	0	0
Capital assets:			
Land	1,367,668	0	37,400
Buildings	12,505,830	0	749,468
Improvements other than buildings	74,274,699	0	111,578
Machinery and equipment	16,623,022	17,437	6,203
Intangibles	4,064,024	0	0
Construction in progress	9,097,533	0	0
Other plant assets	35,453	0	0
Less: Accumulated depreciation	<u>(37,104,789)</u>	<u>(14,945)</u>	<u>(556,525)</u>
Net capital assets	<u>80,863,440</u>	<u>2,492</u>	<u>348,124</u>
Total noncurrent assets	<u>80,941,819</u>	<u>2,492</u>	<u>348,124</u>
TOTAL ASSETS	<u><u>99,528,348</u></u>	<u><u>1,734,580</u></u>	<u><u>1,822,442</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,746,193	301,491	104,840
Due to other funds	140,291	14,429	88,580
Due to other governments	37,833	0	1,141,981
Accrued wages payable	147,408	17,334	94,381
Accrued employee benefits	125,769	16,239	40,672
Customer deposits	428,688	0	0
Other current liabilities	287,978	637	3,864
Current portion of long-term obligations	4,262,767	0	0
Total current liabilities:	<u>7,176,927</u>	<u>350,130</u>	<u>1,474,318</u>
Noncurrent liabilities			
Bonds payable, net	0	0	0
Due to other governments	35,205,698	0	0
Compensated absences	0	0	0
Total noncurrent liabilities	<u>35,205,698</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u><u>42,382,625</u></u>	<u><u>350,130</u></u>	<u><u>1,474,318</u></u>
NET POSITION			
Net investment in capital assets	43,676,914	2,492	348,124
Unrestricted	17,393,243	1,381,958	0
TOTAL NET POSITION	<u><u>\$61,070,157</u></u>	<u><u>\$1,384,450</u></u>	<u><u>\$348,124</u></u>

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

As of December 31, 2013

Page 2 of 2

	NONMAJOR ENTERPRISE FUNDS	ENTERPRISE TOTALS	INTERNAL SERVICE FUNDS
ASSETS			
Current assets:			
Cash	\$60,374	\$146,813	\$220,397
Investments	1,619,256	18,789,600	5,165,436
Receivables, net	308,844	3,858,337	4,589
Due from other funds	0	187,711	27,450
Due from other governments	66,543	538,401	7,266
Inventory	0	319,888	0
Prepaid expenses	0	7,202	0
Total current assets:	<u>2,055,017</u>	<u>23,847,952</u>	<u>5,425,138</u>
Noncurrent assets:			
Noncurrent receivables	0	3,924,434	0
Assets held for resale	0	78,379	0
Capital assets:			
Land	1,216,791	2,621,859	56,095
Buildings	1,285,200	14,540,498	792,812
Improvements other than buildings	6,524,617	80,910,894	604,786
Machinery and equipment	468,985	17,115,647	12,865,957
Intangibles	0	4,064,024	0
Construction in progress	666,585	9,764,118	542,872
Other plant assets	0	35,453	0
Less: Accumulated depreciation	(4,601,761)	(42,278,020)	(8,829,288)
Net capital assets	<u>5,560,417</u>	<u>86,774,473</u>	<u>6,033,234</u>
Total noncurrent assets	<u>5,560,417</u>	<u>86,852,852</u>	<u>6,033,234</u>
TOTAL ASSETS	<u><u>7,615,434</u></u>	<u><u>110,700,804</u></u>	<u><u>11,458,372</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	21,677	2,174,201	299,115
Due to other funds	13,962	257,262	895
Due to other governments	24	1,179,838	39
Accrued wages payable	85,359	344,482	47,946
Accrued employee benefits	71,497	254,177	1,413,350
Customer deposits	0	428,688	0
Other current liabilities	2,333	294,812	16,442
Current portion of long-term obligations	3,195	4,265,962	0
Total current liabilities:	<u>198,047</u>	<u>9,199,422</u>	<u>1,777,787</u>
Noncurrent liabilities			
Bonds payable, net	73,881	73,881	0
Due to other governments	0	35,205,698	0
Compensated absences	0	0	2,052,660
Total noncurrent liabilities	<u>73,881</u>	<u>35,279,579</u>	<u>2,052,660</u>
TOTAL LIABILITIES	<u>271,928</u>	<u>44,479,001</u>	<u>3,830,447</u>
NET POSITION			
Net investment in capital assets	5,483,341	49,510,871	6,033,234
Unrestricted	1,860,165	20,635,366	1,594,691
TOTAL NET POSITION	<u><u>\$7,343,506</u></u>	<u><u>\$70,146,237</u></u>	<u><u>\$7,627,925</u></u>
Less: Business-type net position used in Internal Service Fund activities		(288,774)	
Net position of business-type activities		<u><u>\$69,857,463</u></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, 2013

Page 1 of 2

	ENTERPRISE		
	WATER- SEWER	SANITARY	PUBLIC TRANSIT
Operating revenues:			
Charges for services	\$18,168,701	\$4,490,259	\$4,304,052
Miscellaneous	7,182	8,659	25,896
Total operating revenues	18,175,883	4,498,918	4,329,948
Operating expenses:			
Cost of sales and services	10,186,759	3,935,478	6,445,100
Administration	3,051,169	496,792	623,309
Depreciation	3,061,158	2,491	14,815
Total operating expenses	16,299,086	4,434,761	7,083,224
Operating income (loss)	1,876,797	64,157	(2,753,276)
Nonoperating revenues (expenses):			
Interest revenue	61,114	1,411	879
Interest expense	(718,815)	0	0
Operating grant revenue	0	67,912	2,737,229
Disposition of capital assets	(354,982)	0	0
Other	169,013	5,917	349
Total nonoperating revenues (expenses)	(843,670)	75,240	2,738,457
Income (loss) before capital contributions, special items and transfers	1,033,127	139,397	(14,819)
Capital contributions	832,575	0	0
Special items (Note 13)	(7,423,083)	0	0
Transfers in	0	0	0
Transfers out	(231,400)	0	0
Changes in net position	(5,788,781)	139,397	(14,819)
Beginning net position as previously reported	69,113,083	1,245,053	362,943
Prior period adjustments	(2,254,146)	0	0
Beginning net position, restated	66,858,937	1,245,053	362,943
Net position, December 31	\$61,070,156	\$1,384,450	\$348,124

City of Longview

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

For the year ended December 31, 2013

Page 2 of 2

	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE	TOTAL INTERNAL SERVICE
<hr/>			
Operating revenues:			
Charges for services	\$2,995,712	\$29,958,724	\$5,805,765
Miscellaneous	31,652	73,389	679
Total operating revenues	3,027,364	30,032,113	5,806,444
<hr/>			
Operating expenses:			
Cost of sales and services	2,537,952	23,105,289	3,675,305
Administration	416,447	4,587,717	686,844
Depreciation	164,192	3,242,656	914,616
Total operating expenses	3,118,591	30,935,662	5,276,765
Operating income (loss)	(91,227)	(903,549)	529,679
<hr/>			
Nonoperating revenues (expenses):			
Interest revenue	2,177	65,581	6,713
Interest expense	(3,313)	(722,128)	0
Operating grant revenue	192,800	2,997,941	2,483
Disposition of capital assets	0	(354,982)	(2,500)
Other	0	175,279	3,371
Total nonoperating revenues (expenses)	191,664	2,161,691	10,067
<hr/>			
Income (loss) before capital contributions, special items and transfers	100,437	1,258,142	539,746
Capital contributions	0	832,575	0
Special items (Note 13)	0	(7,423,083)	0
Transfers in	237,400	237,400	0
Transfers out	0	(231,400)	(1,418)
Changes in net position	337,837	(5,326,366)	538,328
<hr/>			
Beginning net position as previously reported	7,005,669	77,726,748	10,635,239
Prior period adjustments	0	(2,254,146)	(3,545,642)
Beginning net position, restated	7,005,669	75,472,602	7,089,597
Net position, December 31	\$7,343,506	\$70,146,236	\$7,627,925
<hr/>			
Change in net position from proprietary activities at the fund level (above)			(\$5,326,366)
Change in net position related to business-type activities			531,784
Change in net positions from government-wide business-type activities			(4,794,582)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended December 31, 2013

Page 1 of 4

	ENTERPRISE		
	WATER- SEWER	SANITARY	PUBLIC TRANSIT
Cash flows from operating activities:			
Cash flows from customers and users	\$18,846,354	\$4,495,245	\$5,173,572
Interfund services provided	0	0	0
Cash from other sources	156,053	40,113	349
Cash paid to suppliers	(7,744,776)	(3,457,557)	(4,551,236)
Cash paid to employees	(3,003,061)	(344,699)	(1,423,132)
Interfund services used	(1,592,663)	(260,518)	(936,487)
Cash paid for taxes and other penalties	(1,150,485)	(480,552)	(622)
Net cash provided (used) by operating activities	5,511,422	(7,968)	(1,737,556)
Cash flows from noncapital financing activities:			
Cash flows from operating grants	0	0	2,950,337
Transfer (in) from other funds	0	0	0
Transfer (out) to other funds	0	0	0
Net cash provided (used) by noncapital financing activities	0	0	2,950,337
Cash flows from capital and related financing activities:			
Proceeds from debt issuances	3,306,056	0	0
Collection of noncurrent receivables	254,439	0	0
Payments of debt principal	(3,281,505)	0	0
Proceeds from sale of capital assets	0	0	0
Capital contributions	651,389	0	0
Purchase of capital assets	0	0	0
Construction	(8,098,387)	0	0
Interest paid	(718,815)	0	0
Net cash provided (used) by capital and related financing activities	(7,886,823)	0	0
Cash flows from investing activities:			
Proceeds from sale of investments	10,774,707	80,000	1,840,621
Purchase of investments	(8,450,000)	(70,000)	(3,090,000)
Net cash provided (used) by investing activities	2,324,707	10,000	(1,249,379)
Net cash increase (decrease)	(50,694)	2,032	(36,598)
Cash and restricted cash, January 1	99,684	18,774	53,241
Cash and restricted cash, December 31	\$48,990	\$20,806	\$16,643

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended December 31, 2013

Page 2 of 4

	ENTERPRISE		
	WATER- SEWER	SANITARY	PUBLIC TRANSIT
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income (loss)	\$1,876,797	\$64,157	(\$2,753,276)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	3,061,158	2,491	14,815
Expensed capital projects	9,590	0	0
Miscellaneous nonoperating cash activity	156,053	40,113	349
(Increase) decrease from:			
Accounts & notes receivable	(7,365)	(7,831)	(15)
Due from other funds	(112,586)	(98,860)	0
Due from other governments	342,643	0	0
Inventory	(48,660)	0	0
Prepaid expenses	0	0	7,202
Increase (decrease) from:			
Accounts payable	49,811	38,335	26,743
Due to other funds	108,133	(49,070)	88,580
Due to other governments	35,585	0	838,653
Accrued wages payable	4,806	1,528	34,616
Accrued employee benefits	11,021	532	4,153
Customer deposits	9,520	0	0
Other current liabilities	14,916	637	624
Total adjustments	3,634,625	(72,125)	1,015,720
Net cash provided (used) by operating activities	\$5,511,422	(\$7,968)	(\$1,737,556)
Noncash Investing, Capital and Financing Activities			
Acquisition of capital assets on account	1,844,116	0	0
Capital (to) from governmental activities	(354,982)	0	0
Capital (to) from Water-Sewer	0	0	0
Capital (to) from nonmajor enterprise funds	(231,400)	0	0
Asset disposition receivables	0	0	0
Abandoned capital assets (Note 13)	7,423,083	0	0
Nonoperating interest income	25,758	1,411	879

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the year ended December 31, 2013

Page 3 of 4

	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Cash flows from operating activities:			
Cash flows from customers and users	\$3,085,961	\$31,601,132	\$223,703
Interfund services provided	0	0	5,701,855
Cash from other sources	166,257	362,772	5,855
Cash paid to suppliers	(698,777)	(16,452,346)	(3,301,441)
Cash paid to employees	(1,480,341)	(6,251,233)	(967,660)
Interfund services used	(678,432)	(3,468,100)	(338,620)
Cash paid for taxes and other penalties	(90,715)	(1,722,374)	(9,053)
Net cash provided (used) by operating activities	303,953	4,069,851	1,314,639
Cash flows from noncapital financing activities:			
Cash flows from operating grants	0	2,950,337	0
Transfer (in) from other funds	6,000	6,000	0
Transfer (out) to other funds	0	0	(1,418)
Net cash provided (used) by noncapital financing activities	6,000	2,956,337	(1,418)
Cash flows from capital and related financing activities:			
Proceeds from debt issuances	0	3,306,056	0
Collection of noncurrent receivables	0	254,439	0
Payments of debt principal	(3,253)	(3,284,758)	0
Proceeds from sale of capital assets	0	0	1,900
Capital contributions	0	651,389	0
Purchase of capital assets	0	0	(873,792)
Construction	(127,002)	(8,225,389)	0
Interest paid	(3,313)	(722,128)	0
Net cash provided (used) by capital and related financing activities	(133,568)	(8,020,391)	(871,892)
Cash flows from investing activities:			
Proceeds from sale of investments	155,000	12,850,328	1,120,000
Purchase of investments	(350,000)	(11,960,000)	(1,670,000)
Net cash provided (used) by investing activities	(195,000)	890,328	(550,000)
Net cash increase (decrease)	(18,615)	(103,875)	(108,671)
Cash and restricted cash, January 1	78,989	250,688	329,067
Cash and restricted cash, December 31	\$60,374	\$146,813	\$220,396

City of Longview

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended December 31, 2013

Page 4 of 4

	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income (loss)	(\$91,227)	(\$903,549)	\$529,678
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	164,192	3,242,656	914,616
Expensed capital projects	0	9,590	0
Miscellaneous nonoperating cash activity	166,257	362,772	5,855
(Increase) decrease from:			
Accounts & notes receivable	(6,048)	(21,259)	6,308
Due from other funds	0	(211,446)	(27,450)
Due from other governments	61,234	403,877	996
Inventory	0	(48,660)	0
Prepaid expenses		7,202	0
Increase (decrease) from:			
Accounts payable	(36,452)	78,437	14,196
Due to other funds	13,962	161,605	895
Due to other governments	0	874,238	0
Accrued wages payable	20,379	61,329	310
Accrued employee benefits	9,398	25,104	(139,689)
Customer deposits	0	9,520	0
Other current liabilities	2,258	18,435	8,924
Total adjustments	395,180	4,973,400	784,961
Net cash provided (used) by operating activities	\$303,953	\$4,069,851	\$1,314,639
Noncash Investing, Capital and Financing Activities			
Acquisition of capital assets on account	7,889	1,852,005	165,245
Capital (to) from governmental activities	0	(354,982)	0
Capital (to) from Water-Sewer	231,400	231,400	0
Capital (to) from nonmajor enterprise funds	0	(231,400)	0
Asset disposition receivables	0	0	2,600
Abandoned capital assets (Note 13)	0	7,423,083	0
Nonoperating interest income	2,177	30,225	3,041

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview

**STATEMENT OF FIDUCIARY NET POSITON
FIDUCIARY FUNDS**

As of December 31, 2013

	FIREMEN'S PENSION TRUST FUND	NORTHWEST HEALTH FOUNDATION PRIVATE PURPOSE TRUST FUND	STATE AGENCY FUND
ASSETS			
Cash	\$81,451	\$13,331	\$123,388
Investments			
State investment pool	624,408	0	0
TOTAL ASSETS	705,859	13,331	123,388
LIABILITIES			
Accounts payable	30,830	1,382	0
Accrued wages payable	1,605	0	0
Accrued employee benefits	5,625	0	0
Due to other governments	0	0	123,388
TOTAL LIABILITIES	38,060	1,382	123,388
Net position held in trust for pension benefits	389,688	0	0
Net position held in trust for healthcare benefits	278,111	0	0
Net position held for private purpose trust	0	11,949	0
NET POSITION	\$667,799	\$11,949	\$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, 2013

	FIREMEN'S PENSION TRUST FUND	NORTHWEST HEALTH FOUNDATION PRIVATE PURPOSE TRUST FUND
<hr/>		
ADDITIONS		
Contributions:		
Employer - healthcare	\$637,919	\$0
Employer - pension	75,697	0
Other miscellaneous	43,889	26,000
Total contributions	757,505	26,000
Interest income:		
Investments	789	0
Totals investment income	789	0
TOTAL ADDITIONS	758,294	26,000
DEDUCTIONS		
Benefits - healthcare	540,858	0
Benefits - pension	95,200	0
Administration	46,991	0
Other trust agreement payments	0	14,051
TOTAL DEDUCTIONS	683,049	14,051
Change in net position - healthcare	94,994	0
Change in net position - pension	(19,749)	0
TOTAL CHANGE IN NET POSITON	75,245	11,949
Beginning net position	592,554	0
Ending net position	\$667,799	\$11,949

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

City of Longview
Notes to the Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

The government-wide statements, the statement of net position and the statement of activities, report activities of the primary government in its entirety with the exception of the fiduciary fund category which is only displayed in the basic financial statements at the fund level. As prescribed by GASB Statement #34, interfund activity has been eliminated or reclassified for presenting the government-wide statements. Exceptions to this general rule are transactions representing interfund services provided and used. Elimination of these activities would misstate both the expenses of the purchasing function and the program revenue of the selling function. This report for 2013 incorporates the implementation of GASB Statement #65 – Items Previously reported as Assets and Liabilities. 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.

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 that meet 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 Building Replacement Fund was created to repair, replace, renovate or modernize city owned buildings.

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

- + The Water-Sewer Fund accounts for all maintenance, construction, and debt service requirements associated with providing services of the Water-Sewer System.
- + The Sanitation Fund manages the solid waste and recycling programs for the City. Each of these programs is contracted to a private firm providing residential and commercial collection services.
- + The Public Transit Fund reports all activity related to public transit services provided by the City on a cost-reimbursement basis under contract with the Cowlitz Transit Authority (see Note #16 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 required to be held in trust for members and beneficiaries of the Firemen's Pension defined benefit pension plan.
 - The Northwest Health Foundation Private Purpose Trust Fund was created to support neighborhood revitalization in the City's highlands area through a private grant.
 - The City's State Agency Fund is custodial in nature and does not report operations having no measurement focus. The State Agency Fund reports assets held for others in an agency capacity consisting mainly of district court funds held for the State of Washington.

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

D. Budgets and Budgetary Accounting

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

Budget amounts in the basic financial statements include the original budget amounts and all appropriation transfers and adjustments approved by the city manager or council, as required. The city manager is authorized as chief executive officer to approve budget transfers from one department to another of the same fund, or between line items of the same department or fund. Only

the city council has the authority to increase or decrease a given fund's annual budget, which can only be executed by city ordinance.

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

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

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

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

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

Mid August - Preparation of preliminary revenue estimates.

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

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

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

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

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

Mid November - Public hearing concerning proposed budget ordinance.

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

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

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

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

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

Fund	Original 2013-2014 Budget	Revisions	Revised 2013-2014 Budget
Major Funds			
General	\$ 63,968,030	\$ -	\$ 63,968,030
Building Replacement	4,199,130	100,000	4,299,130
Special Revenue Funds:			
Arterial Street	9,151,160	0	9,151,160
Downtown Parking	233,590	(57,000)	176,590
Economic Development	1,714,370	0	1,714,370
HOME Fund	1,122,750	0	1,122,750
CDBG Entitlement	742,500	0	742,500
Library Grant	0	0	0
Criminal Justice Assistance	1,298,910	0	1,298,910
Camera Infraction Program	463,240	40,200	503,440
Tourism	87,450	0	87,450
Parks and Recreation Mem. Trust	344,800	300,000	644,800
Total Special Revenue Funds	15,158,770	283,200	15,441,970
Capital Projects Funds:			
Capital Projects	660,600	400,000	1,060,600
LID Construction	3,700,000	0	3,700,000
Total Capital Projects Funds	4,360,600	400,000	4,760,600
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.

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 #14 titled Interfund Transactions for more details.
5. Amounts Due to and from Other Governmental Units - These accounts include amounts due to or from other governments for grants, entitlements, temporary loans, taxes and charges for services.

The Schedule of Due from and Due to other Governmental Units as of December 31, 2013 is as follows:

Due from Other Governments:

<u>Agency</u>	<u>Administering Funds</u>	<u>Amount</u>
Federal	General Fund	\$50,107
	Nonmajor governmental	342,339
	Water-Sewer	84,633
State	General Fund	5,565
	Building Replacement	500,000
	Nonmajor governmental	18,153
	Sanitation	33,717
	Nonmajor Enterprise	66,543
Local	General Fund	42,134
	Building Replacement	323,678
	Nonmajor governmental	5,976,536
	Water-Sewer	353,508
	Internal Service	7,266
TOTAL		<u>\$7,804,179</u>

Due to Other Governments:

<u>Agency</u>	<u>Administering Funds</u>	<u>Amounts</u>
State	General Fund	1,206
	Nonmajor governmental	37
	Nonmajor governmental (long-term) *	808,401
	Water-Sewer	37,833
	Water-Sewer (long-term)	37,186,526
	Public Transit	1,141,981
	Nonmajor enterprise	24
	Internal Service Funds	40
	State Agency Fund **	123,388

TOTAL

\$39,299,436

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

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

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

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

7. Restricted Assets. The City of Longview reports restricted assets in connection with the issuance of revenue bonds in the Water-Sewer Fund. No such funds were held as of financial statement presentation date as the Water-Sewer Fund had no applicable debt.

8. Capital Assets and Depreciation

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

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

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

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

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

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

10. Accumulated Unpaid Employee Leave Benefits

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

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

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

The accumulated unpaid governmental and proprietary leave benefits on December 31, 2013 are listed as follows:

	VACATION	SICK LEAVE	TOTAL
Governmental	\$1,880,062	\$1,256,242	\$3,136,304
Proprietary	386,042	197,840	583,882
Pension Trust	3,102	2,523	5,625
TOTAL	<u>2,269,206</u>	<u>1,456,605</u>	<u>3,725,811</u>
			Governmental fund compensated absences above \$3,136,304
			Long-term proprietary reported in Employee Benefits Reserve <u>329,706</u>
			Governmental activities compensated absences shown in Note 1.E.10 3,466,010

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

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

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

	Nonmajor Funds						Total
	General	Building Replacement	Special Revenue	Debt Service	Capital Projects	Library Memorial Trust	
Fund balances:							
Nonspendable:							
Loans/contracts receivable	0	0	40,000	5,565,000	0	0	5,605,000
Permanent fund principal	0	0	0	0	0	10,200	10,200
Restricted for:							
General government	0	0	110,007	0	0	0	110,007
Capital projects	0	314,418	0	0	0	0	314,418
Public safety	0	0	369,854	0	0	0	369,854
Transportation	0	0	591,846	0	0	0	591,846
Economic environment	0	0	482,726	0	0	0	482,726
Culture and recreation	0	0	753,350	0	0	9,255	762,605
Debt service	0	0	0	55,186	0	0	55,186
Committed to:							
Public safety	0	0	269,179	0	0	0	269,179
Assigned to:							
General government	0	837,682	3,767	0	0	0	841,449
Capital projects	0	0	0	0	9,493	0	9,493
Public safety	0	0	74,373	0	0	0	74,373
Transportation	0	0	5,490	0	0	0	5,490
Economic environment	0	0	280,832	0	0	0	280,832
Debt service	0	0	198	1,100	0	0	1,298
Unassigned:	10,118,589	0	(7,185)	(283)	0	0	10,111,121
	10,118,589	1,152,100	2,974,437	5,621,003	9,493	19,455	19,895,077

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	\$71,740,897
Less: Accumulated depreciation	(31,202,501)
TOTAL	<u>\$40,538,396</u>

Long-term liabilities not due in governmental funds

Bonds payable, net	(\$16,900,597)
Deferred loss on bond refunding	200,190
Due to other governments	(808,402)
Special assessment debt	(11,000)
TOTAL	<u>(\$17,519,809)</u>

Internal service fund net position reported as governmental activities

Total internal service fund net position	\$7,627,925
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Net position reported with business-type activities	288,774
TOTAL	<u>\$7,916,699</u>

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

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

Capital assets capitalized and depreciated in government-wide statements

Capital outlays	\$4,872,568
Depreciation expense-Governmental fund operations	(2,116,258)
Contributions from private sources	113,918
Contributions from business-type activities	<u>354,985</u>
TOTAL	<u>\$3,225,213</u>

Long-term liability activity reported in government-wide statements

Bonds payable issued net of discount	(\$3,536,122)
Debt payments expensed in fund statements	768,905
Amortization of refunding bond loss and bond discount/ premium	(13,739)
GASB #65 removal of bond issue costs	<u>(97,584)</u>
TOTAL	<u>(\$2,878,540)</u>

Internal service fund changes in net position attributable to governmental activities

Total internal service fund changes in net position	\$538,328
Changes in net position attributable to business-type activities	<u>(531,784)</u>
TOTAL	<u>\$6,544</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 #15.

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, 2013, were \$1,403,744 which consists of \$1,185,574 as shown on the Statement of Net position, and \$218,170 as reported in the Statement of Fiduciary Net position. The average daily balance maintained during the year was

\$3,265,400 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 \$36,214,311 representing their cost with a fair value equal to their carrying value. This amount consists of \$35,589,903 as shown in the Statement of Net Position, and 624,408 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 2013 collection was \$3.410017 per \$1,000 on an assessed valuation of \$2,502,611,760 for a total regular levy of \$8,533,950.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	5,506,797	0	0	5,506,797
Construction in progress	1,874,097	5,278,498	1,959,343	5,193,252
Total capital assets, not being depreciated	7,380,894	5,278,498	1,959,343	10,700,049
Capital assets, being depreciated:				
Buildings	14,594,052	279,570	0	14,873,622
Improvements other than buildings	2,777,970	52,892	0	2,830,862
Machinery and equipment	17,283,535	648,471	824,181	17,107,825
Infrastructure	39,010,645	2,080,420	0	41,091,065
Total capital assets being depreciated	73,666,202	3,061,353	824,181	75,903,374
Less accumulated depreciation for:				
Buildings	6,997,762	350,003	0	7,347,765
Improvements other than buildings	1,793,372	134,497	0	1,927,869
Machinery and equipment	10,988,734	1,066,694	817,181	11,238,247
Infrastructure	18,038,231	1,479,680	0	19,517,911
Total accumulated depreciation	37,818,099	3,030,874	817,181	40,031,792
Total capital assets, being depreciated, net	35,848,103	30,479	7,000	35,871,582
Governmental activities capital assets, net	43,228,997	5,308,977	1,966,343	46,571,631

Depreciation expense was charged to functions as follows:

General government	493,556
Public Safety	324,538
Transportation	1,657,838
Economic Environment	13,074
Culture and Recreation	541,868
Total governmental activities depreciation expense	3,030,874

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	2,643,037	1,089,272	1,110,452	2,621,857
Construction in progress - restated Note 18	31,875,712	8,317,752	30,429,346	9,764,118
Intangibles	4,064,024	0	0	4,064,024
Total capital assets, not being depreciated	38,582,773	9,407,024	31,539,798	16,449,999
Capital assets, being depreciated:				
Buildings	17,631,989	7,977,283	11,068,772	14,540,500
Improvements other than buildings	68,175,969	15,610,963	2,876,037	80,910,895
Machinery and equipment	14,405,398	6,997,443	4,287,193	17,115,648
Other plant assets	35,453	0	0	35,453
Total capital assets being depreciated	100,248,809	30,585,689	18,232,002	112,602,496
Less accumulated depreciation for:				
Buildings	11,023,239	396,454	6,236,747	5,182,946
Improvements other than buildings	32,885,715	2,076,944	1,208,880	33,753,779
Machinery and equipment	5,755,129	769,258	3,218,542	3,305,845
Other plant assets	35,453	0	0	35,453
Total accumulated depreciation	49,699,536	3,242,656	10,664,169	42,278,023
Total capital assets, being depreciated, net	50,549,273	27,343,033	7,567,833	70,324,473
Business-type activities capital assets, net	89,132,046	36,750,057	39,107,631	86,774,472

Depreciation expense was charged to functions as follows:

Water-sewer	3,061,158
Sanitation	2,491
Public transit	14,815
Storm water	122,217
Golf/misc. athletics	41,975
Total business-type activities depreciation expense	3,242,656

NOTE 7 - PENSION PLANS

Substantially all City of Longview full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, PO Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to the GASB Statement 27, Accounting for Pensions by State and Local Government Employers and the GASB Statement 50, Pension Disclosures, an Amendment of GASB Statements No. 25 and 27.

A. Public Employees' Retirement System (PERS)

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative

committees; community and technical colleges, college and university employees not participating in higher education retirement programs; employees of district and municipal courts; and employees of local governments. Approximately 50 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only the State Legislature.

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

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

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

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

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

PERS Plan I provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age 60, at which time the benefit is converted to the member's service retirement amount. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

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

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

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

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

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

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

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction,

PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65. For fiscal 2013, the DRS' PERS Plan 3 contributions were \$99+ million while plan refunds paid out were \$69.4 million.

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

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

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

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

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

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

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

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

There are 1,176 participating employers participating in PERS. [1] Membership in PERS consisted of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and beneficiaries receiving benefits	82,242
Terminated plan members entitled to but not yet receiving benefits	30,515

Active plan members vested	106,317
Active plan members non-vested	<u>44,273</u>
Totals	<u>263,347</u>

Funding Policy

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

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

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

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

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

** Plan 3 defined benefit portion only.

*** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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

	<u>PERS Plan I</u>	<u>PERS Plan II</u>	<u>PERS Plan III</u>
2013	91,811	1,309,947	116,987
2012	92,605	1,158,627	88,612
2011	89,254	1,006,536	88,612

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

Plan Description

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively

effective July 27, 2003, being the exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977, are Plan 2 members. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

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

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

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

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

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

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

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

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

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per each year of service (the FAS is based on the highest consecutive 60 months), actuarially reduced to reflect the choice of a survivor option. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price index), capped at 3 percent annually.

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

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

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

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

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

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

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following of the latest valuation date for the plans of June 30, 2012:

Retirees and beneficiaries receiving benefits	10,189
Terminated plan members entitled to but not yet receiving benefits	689

Vested active plan members	14,273
Nonvested active plan members	<u>2,633</u>
Totals	<u>27,784</u>

Funding Policy

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

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

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

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

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

	<u>LEOFF Plan I</u>	<u>LEOFF Plan II</u>
2013	0	1,241,215
2012	0	1,223,383
2011	0	1,133,177

C. Other Local Government Pension System - Firemen’s Pension Fund

Plan Description:

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

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

The LEOFF act provides that members are vested after five years of service and are eligible for service retirement after working a minimum of five years or more and are at least age 50. Under both LEOFF and the prior pension act (RCW 41.18), which is funded from the Firemen's Pension Fund, members are eligible for disability retirement if disabled for a minimum of six months. Under RCW 41.18, members are eligible for benefits after completing 25 years of service. Since there have been no new employees eligible for retirement benefits under RCW 41.18 since 1970, and no new employees eligible for provisions of LEOFF I retirement since October 1, 1977, all employees are fully vested.

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

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

Post-retirement medical benefits are available to firefighters and law enforcement officers hired before October 1, 1977, only. For retirees hired before June 8, 1961, only medical expenses that are directly related to their disability retirement are eligible for payment. Those who retired after June 8, 1961, have medical insurance paid by the City through the City's normal medical insurance carrier. 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

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

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

Firemen’s Pension Defined Benefit Plan Actuarial and Related Supplementary Information

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

ACTUARIAL METHODS & SIGNIFICANT ASSUMPTIONS

Valuation Date	December 31, 2012
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent closed
Amortization Period	18 years
Asset Valuation Method	Market value
Investment Rate of Return	4%
Projected Salary Increases	3.5%
Cost of Living Adjustments	3%
Inflation rate component	3%

SCHEDULE OF NET PENSION OBLIGATION & EMPLOYER CONTRIBUTIONS

	2013	2012	2011
Annual Required Contribution (ARC)	\$79,364	\$76,312	\$90,718
Interest on Net Pension Oblig. (NPO)	(931)	(991)	(1,306)
Adjustment to Net Pension Obligation	1,840	1,957	2,096
Annual Pension Cost (APC)	80,272	77,278	91,508
Employer contributions	80,670	75,790	90,163
Percentage of ARC contributed	101.6%	99.3%	99.4%
Percentage of APC contributed	100.5%	98.1%	98.5%
Increase (decrease) in NPO	(398)	1,488	1,345
Beginning Net Pension Obligation	(23,287)	(24,775)	(26,120)
Ending Net Pension Obligation	(\$23,685)	(\$23,287)	(\$24,775)

SCHEDULE OF PENSION FUNDING PROGRESS

	2013	2012	2011
Actuarial accrued liability	\$1,409,204	\$1,409,204	\$1,637,634
Actuarial value of assets	70,837	62,897	86,070
Unfunded actuarial liability (UAL)	1,338,367	1,346,307	1,551,564
Funded ratio	5.0%	4.5%	5.8%
Covered payroll	N/A	N/A	N/A
UAL as a percentage of covered payroll	N/A	N/A	N/A

SCHEDULE OF NET HEALTHCARE OBLIGATION & EMPLOYER CONTRIBUTIONS

	2013	2012	2011
Annual Required Contribution (ARC)	\$668,517	\$642,805	\$504,664
Interest on Net Healthcare Oblig. (NHO)	(9,225)	(9,770)	(8,458)
Adjustment to Healthcare Obligation	18,219	19,295	12,806
Annual Healthcare Cost (AHC)	677,510	652,330	509,012
Employer contributions	679,835	638,703	593,682
Percentage of ARC contributed	101.7%	99.4%	117.6%
Percentage of AHC contributed	100.3%	97.9%	116.6%
Increase (decrease) in NHO	(2,324)	13,627	(84,670)
Beginning Net Healthcare Obligation	(230,634)	(244,261)	(159,591)
Ending Net Healthcare Obligation	(\$232,959)	(\$230,634)	(\$244,261)

SCHEDULE OF HEALTHCARE FUNDING PROGRESS

	2013	2012	2011
Actuarial accrued liability	\$11,875,796	\$11,875,796	\$10,873,022
Actuarial value of assets	596,963	530,056	566,728
Unfunded actuarial liability (UAL)	11,278,833	11,345,740	10,306,294
Funded ratio	5.0%	4.5%	5.2%
Covered payroll	N/A	N/A	N/A
UAL as a percentage of covered payroll	N/A	N/A	N/A

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

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

	PENSION TRUST	HEALTHCARE TRUST	TOTAL
ASSETS			
Cash	\$47,530	\$33,921	\$81,451
Investments			
State investment pool	364,368	260,040	624,408
TOTAL ASSETS	411,898	293,961	705,859
LIABILITIES			
Accounts payable	17,991	12,839	30,830
Accrued wages payable	937	668	1,605
Accrued employee benefits	3,282	2,343	5,625
TOTAL LIABILITIES	22,210	15,850	38,060
Net position held in trust	389,688	278,111	667,799
NET POSITION	\$389,688	\$278,111	\$667,799

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

	PENSION TRUST	HEALTHCARE TRUST	TOTAL
ADDITIONS			
Contributions:			
Employer	\$75,697	\$637,919	\$713,616
Other miscellaneous	4,656	39,233	43,889
Total contributions	80,353	677,152	757,505
Interest income:			
Investments	84	705	789
Totals investment income	84	705	789
TOTAL ADDITIONS	80,436	677,858	758,294
DEDUCTIONS			
Benefits	95,200	540,858	636,058
Administration	4,985	42,006	46,991
TOTAL DEDUCTIONS	100,185	582,864	683,049
Change in net position	(19,748)	94,993	75,245
Beginning net position	409,436	183,118	592,554
Ending net position	\$389,688	\$278,111	\$667,799

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 2013, the City's cost for these Medicare premiums was \$28,323. This expenditure represents a cost of \$104.90 per month for 23 LEOFF I retirees.

Funding obligations for contributions to the plan are established and amended by state statute. The City's OPEB cost is based on the annual required contribution (ARC) of the employer which was \$802,159 for 2013. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities. The City has no active employees covered by LEOFF I with no required contribution from plan members. See the following Schedule of Employer Contributions and Net OPEB Obligation for the City's OPEB cost, its contributions to the plan, and its net OPEB obligation. The General Fund is typically used to liquidate this portion of the City's OPEB obligation.

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

Law Enforcement and Firefighters Plan I Actuarial and Related Supplementary Information

ACTUARIAL METHODS & SIGNIFICANT ASSUMPTIONS

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

independent actuary and used by OSA in the state-wide LEOFF I medical study performed in 2011. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit, with results based on grouped data of 4 active and 4 inactive groupings.

SCHEDULE OF EMPLOYER CONTRIBUTIONS & NET OPEB OBLIGATION **

	2013	2012	2011
Annual Required Contribution (ARC)	\$802,159	\$892,647	\$810,599
Interest on Net OPEB Obligation (NOO)	81,493	68,836	57,418
Adjustment to Net OPEB Obligation	(168,624)	(142,436)	(118,810)
Annual OPEB Cost (AOC)	715,028	819,047	749,207
Employer contributions	453,961	537,795	495,472
Percentage of ARC contributed	56.6%	60.2%	61.1%
Percentage of AOC contributed	63.5%	65.7%	66.1%
Increase (decrease) in NOO	261,067	281,252	253,735
Beginning Net OPEB Obligation	1,810,949	1,529,696	1,275,961
Ending Net OPEB Obligation	\$2,072,016	\$1,810,949	\$1,529,696

SCHEDULE OF OPEB FUNDING PROGRESS **

	2013	2012	2011
Actuarial accrued liability	\$9,586,620	\$9,586,620	\$8,705,466
Actuarial value of assets	0	0	0
Unfunded actuarial liability (UAL)	9,586,620	9,586,620	8,705,466
Funded ratio	0.0%	0.0%	0.0%
Covered payroll	N/A	N/A	N/A
UAL as a percentage of covered payroll	N/A	N/A	N/A

B. Association of Washington Cities Employee Benefit Trust

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

The Trust provides that contribution requirements are established and may be amended by the Board of Trustees of the Trust. Retirees of the City receiving medical benefits from the Trust contribute \$830 per month for non-Medicare enrolled retiree only coverage, \$1,667 for non-Medicare enrolled retiree and spouse coverage, \$1,280 for Medicare enrolled retiree and non-Medicare enrolled spouse (or non-Medicare enrolled retiree and Medicare-enrolled spouse) and \$899 for Medicare-enrolled retiree and spouse coverage. Participating employers are required contractually to contribute at a rate assessed each year by the Trust. The City's contribution to the Trust for the year ended December 31, 2013 was \$2,011,920 which equaled the required contributions for the year.

NOTE 9 - RISK MANAGEMENT

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

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

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

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

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

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

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

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

Other Self-Insurance Funds

The City is self-insured for claims regarding unemployment insurance and workers compensation which are administered by third parties. Resources set aside as of financial statement presentation date for unemployment claims are approximately \$250,000 while no funds are specifically set aside for workers compensation claims which are administered through the activities of the Insurance Reserve Fund. The City purchases excess workers compensation insurance with policy limits of \$1,000,000 and a deductible of \$500,000. The City has realized no claims to date that have exceeded insurance coverage but did close a workplace injury claim in early 2014 that was open from 2005 for just over \$818,000.

NOTE 10 - LONG-TERM LIABILITIES

A. General Obligation, Revenue, and Special Assessment Bonds

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

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

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

B. Changes in Long-Term Liabilities

The accompanying schedule lists the City's debt transactions for 2013 on principal obligation only.

	Balances Forward Restated (1)	Increases	Decreases	Ending Balances	Due within one year
Governmental activities					
General obligation bonds	\$13,899,670	\$3,560,000	\$566,747	\$16,892,923	\$810,380
unamortized (discount) premium	<u>33,213</u>	<u>(23,878)</u>	<u>1,661</u>	<u>7,674</u>	<u>69</u>
Total general obligation bonds	13,932,883	3,536,122	568,408	16,900,597	810,449
Special assessment debt with government commitment	21,000	0	10,000	11,000	6,000
Intergovernmental loans	1,000,559	0	192,158	808,401	194,464
Compensated absences	3,545,642	2,911,854	2,991,486	3,466,010	1,413,350
Net OPEB obligation (2)	1,810,949	715,028	453,961	2,072,016	0
Total governmental activities	<u>\$20,311,033</u>	<u>\$7,163,004</u>	<u>\$4,216,013</u>	<u>\$23,258,024</u>	<u>\$2,424,263</u>

Continued on next page

	Balances Forward Restated (1)	Increases	Decreases	Ending Balances	Due within one year
Business-type activities					
General obligation bonds	\$80,329	\$0	\$3,253	\$77,076	\$3,195
Intergovernmental loans	35,326,687	3,652,087	1,792,248	37,186,526	1,980,831
Compensated absences	289,130	137,139	172,092	254,177	254,177
Pollution remediation obligations	3,778,382	0	1,496,446	\$2,281,936	2,281,936
Total business-type activities	<u>\$39,474,528</u>	<u>\$3,789,226</u>	<u>\$3,464,039</u>	<u>\$39,799,715</u>	<u>\$4,520,139</u>

1) Deferred outflows removed of \$215,590

2) See Note 8.A for additional details

C. General Obligation Bonds & Other General Obligation Debt

In April of 2013, the City of Longview sold General Obligation Bonds with a par value of \$3,560,000 providing funds necessary to finance energy conservation improvements in City facilities and vehicles. Repayments range in principal amounts of \$215,000 to \$255,000 from 2014 to 2028 with interest rates from 0.7% to 5.0%.

General Obligation Bonds Outstanding as of December 31, 2013

\$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%. 6,775,000

 \$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%. 6,635,000

 \$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%. 3,560,000

Total General Obligation Bonds Outstanding **\$16,970,000**

Other General Obligation Debt:

\$626,398 - Public Works Trust Fund Loan.
 Proceeds were utilized to fund traffic signal upgrades at numerous intersections throughout Longview. Annual interest payments of 2% per annum on outstanding principal balance with final payment due July 1, 2014. Payment for this Public Works Trust Fund Loan is provided by the Arterial Street Fund. 33,326

 \$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. 428,571

 \$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. 264,515

\$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. 81,989

Total Other General Obligation Debt Outstanding \$808,401

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

GENERAL OBLIGATION DEBT

Year ending December, 31	Bonds		Other	
	Principal	Interest	Principal	Interest
2014	815,000	1,261,829	194,463	25,929
2015	855,000	1,276,644	163,574	20,683
2016	705,000	1,091,919	166,147	15,967
2017	745,000	1,106,604	168,868	11,103
2018	570,000	914,495	64,601	6,084
2019-23	4,145,000	5,432,488	50,748	3,045
2024-28	4,850,000	5,072,055	0	0
2029-33	3,520,000	4,069,849	0	0
2034-35	765,000	814,088	0	0
	<u>\$16,970,000</u>	<u>\$21,039,967</u>	<u>\$808,401</u>	<u>\$82,811</u>

D. Revenue Bonds & Other Enterprise Debt

Other Enterprise Debt: Payment for outstanding other enterprise debt which consists of Public Works Trust Fund Loans provided by the Water/Sewer Fund.

\$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 490,286

\$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	800,439
\$1,000,000 – 2010 Public Works Trust Fund Loan. Proceeds to fund new Regional Water Treatment Plant. Annual interest of ½% through 2028	800,439
\$3,052,350 – 2010 Public Works Trust Fund Loan. Proceeds to fund new Regional Water Treatment Plant. Annual interest of ½% through 2028	2,772,984
\$4,193,183 – 2011 Public Works Trust Fund Loan. Proceeds to fund new Regional Water Treatment Plant. Annual interest of ½% through 2028	4,330,818
\$8,397,696 – 2011 Department of Ecology loan to help in the City’s sewer diversion project to the regional sewage treatment plant. Annual interest of 2.8% through 2031	10,537,879
\$11,278,744 – 2012 Public Works Trust Fund Loan for the Mint Farm Regional Water Supply Projects. Annual interest of 1% through 2034	7,980,000
\$7,785,408 – 2012 Public Works Trust Fund Loan for the Mint Farm Regional Water Supply Project. Annual interest of .5% through 2032	9,473,681
<i>Total Other Enterprise Debt</i>	<u>\$37,186,526</u>

The annual requirements for outstanding revenue debt are as follows:

REVENUE DEBT

Year ending December, 31	Bonds		Other	
	Principal	Interest	Principal	Interest
2014	0	0	1,980,830	480,569
2015	0	0	1,993,339	454,878
2016	0	0	2,006,203	428,563
2017	0	0	2,019,431	402,247
2018	0	0	2,033,035	375,930
2019-23	0	0	10,383,129	1,484,911
2024-28	0	0	10,663,421	827,622
2029-32	0	0	6,107,138	217,666
	<u>\$0</u>	<u>\$0</u>	<u>\$37,186,526</u>	<u>\$4,672,385</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%	4,000

\$61,710 – 2004 Local Improvement District No. 345 term bonds due July, 2016, interest at 3.75%	4,000

\$30,361 – 2004 Local Improvement District No. 346 term bonds due June 2016, interest at 3.75%	<u>3,000</u>
<i>Total Local Improvement District Bonds Outstanding</i>	<u>\$11,000</u>

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

<u>Year ending Dec. 31</u>	<u>Principal</u>	<u>Interest</u>
2014	5,000	413
2015	3,000	225
2016	<u>3,000</u>	<u>113</u>
	<u>\$ 11,000</u>	<u>\$751</u>

NOTE 11 - SHORT-TERM DEBT

The City of Longview had no applicable short-term debt outstanding as of December 31, 2013, nor did the City have applicable short-term debt activity during 2013.

NOTE 12 - CONTINGENCIES AND LITIGATION

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

NOTE 13 - SPECIAL AND EXTRAORDINARY ITEMS

- A. In February of 2013 the City completed construction of a new water treatment facility at the Mint Farm Industrial Park replacing the existing facility off the Cowlitz River. The new groundwater supply system will provide 20 MGD of potable water capacity, which includes 6 MGD of capacity for new growth. The project was primarily funded by low-interest state public trust fund loans as well as federal grants, and rates for local matching funds. Capitalized costs for the new plant were just over \$30 million. The City reports a special item of approximately \$7.4 million representing the book value of the old water treatment

facility that is considered abandoned and unsalvageable. As detailed in Note 16.C, Beacon Hill Sewer District is a minority owner relative to these water treatment facilities.

- B. Last year the City of Longview reported a pollution remediation obligation. This was due to sewage treatment lagoons no longer meeting discharge standards. An examination of alternatives resulted in the recommendation to discontinue the use of these lagoons. Federal and state regulations require the removal and disposal of residual sewage biosolids from the discontinued treatment area as well as to properly decommission the old treatment site. This obligation was originally estimated at \$4.5 million, and reduced by costs in 2012 of \$105,000 and \$1.5 million in 2013. A further reduction in the obligation for pollution remediation recognized in 2012 was \$600,000 for the appreciation of land bringing it to its estimated fair value, which will be capitalized at the end of the project. With no estimated recoveries to further reduce the liability, financial statements for 2013 report an ending obligation of roughly \$2.3 million as displayed in Note 10.B.

NOTE 14 - INTERFUND BALANCES AND TRANSACTIONS

A. Interfund Transfers

Interfund transfers generally represent subsidies provided with no corresponding obligation for repayment. The purpose of these transfers may include the need to finance capital, debt or operating activities. Interfund transfers for the City of Longview during 2013 are as follows:

	TRANSFERS IN			TOTAL
	General Fund	Nonmajor Gov'tal	Nonmajor Enterprise	
TRANSFERS OUT				
General Fund		287,344	6,000	293,344
Water-Sewer			231,400	231,400
Nonmajor Governmental	1,910	140		2,050
Internal Service		1,418		1,418
TOTAL	1,910	288,902	237,400	528,212

Net governmental transfers (bold) over business-type activities (italic) (6,000)

B. Due From/To Other Funds

Interfund balances reported in this category are short-term in nature, which result from interfund transactions usually involving the exchange of goods and services within the normal operation of fund activities. Amounts due from/to other funds as of December 31, 2013 are as follows:

	DUE FROM OTHER FUNDS				TOTAL
	General Fund	Water-Sewer	Sanitation	Internal Service	
DUE TO OTHER FUNDS					
General Fund		85,989	98,859	27,450	212,298
Water-Sewer	140,292				140,292
Sanitation	14,429				14,429
Public Transit	88,580				88,580
Nonmajor Governmental	79,309				79,309
Nonmajor Enterprise	11,100	2,861			13,961
Internal Service	895				895
TOTAL	334,605	88,850	98,859	27,450	549,764
Net due governmental funds (bold) from business-type activities (italic)					69,553
Add business-type net position used in Internal Service Fund activities					288,774
Government-wide internal balances due from business-type activities					<u>358,327</u>

NOTE 15 - FUND BALANCES

Fund Equity Deficits

The following funds reported deficit fund balances as of December 31, 2013:

HOME Fund

A deficit fund balance of \$7,186 results from the reversal of a revenue accrual which was necessary due to the program exhausting its reimbursable funds.

Employee Benefits Reserve Fund

This Internal Service Fund reports a deficit of \$2,543,593 representing compensated absences that exceed the amounts available to pay the long-term liabilities due in future periods.

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 \$9,255 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 16 - 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 2013, the City of Longview incurred \$7,068,400 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, 2013, the Economic Development Special Revenue Fund had \$120,977 in loans outstanding, while reporting \$361,750 in cash and investments totaling \$482,727 in fund balance reserved for this program. This fund also holds an additional \$40,000 in fund balance reserved for loans due to an interlocal debt service agreement with the City of Kelso toward financing regional airport hanger improvements.
- C. In December 1978, the City of Longview (City) entered into an agreement with the Cowlitz Public Utility District No. 1 (PUD) to construct the Regional Water Treatment Plant (RWTP). The arrangement was organized to provide treated water to the residents of both the City and the PUD at the lowest reasonable cost consistent with reliability, safety and expedition. The PUD has since released their interest to the Beacon Hill Sewer District (BHSD). Ownership parallels the participation ratio of the volume of water delivered to each participant's citizenry. As of December 31, 2013, ownership distribution was 85.45% for the City to 14.55% for the BHSD. 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 \$1,090,597 for operations and maintenance, and \$1,464,006 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 BHSD reporting an investment for their

minority interest in the operation. The 2013 changes in the BHSD's minority interest are reflected below.

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

Balance forward	\$4,981,292
Contributions from capital funding requirements	528,688
Net loss percentage	<u>(1,597,207)</u>
Ending balance	<u>\$3,912,773</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 2013, The City of Longview paid TRRWA a total of \$5,143,189. 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.

NOTE 17 JOINT VENTURES

- B. 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 \$60,000 to the Board in 2013.

NOTE 18 - PRIOR PERIOD ADJUSTMENTS

- A. Certain liabilities were reported as a reconciling item in the Statement of Net Position as they were not displayed in the fund financial statements in 2012. However, in 2013 as allowed under generally accepted accounting principles, these compensated absences are reported in the Employee Benefits Reserve Internal Service Fund. The prior period adjustment to bring these employee benefits on at the fund level resulted in a decrease in net position of \$3,545,642. There was no impact to prior period reporting at the government-wide level as these costs had been reported as stated above. For more detail pertaining to nature and presentation of these costs as they relate to the current period, see Note 1.E.10.
- B. The City has constructed a new water treatment plant as mentioned in Note 13.A. Prior periods reported costs as construction in process that were not considered capital upon completion of the project and allocation of the construction in process account. These amounts totaled roughly two and one-quarter million representing preliminary costs to the project that should have been expensed as incurred.

Nonmajor Governmental Funds

City of Longview

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

As of December 31, 2013

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Library Memor. Trust Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash	\$603,451	\$4,670	\$55,495	\$8,954	\$672,570
Deposits with trustees	0	0	2,000	0	2,000
Investments	1,733,767	222	810	10,501	1,745,300
Receivables (net)					
Taxes	104,700	11,678	0	0	116,378
Accounts	135	9,326	0	0	9,461
Assessments	258,000	0	7,936	0	265,936
Notes and contracts	186,250	57,465	0	0	243,715
Due from other governments	772,029	0	5,565,000	0	6,337,029
Total assets	<u>3,658,332</u>	<u>83,361</u>	<u>5,631,241</u>	<u>19,455</u>	<u>9,392,389</u>
LIABILITIES					
Accounts payable	313,408	10,899	302	0	324,609
Matured bonds/interest payable	0	0	2,000	0	2,000
Due to other funds	79,309	0	0	0	79,309
Due to other governments	37	0	0	0	37
Accrued wages payable	24,703	0	0	0	24,703
Other current liabilities	8,438	7,978	0	0	16,416
DEFERRED INFLOWS					
Other unavailable revenue	258,000	54,991	7,936	0	320,927
Total deferred inflows	<u>258,000</u>	<u>54,991</u>	<u>7,936</u>	<u>0</u>	<u>320,927</u>
FUND BALANCES					
Nonspendable	40,000	0	5,565,000	10,200	5,615,200
Restricted	2,307,785	0	55,186	9,255	2,372,226
Committed	269,179	0	0	0	269,179
Assigned	364,659	9,493	1,100	0	375,252
Unassigned	(7,186)	0	(283)	0	(7,469)
Total fund balances	<u>2,974,437</u>	<u>9,493</u>	<u>5,621,003</u>	<u>19,455</u>	<u>8,624,388</u>

City of Longview

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

For the year ended December 31, 2013

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Library Memor. Trust Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$523,372	\$195,717	\$0	\$0	\$719,089
Intergovernmental	2,489,686	4,760	0	0	2,494,446
Charges for services	28,530	0	0	0	28,530
Fines	296,297	0	0	0	296,297
Miscellaneous					
Interest earnings	11,479	2,642	239,366	15	253,502
Space and facilities rentals	13,843	0	0	0	13,843
Contributions from private sources	9,152	38,978	0	0	48,130
Special assessments	0	0	6,789	0	6,789
Other miscellaneous	62,655	0	0	0	62,655
Total revenues	3,435,014	242,097	246,155	15	3,923,281
Expenditures:					
Current:					
General government	37,842	2,561	8,465	0	48,868
Public safety	810,533	0	0	0	810,533
Transportation	42,663	3,485	0	0	46,148
Economic environment	668,218	0	0	0	668,218
Culture and recreation	6,000	43,497	302	0	49,799
Capital outlays	1,044,056	391,959	0	0	1,436,015
Debt service:					
Principal	439,631	0	300,000	0	739,631
Interest and other debt service costs	283,034	0	357,176	0	640,210
Total expenditures	3,331,977	441,502	665,943	0	4,439,422
Excess (deficiency) of revenues over (under) expenditures	103,037	(199,405)	(419,788)	15	(516,141)
Other financing sources (uses):					
Transfers in	1,559	0	287,344	0	288,903
Transfers out	(140)	0	(1,003)	(907)	(2,050)
Total other financing sources (uses)	1,419	0	286,341	(907)	286,853
Net change in fund balances	104,456	(199,405)	(133,447)	(892)	(229,288)
Fund balance, January 1	2,869,981	208,898	5,754,450	20,347	8,853,676
Fund balance, December 31	\$2,974,437	\$9,493	\$5,621,003	\$19,455	\$8,624,388

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

City of Longview

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

As of December 31, 2013

Page 1 of 2

	Arterial Street	Downtown Parking	Economic Development	HOME	CDBG Entitlement
ASSETS					
Cash	\$25,330	\$32,365	\$390,844	\$1,936	\$3,122
Investments	210,622	86,183	190,374	0	0
Receivables (net)					
Taxes	38,500	0	0	0	0
Accounts	0	135	0	0	0
Assessments	0	0	258,000	0	0
Notes and contracts	0	0	186,250	0	0
Due from other governments	545,885	0	40,000	28,642	35,016
Total assets	820,337	118,683	1,065,468	30,578	38,138
LIABILITIES					
Accounts payable	182,085	1,786	686	24,858	5,213
Due to other funds	33,478	0	0	12,906	32,925
Due to other governments	0	0	0	0	0
Accrued wages payable	0	1,499	2,225	0	0
Other current liabilities	7,437	1	1,000	0	0
Total liabilities	223,000	3,286	3,911	37,764	38,138
DEFERRED INFLOWS					
Other unavailable revenue	0	0	258,000	0	0
Total deferred inflows	0	0	258,000	0	0
FUND BALANCES					
Nonspendable	0	0	40,000	0	0
Restricted	591,846	0	482,727	0	0
Committed	0	115,397	0	0	0
Assigned	5,491	0	280,830	0	0
Unassigned	0	0	0	(7,186)	0
Total fund balances	597,337	115,397	803,557	(7,186)	0

Library Grant	Criminal Justice Assistance	Camera Infraction Program	Tourism	Parks and Recreation Memorial Trust	Total Nonmajor Special Revenue Funds
\$1,161	\$52,666	\$30,996	\$37,097	\$27,934	\$603,451
0	232,935	190,224	92,976	730,453	1,733,767
0	61,000	0	5,200	0	104,700
0	0	0	0	0	135
0	0	0	0	0	258,000
0	0	0	0	0	186,250
0	122,486	0	0	0	772,029
1,161	469,087	221,220	135,273	758,387	3,658,332
0	3,843	67,437	21,500	6,000	313,408
0	0	0	0	0	79,309
0	37	0	0	0	37
0	20,979	0	0	0	24,703
0	0	0	0	0	8,438
0	24,859	67,437	21,500	6,000	425,895
0	0	0	0	0	258,000
0	0	0	0	0	258,000
0	0	0	0	0	40,000
963	369,854	0	110,007	752,388	2,307,785
0	0	153,782	0	0	269,179
198	74,373	0	3,767	0	364,659
0	0	0	0	0	(7,186)
1,161	444,227	153,782	113,774	752,388	2,974,437

City of Longview

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

For the year ended December 31, 2013

Page 1 of 2

	Arterial Street	Downtown Parking	Economic Development	HOME	CDBG Entitlement
Revenues:					
Taxes	\$0	\$0	\$481,740	\$0	\$0
Intergovernmental	1,237,784	0	0	273,489	365,439
Charges for services	2	0	0	28,528	0
Fines	0	21,949	0	0	0
Miscellaneous					
Interest earnings	216	167	9,484	0	0
Space and facilities rentals	0	9,043	4,800	0	0
Contributions from private sources	2,500	0	5,854	0	0
Other miscellaneous	2,772	0	0	0	0
Total revenues	1,243,274	31,159	501,878	302,017	365,439
Expenditures:					
Current:					
General government	0	0	0	0	0
Public safety	0	66,346	0	0	0
Transportation	38,551	4,112	0	0	0
Economic environment	0	0	117,270	298,161	252,787
Culture and recreation	0	0	0	0	0
Capital outlays	894,168	0	1,295	0	114,211
Debt service:					
Principal	33,326	0	406,305	0	0
Interest and other debt service costs	1,333	0	281,701	0	0
Total expenditures	967,378	70,458	806,571	298,161	366,998
Excess (deficiency) of revenues over (under) expenditures	275,896	(39,299)	(304,693)	3,856	(1,559)
Other financing sources (uses):					
Transfers in	0	0	0	0	1,559
Transfers out	0	0	(140)	0	0
Total other financing sources (uses)	0	0	(140)	0	1,559
Net change in fund balances	275,896	(39,299)	(304,833)	3,856	0
Fund balance, January 1	321,441	154,696	1,108,390	(11,042)	0
Fund balance, December 31	\$597,337	\$115,397	\$803,557	(\$7,186)	\$0

Library Grant	Criminal Justice Assistance	Camera Infraction Program	Tourism	Parks and Recreation Memorial Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$41,632	\$0	\$523,372
0	612,974	0	0	0	2,489,686
0	0	0	0	0	28,530
0	0	274,348	0	0	296,297
0	346	73	135	1,058	11,479
0	0	0	0	0	13,843
198	600	0	0	0	9,152
0	56,251	0	3,632	0	62,655
198	670,171	274,421	45,399	1,058	3,435,014
0	0	0	37,842	0	37,842
0	545,745	198,442	0	0	810,533
0	0	0	0	0	42,663
0	0	0	0	0	668,218
0	0	0	0	6,000	6,000
0	14,334	0	0	20,048	1,044,056
0	0	0	0	0	439,631
0	0	0	0	0	283,034
0	560,079	198,442	37,842	26,048	3,331,977
198	110,092	75,979	7,557	(24,990)	103,037
0	0	0	0	0	1,559
0	0	0	0	0	(140)
0	0	0	0	0	1,419
198	110,092	75,979	7,557	(24,990)	104,456
963	334,136	77,804	106,216	777,377	2,869,981
\$1,161	\$444,228	\$153,783	\$113,773	\$752,387	\$2,974,437

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, 2013

Page 1 of 8

	ATERIAL STREET			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	8,518,160	8,518,160	1,237,784	(7,280,376)
Charges for services	5,000	5,000	2	(4,998)
Fines	0	0	0	0
Miscellaneous:				
Interest earnings	0	0	216	216
Space and facilities rentals	0	0	0	0
Contributions from private sources	0	0	2,500	2,500
Other miscellaneous	0	0	2,772	2,772
Total revenues	8,523,160	8,523,160	1,243,274	(7,279,886)
Expenditures:				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Transportation	110,000	110,000	38,551	71,449
Economic environment	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlays	8,820,500	8,820,500	894,168	7,926,332
Debt service:	0	0	0	0
Principal	66,660	66,660	33,326	33,334
Interest and fiscal charges	4,000	4,000	1,333	2,667
Total expenditures	9,001,160	9,001,160	967,378	8,033,782
Excess (deficiency) of revenues over (under) expenditures	(478,000)	(478,000)	275,896	753,896
Other financing sources (uses):				
Capital asset dispositions	120,000	120,000	0	(120,000)
Transfers in	258,000	258,000	0	(258,000)
Transfers out	(150,000)	(150,000)	0	150,000
Total other fin. sources (uses)	228,000	228,000	0	(228,000)
Net change in fund balances	(250,000)	(250,000)	275,896	525,896
January 1, 2013 fund balance	321,441	321,441	321,441	0
December 31, 2013 fund balance	\$71,441	\$71,441	\$597,337	\$525,896

DOWNTOWN PARKING				ECONOMIC DEVELOPMENT			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$0	\$0	\$0	\$0	\$918,750	\$918,750	\$481,740	(\$437,010)
0	0	0	0	0	0	0	0
0	0	0	0	15,000	15,000	0	(15,000)
94,400	90,400	21,949	(68,451)	0	0	0	0
480	480	167	(313)	680	680	9,484	8,804
5,680	5,680	9,043	3,363	4,800	4,800	4,800	0
0	0	0	0	0	0	5,854	5,854
0	0	0	0	200	200	0	(200)
100,560	96,560	31,159	(65,401)	939,430	939,430	501,878	(437,552)
0	0	0	0	0	0	0	0
221,470	164,470	66,347	98,123	0	0	0	0
11,520	11,520	4,112	7,408	0	0	0	0
0	0	0	0	328,580	328,580	117,270	211,310
0	0	0	0	0	0	0	0
600	600	0	600	0	0	1,297	(1,297)
0	0	0	0	0	0	0	0
0	0	0	0	825,240	825,240	406,305	418,935
0	0	0	0	560,550	560,550	281,701	278,849
233,590	176,590	70,459	106,131	1,714,370	1,714,370	806,573	907,797
(133,030)	(80,030)	(39,300)	40,730	(774,940)	(774,940)	(304,695)	470,245
0	0	0	0	774,940	774,940	0	(774,940)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	(140)	(140)
0	0	0	0	774,940	774,940	(140)	(775,080)
(133,030)	(80,030)	(39,300)	40,730	0	0	(304,835)	(304,835)
154,697	154,697	154,697	0	1,108,392	1,108,392	1,108,392	0
\$21,667	\$74,667	\$115,397	\$40,730	\$1,108,392	\$1,108,392	\$803,557	(\$304,835)

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, 2013

Page 3 of 8

	HOME FUND			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	1,060,050	1,060,050	273,489	(786,561)
Charges for services	62,500	62,500	28,528	(33,972)
Fines	0	0	0	0
Miscellaneous:				
Interest earnings	200	200	0	(200)
Space and facilities rentals	0	0	0	0
Contributions from private sources	0	0	0	0
Other miscellaneous	0	0	0	0
Total revenues	1,122,750	1,122,750	302,017	(820,733)
Expenditures:				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Transportation	0	0	0	0
Economic environment	1,122,750	1,122,750	298,162	824,588
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	1,122,750	1,122,750	298,162	824,588
Excess (deficiency) of revenues over (under) expenditures	0	0	3,855	3,855
Other financing sources (uses):				
Capital asset dispositions	0	0	0	0
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	3,855	3,855
January 1, 2013 fund balance	(11,041)	(11,041)	(11,041)	0
December 31, 2013 fund balance	(\$11,041)	(\$11,041)	(\$7,186)	\$3,855

CDBG Entitlement				LIBRARY GRANT FUND			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
742,500	742,500	365,439	(377,061)	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	198	198
0	0	0	0	0	0	0	0
742,500	742,500	365,439	(377,061)	0	0	198	198
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
742,500	742,500	252,787	489,713	0	0	0	0
0	0	0	0	0	0	0	0
0	0	114,211	(114,211)	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
742,500	742,500	366,998	375,502	0	0	0	0
0	0	(1,559)	(1,559)	0	0	198	198
0	0	0	0	0	0	0	0
0	0	1,559	1,559	0	0	0	0
0	0	0	0	0	0	0	0
0	0	1,559	1,559	0	0	0	0
0	0	0	0	0	0	198	198
0	0	0	0	963	963	963	0
\$0	\$0	\$0	\$0	\$963	\$963	\$1,161	\$198

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, 2013

Page 5 of 8

	CRIMINAL JUSTICE ASSISTANCE			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	1,220,450	1,220,450	612,974	(607,476)
Charges for services	0	0	0	0
Fines	0	0	0	0
Miscellaneous:				
Interest earnings	4,000	4,000	346	(3,654)
Space and facilities rentals	0	0	0	0
Contributions from private sources	0	0	600	600
Other miscellaneous	48,000	48,000	56,251	8,251
Total revenues	1,272,450	1,272,450	670,171	(602,279)
Expenditures:				
Current:				
General government	0	0	0	0
Public safety	1,298,910	1,298,910	545,745	753,165
Transportation	0	0	0	0
Economic environment	0	0	0	0
Culture and recreation	0	0	0	0
Capital outlays	0	0	14,334	(14,334)
Debt service:				
Principal	0	0	0	0
Interest and fiscal charges	0	0	0	0
Total expenditures	1,298,910	1,298,910	560,079	738,831
Excess (deficiency) of revenues over (under) expenditures	(26,460)	(26,460)	110,092	136,552
Other financing sources (uses):				
Capital asset dispositions	0	0	0	0
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	(26,460)	(26,460)	110,092	136,552
January 1, 2013 fund balance	334,136	334,136	334,136	0
December 31, 2013 fund balance	\$307,676	\$307,676	\$444,228	\$136,552

CAMERA INFRACTION PROGRAM				TOURISM			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$0	\$0	\$0	\$0	\$72,000	\$72,000	\$41,632	(\$30,368)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
463,240	503,440	274,348	(229,092)	0	0	0	0
0	0	73	73	200	200	135	(65)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	3,632	3,632
463,240	503,440	274,421	(229,019)	72,200	72,200	45,399	(26,801)
0	0	0	0	0	0	37,841	(37,841)
225,400	225,400	198,441	26,959	0	0	0	0
237,840	278,040	0	278,040	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	87,450	87,450	0	87,450
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
463,240	503,440	198,441	304,999	87,450	87,450	37,841	49,609
0	0	75,980	75,980	(15,250)	(15,250)	7,558	22,808
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	75,980	75,980	(15,250)	(15,250)	7,558	22,808
77,803	77,803	77,803	0	106,215	106,215	106,215	0
\$77,803	\$77,803	\$153,783	\$75,980	\$90,965	\$90,965	\$113,773	\$22,808

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, 2013

Page 7 of 8

	PARKS AND RECREATION MEMORIAL TRUST			
	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	0	0	0	0
Miscellaneous:				
Interest earnings	2,000	2,000	1,058	(942)
Space and facilities rentals	0	0	0	0
Contributions from private sources	0	0	0	0
Other miscellaneous	0	0	0	0
Total revenues	2,000	2,000	1,058	(942)
Expenditures:				
Current:				
General government	0	0	0	0
Public safety	0	0	0	0
Transportation	0	0	0	0
Economic environment	0	0	0	0
Culture and recreation	0	0	6,000	(6,000)
Capital outlays	344,800	344,800	20,049	324,751
Debt service:				
Principal	0	0	0	0
Interest and fiscal charges	0	0	0	0
Total expenditures	344,800	344,800	26,049	318,751
Excess (deficiency) of revenues over (under) expenditures	(342,800)	(342,800)	(24,991)	317,809
Other financing sources (uses):				
Transfers in	0	0	0	0
Transfers out	0	(300,000)	0	300,000
Total other fin. sources (uses)	0	(300,000)	0	300,000
Net change in fund balances	(342,800)	(642,800)	(24,991)	617,809
January 1, 2013 fund balance	777,378	777,378	777,378	0
December 31, 2013 fund balance	\$434,578	\$134,578	\$752,387	\$617,809

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, 2013

Page 8 of 8

	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$990,750	\$990,750	\$523,372	(\$467,378)
Intergovernmental	11,541,160	11,541,160	2,489,686	(9,051,474)
Charges for services	82,500	82,500	28,530	(53,970)
Fines	557,640	593,840	296,297	(297,543)
Miscellaneous:				
Interest earnings	7,560	7,560	11,479	3,919
Space and facilities rentals	10,480	10,480	13,843	3,363
Contributions from private sources	0	0	9,152	9,152
Other miscellaneous	48,200	48,200	62,655	14,455
Total revenues	13,238,290	13,274,490	3,435,014	(9,839,476)
Expenditures:				
Current:				
General government	0	0	37,841	37,841
Public safety	1,745,780	1,688,780	810,533	(878,247)
Transportation	359,360	399,560	42,663	(356,897)
Economic environment	2,193,830	2,193,830	668,219	(1,525,611)
Culture and recreation	87,450	87,450	6,000	(81,450)
Capital outlays	9,165,900	9,165,900	1,044,059	(8,121,841)
Debt service:				
Principal	891,900	891,900	439,631	(452,269)
Interest and fiscal charges	564,550	564,550	283,034	(281,516)
Total expenditures	15,008,770	14,991,970	3,331,980	11,659,990
Excess (deficiency) of revenues over (under) expenditures	(1,770,480)	(1,717,480)	103,034	1,820,514
Other financing sources (uses):				
Capital asset dispositions	894,940	894,940	0	(894,940)
Transfers in	258,000	258,000	1,559	(256,441)
Transfers out	(150,000)	(450,000)	(140)	449,860
Total other fin. sources (uses)	1,002,940	702,940	1,419	(701,521)
Net change in fund balances	(767,540)	(1,014,540)	104,453	1,118,993
January 1, 2013 fund balance	2,869,984	2,869,984	2,869,984	0
December 31, 2013 fund balance	\$2,102,444	\$1,855,444	\$2,974,437	\$1,118,993

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.

City of Longview

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

As of December 31, 2013

	Capital Projects	LID Construction	Total Nonmajor Capital Projects Funds
ASSETS			
Cash	\$4,670	\$0	\$4,670
Investments	222	0	222
Receivables (net)			
Taxes	11,678	0	11,678
Accounts	9,326	0	9,326
Notes and contracts	57,465	0	57,465
Total assets	<u>83,361</u>	<u>0</u>	<u>83,361</u>
LIABILITIES			
Accounts payable	10,899	0	\$10,899
Other current liabilities	7,978	0	7,978
Total liabilities	<u>18,877</u>	<u>0</u>	<u>18,877</u>
DEFERRED INFLOWS			
Other unavailable revenue	54,991	0	54,991
Total deferred inflows	<u>54,991</u>	<u>0</u>	<u>54,991</u>
FUND BALANCES			
Assigned	9,493	0	9,493
Total fund balances	<u>9,493</u>	<u>0</u>	<u>9,493</u>

City of Longview

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

For the year ended December 31, 2013

	Capital Projects	LID Construction	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$195,717	\$0	\$195,717
Intergovernmental	4,760	0	4,760
Miscellaneous			
Interest earnings	2,642	0	2,642
Contributions from private sources	38,978	0	38,978
Total revenues	242,097	0	242,097
Expenditures:			
Current:			
General government	2,561	0	2,561
Transportation	3,485	0	3,485
Culture and recreation	43,497	0	43,497
Capital outlays	391,959	0	391,959
Total expenditures	441,502	0	441,502
Excess (deficiency) of revenues over (under) expenditures	(199,405)	0	(199,405)
Total other financing sources (uses)	0	0	0
Net change in fund balances	(199,405)	0	(199,405)
Fund balance, January 1	208,898	0	208,898
Fund balance, December 31	\$9,493	\$0	\$9,493

City of Longview

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

NONMAJOR CAPITAL PROJECTS FUNDS

For the biennium ended December 31, 2013

Page 1 of 3

	CAPITAL PROJECTS			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$300,000	\$300,000	\$195,717	(\$104,283)
Intergovernmental	7,300	7,300	4,760	(2,540)
Miscellaneous:				
Interest earnings	1,250	1,250	2,642	1,392
Contributions from private sources	80,000	80,000	38,978	(41,022)
Total revenues	388,550	388,550	242,097	(146,453)
Expenditures:				
Current:				
General government	0	0	2,561	(2,561)
Transportation	6,600	6,600	3,485	3,115
Culture and recreation	130,000	130,000	43,497	86,503
Capital outlays	446,000	846,000	391,959	454,041
Total expenditures	582,600	982,600	441,502	541,098
Excess (deficiency) of revenues over (under) expenditures	(194,050)	(594,050)	(199,405)	394,645
Other financing sources (uses):				
Proceeds of general long-term debt	0	0	0	0
Transfers in	0	400,000	0	(400,000)
Transfers out	(78,000)	(78,000)	0	78,000
Discount on bonds sold	0	0	0	0
Total other fin. sources (uses)	(78,000)	322,000	0	(322,000)
Net change in fund balances	(272,050)	(272,050)	(199,405)	72,645
Fund balance, January 1	208,898	208,898	208,898	0
Fund balance, December 31	(\$63,152)	(\$63,152)	\$9,493	\$72,645

LID CONSTRUCTION				BUILDING REPLACEMENT			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	500,000	500,000	500,000	0
0	0	0	0	0	0	3,848	3,848
0	0	0	0	0	0	0	0
0	0	0	0	500,000	500,000	503,848	3,848
0	0	0	0	0	0	29,137	(29,137)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
3,700,000	3,700,000	0	3,700,000	4,199,130	4,199,130	3,317,792	881,338
3,700,000	3,700,000	0	3,700,000	4,199,130	4,199,130	3,346,929	852,201
(3,700,000)	(3,700,000)	0	3,700,000	(3,699,130)	(3,699,130)	(2,843,081)	856,049
3,700,000	3,700,000	0	(3,700,000)	3,490,130	3,490,130	3,560,000	69,870
0	0	0	0	0	0	0	0
0	0	0	0	0	(100,000)	0	100,000
0	0	0	0	0	0	(23,878)	23,878
3,700,000	3,700,000	0	(3,700,000)	3,490,130	3,390,130	3,536,122	145,992
0	0	0	0	(209,000)	(309,000)	693,041	1,002,041
0	0	0	0	459,059	459,059	459,059	0
\$0	\$0	\$0	\$0	\$250,059	\$150,059	\$1,152,100	\$1,002,041

TOTAL NONMAJOR CAPITAL PROJECTS FUNDS				
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Taxes	\$300,000	\$300,000	\$195,717	(\$104,283)
Intergovernmental	507,300	507,300	504,760	(2,540)
Miscellaneous:				
Interest earnings	1,250	1,250	6,490	5,240
Contributions from private sources	80,000	80,000	38,978	(41,022)
Total revenues	888,550	888,550	745,945	(142,605)
Expenditures:				
Current:				
General government	0	0	31,698	(31,698)
Transportation	6,600	6,600	3,485	3,115
Culture and recreation	130,000	130,000	43,497	86,503
Capital outlays	8,345,130	8,745,130	3,709,751	5,035,379
Total expenditures	8,481,730	8,881,730	3,788,431	5,093,299
Excess (deficiency) of revenues over (under) expenditures	(7,593,180)	(7,993,180)	(3,042,486)	4,950,694
Other financing sources (uses):				
Proceeds of general long-term debt	7,190,130	7,190,130	3,560,000	(3,630,130)
Transfers in	0	400,000	0	(400,000)
Transfers out	(78,000)	(178,000)	0	178,000
Discount on bonds sold	0	0	(23,878)	23,878
Total other fin. sources (uses)	7,112,130	7,412,130	3,536,122	(3,876,008)
Net change in fund balances	(481,050)	(581,050)	493,636	1,074,686
Fund balance, January 1	667,957	667,957	667,957	0
Fund balance, December 31	\$186,907	\$86,907	\$1,161,593	\$1,074,686

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, 2013

	2007 LTGO Bond Fund	Special Assessment Bond Redemption	Special Assessment Guaranty	Total Nonmajor Debt Service Funds
ASSETS				
Cash	\$19	\$55,186	\$290	\$55,495
Deposits with trustees	0	2,000	0	2,000
Investments	0	0	810	810
Receivables (net)				
Assessments	0	7,936	0	7,936
Due from other governments	5,565,000	0	0	5,565,000
Total assets	<u>5,565,019</u>	<u>65,122</u>	<u>1,100</u>	<u>5,631,241</u>
LIABILITIES				
Accounts payable	302	0	0	302
Matured bonds/interest payable	0	2,000	0	2,000
Total liabilities	<u>302</u>	<u>2,000</u>	<u>0</u>	<u>2,302</u>
DEFERRED INFLOWS				
Other unavailable revenue	0	7,936	0	7,936
Total deferred inflows	<u>0</u>	<u>7,936</u>	<u>0</u>	<u>7,936</u>
FUND BALANCES				
Nonspendable	5,565,000	0	0	5,565,000
Restricted	0	55,186	0	55,186
Assigned	0	0	1,100	1,100
Unassigned	(283)	0	0	(283)
Total fund balances	<u>5,564,717</u>	<u>55,186</u>	<u>1,100</u>	<u>5,621,003</u>

City of Longview

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

For the year ended December 31, 2013

	2007 LTGO Bond Fund	Special Assessment Bond Redemption	Special Assessment Guaranty	Total Nonmajor Debt Service Funds
Revenues:				
Miscellaneous				
Interest earnings	\$239,363	\$0	\$3	\$239,366
Special assessments	0	6,789	0	6,789
Total revenues	239,363	6,789	3	246,155
Expenditures:				
Current:				
General government	0	8,465	0	8,465
Culture and recreation	302	0	0	302
Debt service:				
Principal	290,000	10,000	0	300,000
Interest and other debt service costs	356,388	788	0	357,176
Total expenditures	646,690	19,253	0	665,943
Excess (deficiency) of revenues over (under) expenditures	(407,327)	(12,464)	3	(419,788)
Other financing sources (uses):				
Transfers in	287,344	0	0	287,344
Transfers out	0	0	(1,003)	(1,003)
Total other financing sources (uses)	287,344	0	(1,003)	286,341
Net change in fund balances	(119,983)	(12,464)	(1,000)	(133,447)
Fund balance, January 1	5,684,700	67,650	2,100	5,754,450
Fund balance, December 31	\$5,564,717	\$55,186	\$1,100	\$5,621,003

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, 2013

	Original Budget	Final Budget	Actual	Variance
Miscellaneous:				
Interest earnings	\$2,600	\$2,600	\$15	(\$2,585)
Total revenues	2,600	2,600	15	(2,585)
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	2,600	2,600	15	(2,585)
Other financing sources (uses):				
Transfers out	(2,600)	(2,600)	(907)	1,693
Total other fin. sources (uses)	(2,600)	(2,600)	(907)	1,693
Net change in fund balances	0	0	(892)	(892)
Fund balance, January 1	20,347	20,347	20,347	0
Fund balance, December 31	\$20,347	\$20,347	\$19,455	(892)

Nonmajor Enterprise Funds

ENTERPRISE FUNDS

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

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

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

City of Longview

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

As of December 31, 2013

	STORMWATER	MINT VALLEY COMPLEX	TOTAL NONMAJOR ENTERPRISE
ASSETS			
Current assets:			
Cash	\$38,662	\$21,712	\$60,374
Investments	1,603,327	15,929	1,619,256
Receivables, net	307,348	1,496	308,844
Due from other governments	66,543	0	66,543
Total current assets:	<u>2,015,880</u>	<u>39,137</u>	<u>2,055,017</u>
Noncurrent assets:			
Capital assets:			
Land	8,640	1,208,151	1,216,791
Buildings	15,171	1,270,029	1,285,200
Improvements other than buildings	5,604,349	920,268	6,524,617
Machinery and equipment	413,938	55,047	468,985
Construction in progress	666,585	0	666,585
Less: Accumulated depreciation	(2,782,300)	(1,819,461)	(4,601,761)
Net capital assets	<u>3,926,383</u>	<u>1,634,034</u>	<u>5,560,417</u>
Total noncurrent assets	<u>3,926,383</u>	<u>1,634,034</u>	<u>5,560,417</u>
TOTAL ASSETS	<u><u>5,942,263</u></u>	<u><u>1,673,171</u></u>	<u><u>7,615,434</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$15,310	\$6,367	21,677
Due to other funds	13,962	0	13,962
Due to other governments	24	0	24
Accrued wages payable	73,929	11,430	85,359
Accrued employee benefits	56,795	14,702	71,497
Other current liabilities	2,140	193	2,333
Current portion of long-term debt	0	3,195	3,195
Total current liabilities:	<u>162,160</u>	<u>35,887</u>	<u>198,047</u>
Noncurrent liabilities			
Bonds payable, net	0	73,881	73,881
Total noncurrent liabilities	<u>0</u>	<u>73,881</u>	<u>73,881</u>
TOTAL LIABILITIES	<u><u>162,160</u></u>	<u><u>109,768</u></u>	<u><u>271,928</u></u>
NET POSITION			
Net investment in capital assets	3,926,383	1,556,958	5,483,341
Unrestricted	1,853,720	6,445	1,860,165
TOTAL NET POSITION	<u><u>\$5,780,103</u></u>	<u><u>\$1,563,403</u></u>	<u><u>\$7,343,506</u></u>

City of Longview

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

For the year ended December 31, 2013

	STORMWATER	MINT VALLEY COMPLEX	TOTAL NONMAJOR ENTERPRISE FUNDS
Operating revenues:			
Charges for services	\$2,467,550	\$528,162	\$2,995,712
Miscellaneous	1,803	29,849	31,652
Total operating revenues	2,469,353	558,011	3,027,364
Operating expenses:			
Cost of sales and services	2,064,183	473,769	2,537,952
Administration	310,847	105,600	416,447
Depreciation	122,217	41,975	164,192
Total operating expenses	2,497,247	621,344	3,118,591
Operating income (loss)	(27,894)	(63,333)	(91,227)
Nonoperating revenues (expenses):			
Interest revenue	2,134	43	2,177
Interest expense	0	(3,313)	(3,313)
Operating grant revenue	192,800	0	192,800
Total nonoperating revenues (expenses)	194,934	(3,270)	191,664
Income (loss) before capital contributions, special items and transfers	167,040	(66,603)	100,437
Transfers in	231,400	6,000	237,400
Changes in net position	398,440	(60,603)	337,837
Net position, January 1	5,381,663	1,624,006	7,005,669
Net position, December 31	\$5,780,103	\$1,563,403	\$7,343,506

City of Longview

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2013

Page 1 of 2

	STORMWATER	MINT VALLEY COMPLEX	TOTAL NONMAJOR ENTREPRISE FUNDS
Cash flows from operating activities:			
Cash flows from customers and users	\$2,526,085	\$559,876	\$3,085,961
Cash from other sources	166,257	0	166,257
Cash paid to suppliers	(538,109)	(160,668)	(698,777)
Cash paid to employees	(1,210,570)	(269,771)	(1,480,341)
Interfund services used	(579,339)	(99,093)	(678,432)
Cash paid for taxes and other penalties	(44,213)	(46,502)	(90,715)
Net cash provided (used) by operating activities	320,111	(16,158)	303,953
Cash flows from noncapital financing activities:			
Transfers (in) from other funds	0	6,000	6,000
Net cash provided (used) by noncapital financing activities	0	6,000	6,000
Cash flows from capital and related financing activities:			
Payments of debt principal	0	(3,253)	(3,253)
Construction	(127,002)	0	(127,002)
Interest paid	0	(3,313)	(3,313)
Net cash provided (used) by capital and related financing activities	(127,002)	(6,566)	(133,568)
Cash flows from investing activities:			
Proceeds from sale of investments	70,000	85,000	155,000
Purchase of investments	(290,000)	(60,000)	(350,000)
Net cash provided (used) by investing activities	(220,000)	25,000	(195,000)
Net cash increase (decrease)	(26,891)	8,276	(18,615)
Cash, January 1	65,553	13,436	78,989
Cash, December 31	\$38,662	\$21,712	\$60,374

City of Longview

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2013

Page 2 of 2

	STORMWATER	MINT VALLEY COMPLEX	TOTAL NONMAJOR ENTREPRISE FUNDS
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income (loss)	(\$27,894)	(\$63,333)	(\$91,227)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	122,217	41,975	164,192
Miscellaneous nonoperating cash activity	166,257	0	166,257
(Increase) decrease from:			
Accounts & notes receivable	(6,048)	0	(6,048)
Due from other governments	61,234	0	61,234
Increase (decrease) from:			
Accounts payable	(39,158)	2,706	(36,452)
Due to other funds	13,962	0	13,962
Accrued wages payable	19,509	870	20,379
Accrued employee benefits	7,959	1,439	9,398
Other current liabilities	2,073	185	2,258
Total adjustments	348,005	47,175	395,180
Net cash provided (used) by operating activities	\$320,111	(\$16,158)	\$303,953
Noncash Investing, Capital and Financing Activities			
Acquisition of capital assets on account	7,889	0	7,889
Capital (to) from Water-Sewer	231,400	0	231,400
Nonoperating interest income	2,134	43	2,177

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, 2013

Page 1 of 2

	EQUIPMENT RENTAL	INSURANCE RESERVE	OFFICE EQUIPMENT RESERVE	FACILITY MAINTENANCE
ASSETS				
Current assets:				
Cash	\$29,319	\$39,158	\$49,950	\$43,070
Investments	2,574,796	821,605	651,866	73,897
Receivables, net	4,318	271	0	0
Due from other funds	27,450	0	0	0
Due from other governments	7,266	0	0	0
Total current assets:	<u>2,643,149</u>	<u>861,034</u>	<u>701,816</u>	<u>116,967</u>
Noncurrent assets:				
Capital assets:				
Land	56,095	0	0	0
Buildings	279,889	0	512,923	0
Improvements other than buildings	604,786	0	0	0
Machinery and equipment	10,328,308	0	2,537,649	0
Construction in progress	539,026	0	0	3,846
Less: Accumulated depreciation	<u>(6,641,272)</u>	<u>0</u>	<u>(2,188,016)</u>	<u>0</u>
Net capital assets	<u>5,166,832</u>	<u>0</u>	<u>862,556</u>	<u>3,846</u>
Total noncurrent assets	<u>5,166,832</u>	<u>0</u>	<u>862,556</u>	<u>3,846</u>
TOTAL ASSETS	<u>7,809,981</u>	<u>861,034</u>	<u>1,564,372</u>	<u>120,813</u>
LIABILITIES				
Current liabilities:				
Accounts payable	236,313	21,581	25,851	14,814
Due to other funds	895	0	0	0
Due to other governments	0	0	39	0
Accrued wages payable	26,305	9,375	0	12,266
Accrued employee benefits	21,861	15,795	0	16,642
Other current liabilities	16,442	0	0	0
Total current liabilities:	<u>301,816</u>	<u>46,751</u>	<u>25,890</u>	<u>43,722</u>
Noncurrent liabilities				
Compensated absences	0	0	0	0
Total noncurrent liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>301,816</u>	<u>46,751</u>	<u>25,890</u>	<u>43,722</u>
NET POSITION				
Net invested in capital assets	5,166,832	0	862,556	3,846
Unrestricted	2,341,333	814,283	675,926	73,245
TOTAL NET POSITION	<u>\$7,508,165</u>	<u>\$814,283</u>	<u>\$1,538,482</u>	<u>\$77,091</u>

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

As of December 31, 2013

Page 2 of 2

	UNEMPLOYMENT COMPENSATION	EMPLOYEE BENEFITS RESERVE	TOTALS
ASSETS			
Current assets:			
Cash	\$29,917	\$28,983	\$220,397
Investments	204,136	839,136	5,165,436
Receivables, net	0	0	4,589
Due from other funds	0	0	27,450
Due from other governments	0	0	7,266
Total current assets:	<u>234,053</u>	<u>868,119</u>	<u>5,425,138</u>
Noncurrent assets:			
Capital assets:			
Land	0	0	56,095
Buildings	0	0	792,812
Improvements other than buildings	0	0	604,786
Machinery and equipment	0	0	12,865,957
Construction in progress	0	0	542,872
Less: Accumulated depreciation	0	0	(8,829,288)
Net capital assets	<u>0</u>	<u>0</u>	<u>6,033,234</u>
Total noncurrent assets	<u>0</u>	<u>0</u>	<u>6,033,234</u>
TOTAL ASSETS	<u>234,053</u>	<u>868,119</u>	<u>11,458,372</u>
LIABILITIES			
Current liabilities:			
Accounts payable	556	0	299,115
Due to other funds	0	0	895
Due to other governments	0	0	39
Accrued wages payable	0	0	47,946
Accrued employee benefits	0	1,359,052	1,413,350
Other current liabilities	0	0	16,442
Total current liabilities:	<u>556</u>	<u>1,359,052</u>	<u>1,777,787</u>
Noncurrent liabilities			
Compensated absences	0	2,052,660	2,052,660
Total noncurrent liabilities	<u>0</u>	<u>2,052,660</u>	<u>2,052,660</u>
TOTAL LIABILITIES	<u>556</u>	<u>3,411,712</u>	<u>3,830,447</u>
NET POSITION			
Net investment in capital assets	0	0	6,033,234
Unrestricted	233,497	(2,543,593)	1,594,691
TOTAL NET POSITION	<u>\$233,497</u>	<u>(\$2,543,593)</u>	<u>\$7,627,925</u>

City of Longview

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

For the year ended December 31, 2013

Page 1 of 2

	EQUIPMENT RENTAL	INSURANCE RESERVE	OFFICE EQUIPMENT RESERVE	FACILITY MAINTENANCE
Operating revenues:				
Charges for services	\$2,961,616	\$1,314,720	\$833,823	\$580,452
Miscellaneous	649	30	0	0
Total operating revenues	2,962,265	1,314,750	833,823	580,452
Operating expenses:				
Cost of sales and services	1,529,181	1,069,253	592,482	440,840
Administration	381,294	193,557	14,714	95,568
Depreciation	643,871	0	270,745	0
Total operating expenses	2,554,346	1,262,810	877,941	536,408
Operating income (loss)	407,919	51,940	(44,118)	44,044
Nonoperating revenues (expenses):				
Interest revenue	3,675	660	760	107
Operating grant revenue	0	2,483	0	0
Disposition of capital assets	(2,500)	0	0	0
Other	1,218	1,647	0	506
Total nonoperating revenues (expenses)	2,393	4,790	760	613
Income (loss) before capital contributions, special items and transfers	410,312	56,730	(43,358)	44,657
Transfers out	0	0	0	(1,418)
Changes in net position	410,312	56,730	(43,358)	43,239
Beginning net position as previously reported	7,097,853	757,553	1,581,840	33,852
Prior period adjustments	0	0	0	0
Beginning net position, restated	7,097,853	757,553	1,581,840	33,852
Net position, December 31	\$7,508,165	\$814,283	\$1,538,482	\$77,091

City of Longview

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

For the year ended December 31, 2013

Page 2 of 2

	UNEMPLOYMENT COMPENSATION	EMPLOYEE BENEFITS RESERVE	TOTALS
Operating revenues:			
Charges for services	\$1,732	\$113,422	\$5,805,765
Miscellaneous	0	0	679
Total operating revenues	1,732	113,422	5,806,444
Operating expenses:			
Cost of sales and services	25,564	17,985	3,675,305
Administration	820	891	686,844
Depreciation	0	0	914,616
Total operating expenses	26,384	18,876	5,276,765
Operating income (loss)	(24,652)	94,546	529,679
Nonoperating revenues (expenses):			
Interest revenue	296	1,215	6,713
Operating grant revenue	0	0	2,483
Disposition of capital assets	0	0	(2,500)
Other	0	0	3,371
Total nonoperating revenues (expenses)	296	1,215	10,067
Income (loss) before capital contributions, special items and transfers	(24,356)	95,761	539,746
Transfers out	0	0	(1,418)
Changes in net position	(24,356)	95,761	538,328
Beginning net position as previously reported	257,853	906,288	10,635,239
Prior period adjustments	0	(3,545,642)	(3,545,642)
Beginning net position, restated	257,853	(2,639,354)	7,089,597
Net position, December 31	\$233,497	(\$2,543,593)	\$7,627,925

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended December 31, 2013

	EQUIPMENT RENTAL	INSURANCE RESERVE	OFFICE EQUIPMENT RESERVE	FACILITY MAINTENANCE
Cash flows from operating activities:				
Cash flows from customers and users	\$191,230	\$25,814	\$6,659	\$0
Interfund services provided	2,859,613	1,314,720	831,916	580,452
Cash from other sources	1,218	4,131	0	506
Cash paid to suppliers	(1,277,443)	(1,108,798)	(610,544)	(247,737)
Cash paid to employees	(528,698)	(191,673)	0	(247,289)
Interfund services used	(172,099)	(1,528)	0	(43,278)
Cash paid for taxes and other penalties	(9,053)	0	0	0
Net cash provided (used) by operating activities	1,064,768	42,666	228,031	42,654
Cash flows from noncapital financing activities:				
Cash flows from operating grants				
Transfer (out) to other funds	0	0	0	(1,418)
Net cash provided (used) by noncapital financing activities	0	0	0	(1,418)
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	1,900	0	0	0
Purchase of capital assets	(745,211)	0	(128,581)	0
Net cash provided (used) by capital and related financing activities	(743,311)	0	(128,581)	0
Cash flows from investing activities:				
Proceeds from sale of investments	320,000	550,000	250,000	0
Purchase of investments	(670,000)	(630,000)	(370,000)	0
Net cash provided (used) by investing activities	(350,000)	(80,000)	(120,000)	0
Net cash increase (decrease)	(28,543)	(37,334)	(20,550)	41,236
Cash, January 1	57,862	76,492	70,500	1,834
Cash, December 31	\$29,319	\$39,158	\$49,950	\$43,070

City of Longview

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

For the year ended December 31, 2013

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)	\$407,919	\$51,940	(\$44,119)	\$44,044
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	643,871	0	270,745	0
Miscellaneous nonoperating cash activity	1,218	4,131	0	506
(Increase) decrease from:				
Accounts & notes receivable	6,308	0	0	0
Due from other funds	(27,450)	0	0	0
Due from other governments	996	0	0	0
Increase (decrease) from:				
Accounts payable	26,202	(14,246)	2,071	(387)
Due to other funds	895	0	0	0
Accrued wages payable	329	485	0	(504)
Accrued employee benefits	(5,128)	356	0	(987)
Other current liabilities	9,608	0	(666)	(18)
Total adjustments	656,849	(9,274)	272,150	(1,390)
Net cash provided (used) by operating activities	\$1,064,768	\$42,666	\$228,031	\$42,654
Noncash Investing, Capital and Financing Activities				
Acquisition of capital assets on account	165,245	0	0	0
Asset disposition receivables	2,600	0	0	0
Nonoperating interest income	0	663	760	107

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended December 31, 2013

	UNEMPLOYMENT COMPENSATION	EMPLOYEE BENEFITS RESERVE	TOTAL INTERNAL SERVICE
Cash flows from operating activities:			
Cash flows from customers and users	\$0	\$0	\$223,703
Interfund services provided	1,732	113,422	5,701,855
Cash from other sources	0	0	5,855
Cash paid to suppliers	(25,828)	(31,091)	(3,301,441)
Cash paid to employees	0	0	(967,660)
Interfund services used	0	(121,715)	(338,620)
Cash paid for taxes and other penalties	0	0	(9,053)
Net cash provided (used) by operating activities	(24,096)	(39,384)	1,314,639
Cash flows from noncapital financing activities:			
Transfer (out) to other funds	0	0	(1,418)
Net cash provided (used) by noncapital financing activities	0	0	(1,418)
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	0	0	1,900
Purchase of capital assets	0	0	(873,792)
Net cash provided (used) by capital and related financing activities	0	0	(871,892)
Cash flows from investing activities:			
Proceeds from sale of investments	0	0	1,120,000
Purchase of investments	0	0	(1,670,000)
Net cash provided (used) by investing activities	0	0	(550,000)
Net cash increase (decrease)	(24,096)	(39,384)	(108,671)
Cash, January 1	54,013	68,366	329,067
Cash, December 31	\$29,917	\$28,982	\$220,396

City of Longview

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

For the year ended December 31, 2013

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)	(\$24,652)	\$94,546	\$529,678
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	0	0	914,616
Miscellaneous nonoperating cash activity	0	0	5,855
(Increase) decrease from:			
Accounts & notes receivable	0	0	6,308
Due from other funds	0	0	(27,450)
Due from other governments	0	0	996
Increase (decrease) from:			
Accounts payable	556	0	14,196
Due to other funds	0	0	895
Accrued wages payable	0	0	310
Accrued employee benefits	0	(133,930)	(139,689)
Other current liabilities	0	0	8,924
Total adjustments	556	(133,930)	784,961
Net cash provided (used) by operating activities	(\$24,096)	(\$39,384)	\$1,314,639
Noncash Investing, Capital and Financing Activities			
Acquisition of capital assets on account	0	0	165,245
Asset disposition receivables	0	0	2,600
Nonoperating interest income	296	1,215	3,041

Other Statements and Schedules

City of Longview

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

For the year ended December 31, 2013

	Balances Forward	Additions	Deductions	Ending Balances
<hr/>				
STATE AGENCY FUND				
Assets				
Cash	<u>\$142,595</u>	<u>\$570,783</u>	<u>\$589,990</u>	<u>\$123,388</u>
Total assets	<u>\$142,595</u>	<u>\$570,783</u>	<u>\$589,990</u>	<u>\$123,388</u>
Liabilities				
Due to other governments	<u>\$142,595</u>	<u>\$570,783</u>	<u>\$589,990</u>	<u>\$123,388</u>
Total liabilities	<u>\$142,595</u>	<u>\$570,783</u>	<u>\$589,990</u>	<u>\$123,388</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.	148 - 151
<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.	152 - 156
<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.	157 - 161
<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.	162 - 163
<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.	164 - 166

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)

	Fiscal year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 8,819	\$ 9,713	\$ 10,220	\$ 15,364	\$ 25,155	\$ 26,220	\$ 25,907	\$ 27,299	\$ 28,490	\$ 29,366
Restricted	5,230	4,389	4,794	12,594	10,456	11,438	10,289	8,077	8,699	8,858
Unrestricted	8,927	10,869	23,655	13,978	9,386	9,005	8,981	9,818	10,490	12,380
Total governmental activities net position	<u>\$ 22,976</u>	<u>\$ 24,971</u>	<u>\$ 38,669</u>	<u>\$ 41,936</u>	<u>\$ 44,998</u>	<u>\$ 46,663</u>	<u>\$ 45,177</u>	<u>\$ 45,193</u>	<u>\$ 47,680</u>	<u>\$ 50,604</u>
Business-type activities										
Net investment in capital assets	\$ 33,290	\$ 33,245	\$ 36,153	\$ 37,383	\$ 37,441	\$ 41,847	\$ 50,228	\$ 56,720	\$ 56,058	\$ 49,511
Restricted	1,423	1,561	1,720	1,828	1,911	1,914	1,916	1,915	1,965	3,070
Unrestricted	10,534	11,678	10,802	11,321	12,214	12,681	13,609	14,856	18,883	17,277
Total business-type activities net position	<u>\$ 45,247</u>	<u>\$ 46,484</u>	<u>\$ 48,675</u>	<u>\$ 50,532</u>	<u>\$ 51,566</u>	<u>\$ 56,442</u>	<u>\$ 65,752</u>	<u>\$ 73,492</u>	<u>\$ 76,906</u>	<u>\$ 69,857</u>
Primary government										
Net investment in capital assets	\$ 42,109	\$ 42,958	\$ 46,373	\$ 52,747	\$ 62,597	\$ 68,067	\$ 76,134	\$ 84,019	\$ 84,548	\$ 78,877
Restricted	6,653	5,950	6,514	14,422	12,367	13,352	12,205	9,992	10,664	11,928
Unrestricted	19,461	22,547	34,457	25,299	21,601	21,686	22,590	24,674	29,374	29,657
Total primary government net position	<u>\$ 68,223</u>	<u>\$ 71,455</u>	<u>\$ 87,344</u>	<u>\$ 92,468</u>	<u>\$ 96,564</u>	<u>\$ 103,105</u>	<u>\$ 110,929</u>	<u>\$ 118,685</u>	<u>\$ 124,586</u>	<u>\$ 120,461</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 4,571	\$ 4,689	\$ 5,031	\$ 6,169	\$ 6,100	\$ 5,523	\$ 5,451	\$ 4,771	\$ 5,037	\$ 5,440
Public safety	12,583	13,407	13,811	14,861	17,211	16,308	16,677	18,049	19,800	18,127
Transportation	2,712	2,750	3,694	3,734	3,840	3,813	4,110	4,220	4,312	4,111
Economic development	1,114	1,673	1,949	1,725	2,547	1,694	1,788	1,603	1,847	1,443
Culture and recreation	4,760	4,773	5,007	5,399	5,758	5,219	5,563	5,083	5,061	4,471
Interest on long-term debt	633	757	575	546	770	756	723	677	631	670
Total governmental activities expenses	<u>26,373</u>	<u>28,049</u>	<u>30,067</u>	<u>32,434</u>	<u>36,225</u>	<u>33,312</u>	<u>34,312</u>	<u>34,403</u>	<u>36,687</u>	<u>34,262</u>
Business-type activities:										
Water-Sewer	10,756	12,003	12,053	13,711	14,271	14,205	14,888	14,705	15,799	16,820
Sanitation	3,946	3,845	4,007	4,148	4,295	4,259	4,385	4,376	4,466	4,419
Storm water	870	885	2,023	2,454	1,396	1,594	1,631	1,552	1,724	2,240
Public transit	2,105	1,946	1,123	1,300	2,499	2,916	3,089	3,586	3,305	6,992
Golf/tennis racquet	613	651	681	677	719	735	625	622	636	655
Total business-type activities expenses	<u>18,290</u>	<u>19,330</u>	<u>19,887</u>	<u>22,290</u>	<u>23,179</u>	<u>23,709</u>	<u>24,618</u>	<u>24,841</u>	<u>25,930</u>	<u>31,126</u>
Total primary government expenses	<u>\$ 44,663</u>	<u>\$ 47,379</u>	<u>\$ 49,954</u>	<u>\$ 54,724</u>	<u>\$ 59,404</u>	<u>\$ 57,021</u>	<u>\$ 58,930</u>	<u>\$ 59,244</u>	<u>\$ 62,617</u>	<u>\$ 65,388</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,087	\$ 1,098	\$ 1,133	\$ 1,368	\$ 1,355	\$ 1,788	\$ 1,933	\$ 2,105	\$ 2,465	\$ 2,469
Public safety	1,054	1,078	1,299	1,216	1,198	1,908	1,362	2,008	1,854	1,911
Economic development	777	1,052	2,228	1,560	1,345	1,034	720	602	749	561
Other charges for services	526	454	713	536	521	480	496	473	544	499
Operating grants and contributions	2,254	2,383	1,913	2,650	1,926	1,799	1,943	1,881	2,724	2,067
Capital grants and contributions	1,014	799	480	1,789	6,597	2,298	2,256	1,678	2,270	2,452
Total governmental activities program revenues	<u>6,712</u>	<u>6,864</u>	<u>7,766</u>	<u>9,119</u>	<u>12,942</u>	<u>9,307</u>	<u>8,710</u>	<u>8,748</u>	<u>10,605</u>	<u>9,958</u>
Business-type activities:										
Charges for services										
Water-sewer	11,878	12,368	13,299	14,639	15,429	17,448	18,547	17,721	18,115	18,345
Sanitation	4,091	3,985	4,191	4,109	4,157	4,310	4,336	4,392	4,408	4,505
Storm water	880	971	1,122	1,293	1,356	1,499	1,624	1,889	2,115	2,469
Other charges for services	732	705	763	834	902	819	798	732	729	4,888
Operating grants and contributions	1,199	1,317	1,218	1,661	2,274	2,821	1,688	2,975	3,225	2,998
Capital grants and contributions	1,098	1,114	1,179	1,483	260	1,628	2,770	5,229	5,788	833
Total business-type activities program revenues	<u>19,878</u>	<u>20,460</u>	<u>21,772</u>	<u>24,019</u>	<u>24,378</u>	<u>28,525</u>	<u>29,763</u>	<u>32,939</u>	<u>34,379</u>	<u>34,038</u>
Total primary government program revenues	<u>\$ 26,590</u>	<u>\$ 27,324</u>	<u>\$ 29,538</u>	<u>\$ 33,138</u>	<u>\$ 37,321</u>	<u>\$ 37,832</u>	<u>\$ 38,473</u>	<u>\$ 41,686</u>	<u>\$ 44,984</u>	<u>\$ 43,996</u>
Net (Expense)/Revenue										
Governmental activities	\$ (19,661)	\$ (21,185)	\$ (22,301)	\$ (23,315)	\$ (23,283)	\$ (24,006)	\$ (25,602)	\$ (25,655)	\$ (26,082)	\$ (24,304)
Business-type activities	1,588	1,130	1,885	1,729	1,200	4,816	5,145	8,098	8,449	2,912
Total primary government net expense	<u>\$ (18,073)</u>	<u>\$ (20,055)</u>	<u>\$ (20,416)</u>	<u>\$ (21,586)</u>	<u>\$ (22,083)</u>	<u>\$ (19,189)</u>	<u>\$ (20,457)</u>	<u>\$ (17,557)</u>	<u>\$ (17,633)</u>	<u>\$ (21,392)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 6,889	\$ 6,813	\$ 7,117	\$ 7,505	\$ 7,694	\$ 8,171	\$ 8,429	\$ 8,115	\$ 8,722	\$ 8,852
Sales taxes	5,468	6,478	7,430	8,003	7,413	6,450	6,774	6,691	6,703	7,442
Business taxes	5,599	5,832	6,212	6,725	6,878	7,324	7,452	7,620	7,805	8,496
Other taxes	1,989	2,040	2,243	1,978	1,696	2,251	1,795	1,657	1,530	1,412
Unrestricted grants and contributions	724	765	1,385	898	809	512	808	796	920	948
Investment earnings	135	478	871	947	729	372	317	290	46	52
Miscellaneous	329	152	711	238	287	143	88	111	14	31
Transfers	674	246	276	353	465	969	(1,518)	390	1,036	(6)
Total governmental activities	<u>21,807</u>	<u>22,804</u>	<u>26,245</u>	<u>26,647</u>	<u>25,970</u>	<u>26,192</u>	<u>24,145</u>	<u>25,671</u>	<u>26,777</u>	<u>27,228</u>
Business-type activities:										
Investment earnings	130	354	582	567	299	92	44	32	49	66
Transfers	(674)	(246)	(276)	(353)	(465)	(969)	1,518	(390)	(1,036)	6
Special items/other									(4,047)	(7,778)
Total business-type activities	<u>(544)</u>	<u>108</u>	<u>306</u>	<u>214</u>	<u>(166)</u>	<u>(877)</u>	<u>1,562</u>	<u>(358)</u>	<u>(5,034)</u>	<u>(7,706)</u>
Total primary government	<u>\$ 21,263</u>	<u>\$ 22,912</u>	<u>\$ 26,551</u>	<u>\$ 26,861</u>	<u>\$ 25,805</u>	<u>\$ 25,315</u>	<u>\$ 25,707</u>	<u>\$ 25,313</u>	<u>\$ 21,743</u>	<u>\$ 19,522</u>
Change in Net Position										
Governmental activities	\$ 2,146	\$ 1,619	\$ 3,944	\$ 3,332	\$ 2,687	\$ 2,186	\$ (1,457)	\$ 16	\$ 696	\$ 2,924
Business-type activities	1,044	1,238	2,191	1,943	1,034	3,940	6,706	7,740	3,414	(4,794)
Total primary government	<u>\$ 3,190</u>	<u>\$ 2,857</u>	<u>\$ 6,135</u>	<u>\$ 5,275</u>	<u>\$ 3,721</u>	<u>\$ 6,126</u>	<u>\$ 5,250</u>	<u>\$ 7,755</u>	<u>\$ 4,110</u>	<u>\$ (1,870)</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
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
Unreserved	\$ 3,086,320	\$ 4,505,392	\$ 5,635,930	\$ 6,070,986	\$ 3,859,753	\$ 4,425,320	\$ 5,726,238			
Total general fund	<u>\$ 3,086,320</u>	<u>\$ 4,505,392</u>	<u>\$ 5,635,930</u>	<u>\$ 6,070,986</u>	<u>\$ 3,859,753</u>	<u>\$ 4,425,320</u>	<u>\$ 5,726,238</u>	<u>\$ 7,705,155</u>	<u>\$ 8,047,813</u>	<u>\$ 11,270,689</u>
All Other Governmental Funds										
Nonspendable								\$ 5,800,200	\$ 65,200	\$ 5,615,200
Restricted								1,579,074	2,176,850	2,372,226
Committed								253,858	232,500	269,179
Assigned								1,144,776	6,849,231	375,252
Unassigned								(678)	(11,041)	(7,469)
Reserved	\$ 916,255	\$ 940,694	\$ 913,474	\$ 7,566,332	\$ 6,830,624	\$ 6,695,017	\$ 6,619,685			
Unreserved, reported in:										
Special revenue funds	4,817,564	4,094,812	4,614,279	6,037,750	4,852,209	4,780,189	3,033,436			
Capital projects funds	1,040,368	962,603	2,056,878	2,041,079	1,611,047	1,722,871	1,354,397			
Permanent funds	7,882	8,467	9,428	10,461	11,029	11,145	11,200			
Total all other governmental funds	<u>\$ 6,782,069</u>	<u>\$ 6,006,576</u>	<u>\$ 7,594,059</u>	<u>\$ 15,655,622</u>	<u>\$ 13,304,909</u>	<u>\$ 13,209,222</u>	<u>\$ 11,018,718</u>	<u>\$ 8,777,230</u>	<u>\$ 9,312,740</u>	<u>\$ 8,624,388</u>

* 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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Taxes	\$19,842,136	\$21,803,895	\$ 23,099,558	\$ 24,229,580	\$ 23,712,162	\$ 24,027,336	\$ 24,419,313	\$ 24,057,474	\$ 24,763,927	\$ 26,210,483
Licenses, fees and permits	840,220	1,067,385	1,019,434	1,008,296	934,602	965,692	861,586	761,164	851,945	797,534
Intergovernmental	3,700,197	3,722,837	3,589,053	5,317,279	8,462,088	5,239,642	4,949,008	3,897,019	5,560,088	4,671,481
Charges for services	2,068,728	2,258,074	2,432,304	2,550,673	2,504,840	3,098,816	3,022,988	3,192,491	3,465,172	3,537,400
Fines and penalties	518,664	417,030	514,913	659,329	669,465	667,993	702,335	1,143,694	1,088,764	944,836
Special assessments	303,794	368,241	154,602	100,207	88,658	76,676	71,251	71,157	43,888	6,789
Investment earnings	151,680	396,445	693,976	756,507	651,793	364,464	310,425	283,187	282,564	284,574
Space and facilities rentals	138,464	136,891	167,821	150,223	141,013	125,868	131,100	122,482	85,040	102,141
Contributions from private sources	201,518	69,259	1,393,419	668,117	1,215,922	342,497	152,604	93,841	153,713	133,665
Other revenues	62,042	66,290	41,140	50,820	63,047	31,720	51,152	32,415	78,202	92,973
Total revenues	27,827,443	30,306,348	33,106,220	35,491,030	38,443,590	34,940,704	34,671,762	33,654,924	36,373,303	36,781,876
Expenditures										
General government	4,286,270	4,500,442	4,942,990	5,960,704	5,852,454	5,303,403	5,447,317	4,717,349	4,931,051	5,256,798
Public safety	12,612,494	13,278,329	13,738,968	14,804,840	16,556,013	15,491,860	15,939,535	17,559,708	19,151,137	17,683,290
Transportation	2,755,367	2,682,335	2,639,420	2,708,884	2,815,468	2,639,269	2,577,608	2,793,225	2,896,404	2,815,174
Economic environment	1,252,480	1,862,403	2,004,570	1,825,192	2,621,034	1,784,680	2,132,781	1,682,494	1,876,606	1,448,196
Culture and recreation	4,325,357	4,246,630	4,494,267	4,851,336	5,058,862	4,613,369	4,553,352	4,576,534	4,559,713	4,265,089
Capital outlay	1,815,184	1,820,352	2,307,743	2,794,948	9,270,588	3,558,137	1,412,185	2,345,878	2,041,125	4,872,569
Debt service										
Principal	466,005	903,860	657,463	678,469	713,477	783,413	878,952	752,830	739,780	768,905
Interest	472,772	747,039	565,400	570,476	760,828	755,907	724,970	662,925	630,513	670,019
Total expenditures	27,985,930	30,041,389	31,350,821	34,194,849	43,648,724	34,930,038	33,666,700	35,090,943	36,826,329	37,780,040
Excess of revenues over (under) expenditures	(158,486)	264,960	1,755,399	1,296,181	(5,205,134)	10,666	1,005,062	(1,436,019)	(453,026)	(998,164)
Other Financing Sources (Uses)										
Proceeds from borrowing	184,360			6,761,594	160,000					3,560,000
Proceeds from sale of capital assets		101,643	668,812	47,723	147,268	69,768	73,597	156,238		1,150
Premium (discount) on bonds sold				64,924			8,030			(23,878)
Transfers in	1,287,596	744,325	1,346,036	1,521,894	1,920,105	1,113,831	669,793	659,293	1,514,594	290,813
Transfers out	(818,323)	(467,348)	(1,052,225)	(1,141,287)	(1,584,184)	(724,386)	(1,680,912)	(1,081,738)	(1,974,405)	(295,394)
Proceeds from refunding bonds	7,535,000			1,333,406			7,368,396			
Refunding bond proceeds to escrow agent	(7,415,739)			(1,333,406)			(7,291,153)			
Residual equity transfers in										
Residual equity transfers out										
Total other financing sources (uses)	772,893	378,621	962,623	7,254,848	643,189	459,213	(852,249)	(266,207)	(459,811)	3,532,691
Net change in fund balances	\$ 614,406	\$ 643,580	\$ 2,718,022	\$ 8,551,029	\$ (4,561,944)	\$ 469,879	\$ 152,813	\$ (1,702,226)	\$ (912,837)	\$ 2,534,527
Debt service as a percentage of noncapital expenditures	3.6%	5.8%	4.2%	4.0%	4.3%	4.9%	5.0%	4.3%	3.9%	4.4%

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)
2004					\$ 1,964,429,992	\$ 3.60	\$ 2,137,573,441	91.9%
2005					1,884,708,611	3.60	2,091,796,461	90.1%
2006	\$ 304,083,670	\$ 471,618,281	\$ 128,975,270	\$ 1,318,901,727	1,919,495,278	3.60	2,255,576,120	85.1%
2007	423,681,270	569,973,120	195,123,862	1,533,181,727	2,298,278,709	3.15	2,739,307,162	83.9%
2008	456,532,150	762,779,994	303,312,440	1,836,418,957	2,902,511,391	2.88	3,688,070,382	78.7%
2009	465,993,150	1,077,943,356	234,860,736	1,496,534,859	2,809,338,951	2.72	3,356,438,412	83.7%
2010	478,383,790	947,062,146	248,293,446	1,533,143,819	2,728,499,411	2.90	3,111,173,787	87.7%
2011	532,714,740	1,000,904,871	237,383,705	1,465,398,271	2,703,686,847	3.04	3,017,507,642	89.6%
2012	533,635,740	918,458,516	234,744,983	1,349,408,261	2,502,611,760	3.11	2,714,329,458	92.2%
2013	554,672,090	915,070,579	241,367,911	1,376,278,307	2,532,716,797	3.41	2,703,006,187	93.7%

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	2013		
										<u>Taxable Base</u>	<u>Tax Rate</u>	<u>Sales Tax Revenue</u>
Retail trade	\$ 3,099,464	\$ 3,745,682	\$ 4,332,805	\$ 4,467,732	\$ 4,207,261	\$ 3,480,769	\$ 3,671,750	\$ 3,579,162	\$ 3,702,626	\$ 264,512,537	1.5%	\$ 3,967,688
Construction	507,258	722,348	859,510	1,060,712	633,331	554,523	607,543	631,210	571,090	45,302,221	1.5%	679,533
Accommodation and food services	443,350	507,071	553,584	593,000	611,112	588,944	580,343	578,474	590,014	40,261,021	1.5%	603,915
Wholesale trade	412,851	444,271	454,674	570,340	599,731	474,728	510,571	446,767	438,829	31,551,917	1.5%	473,279
Other services	180,423	200,502	215,304	212,235	203,669	190,143	182,995	189,148	190,061	13,059,495	1.5%	195,892
Real estate	133,934	159,686	165,995	190,850	169,384	142,389	133,110	120,098	107,835	7,438,714	1.5%	111,581
Manufacturing	86,817	103,185	118,750	139,059	168,389	129,964	124,568	136,067	129,382	12,611,253	1.5%	189,169
Information and finance	190,353	163,596	153,756	130,621	136,685	296,281	301,011	324,796	298,710	20,513,950	1.5%	307,709
Professional services	87,326	104,054	110,092	109,333	116,019	80,899	82,106	90,572	94,808	5,905,301	1.5%	88,580
Administration	53,866	65,336	82,160	84,142	92,662	124,352	92,473	83,170	133,866	4,444,214	1.5%	66,663
Healthcare	60,908	40,560	49,238	48,497	48,697	38,917	38,293	46,296	63,102	3,210,577	1.5%	48,159
Arts and entertainment	40,268	42,360	44,178	46,663	40,509	43,782	46,201	44,417	47,293	3,365,978	1.5%	50,490
Tourism	23,879	24,550	34,139	37,511	44,781	35,194	36,326	33,398	38,469	1,819,551	2.0%	36,391
Education	29,155	27,780	29,478	29,539	35,916	35,142	34,110	36,810	28,961	1,847,613	1.5%	27,714
Utilities	8,595	9,442	26,659	24,434	22,503	14,769	27,165	13,347	23,776	1,247,159	1.5%	18,707
Transportation	12,688	(23,627)	16,196	20,165	17,591	20,462	40,631	39,094	25,986	1,376,695	1.5%	20,650
Other miscellaneous	3,431	3,460	5,277	13,437	198,915	151,713	176,062	175,539	160,434	14,377,108	1.5%	215,657
Unknown **	93,428	137,326	177,899	224,478	20,638	12,054	52,901	101,619	19,161	1,081,357	1.5%	16,220
	\$ 5,467,996	\$ 6,477,580	\$ 7,429,695	\$ 8,002,749	\$ 7,367,792	\$ 6,415,025	\$ 6,738,159	\$ 6,669,987	\$ 6,664,400	\$ 473,926,660		\$ 7,117,998

* 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>	
2004	\$ 3.60	\$ 4.20	\$ 2.80	\$ 1.80	\$ 0.45	\$ 12.85
2005	3.60	4.43	2.76	1.87	0.45	13.11
2006	3.60	4.56	2.57	1.84	0.45	13.02
2007	3.15	3.88	2.39	1.72	0.45	11.59
2008	2.88	3.59	2.23	1.64	0.41	10.75
2009	2.72	3.55	2.06	1.66	0.40	10.40
2010	2.90	3.91	2.11	1.69	0.39	11.00
2011	3.04	4.34	2.30	1.73	0.39	11.80
2012	3.11	4.84	2.37	1.86	0.22	12.41
2013	3.41	4.93	2.45	1.94	0.22	12.95

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	2013			2004		
	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	\$ 90,653,242	1	3.58%			
Solvay Interlox America	37,834,790	2	1.49%	\$ 51,129,961	1	2.60%
Wal-Mart Stores Inc	36,785,900	3	1.45%	9,234,329	9	0.47%
MB Longview Triangle LLC	28,389,120	4	1.12%			
Simpson Lumber Company	22,147,000	5	0.87%			
Bond Properties	21,370,590	6	0.84%	12,203,472	6	0.62%
Fibre Federal Credit Union	17,154,700	7	0.68%			
NHP Canterbury LLC	16,859,690	8	0.67%			
Metropolitan Life Insurance Company	16,694,550	9	0.66%	11,223,294	8	0.57%
Epson Toyocom Seattle	13,470,040	10	0.53%			
Mint Farm Energy Center LLC				25,250,792	2	1.29%
QWest Corporation				19,613,599	3	1.00%
Toyocom Devices of America Inc				15,409,995	4	0.78%
Kimco LV LLC				14,621,836	5	0.74%
Emmett Koelsch et al				11,436,600	7	0.58%
Caffall Brothers Forest Products				9,120,002	10	0.46%
	<u>\$ 301,359,622</u>		<u>11.90%</u>	<u>\$ 179,243,880</u>		<u>9.12%</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
2004	\$ 7,071,948	\$ 6,428,758	90.9%	\$ 643,190	\$ 7,071,948	100.0%
2005	6,784,951	6,307,873	93.0%	477,078	6,784,951	100.0%
2006	6,910,177	6,695,098	96.9%	213,128	6,908,226	100.0%
2007	7,227,142	7,033,671	97.3%	193,471	7,227,142	100.0%
2008	7,472,452	7,292,031	97.6%	179,952	7,471,983	100.0%
2009	7,906,394	7,590,408	96.0%	315,986	7,906,394	100.0%
2010	8,134,754	7,831,312	96.3%	297,308	8,128,620	99.9%
2011	8,284,505	8,016,368	96.8%	254,800	8,271,168	99.8%
2012	8,419,451	8,159,458	96.9%	222,141	8,381,599	99.6%
2013	8,671,020	8,483,860	97.8%	N/A	8,483,860	97.8%

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					
2004	\$ 10,308,136	\$ 987,000	\$ 2,296,000	\$ 27,891	\$ 164,000	\$ 8,195,000	\$ 699,000	\$ 22,677,027	35,340	\$ 641.68	\$ 25,265	2.5%
2005	10,095,203	566,000	2,142,000	24,919	152,000	6,840,000	1,326,000	21,146,122	35,430	596.84	26,268	2.3%
2006	9,772,254	440,000	1,963,000	14,185	140,000	5,615,000	1,202,000	19,146,439	35,570	538.27	26,300	2.0%
2007	16,323,040	296,000	1,784,000	16,174	128,000	4,875,000	1,064,000	24,486,214	35,710	685.70	26,781	2.6%
2008	15,822,165	251,000	1,762,000	10,367	114,500	4,095,000	899,500	22,954,532	35,880	639.76	28,076	2.3%
2009	15,385,949	150,000	1,564,396	7,021	100,500	3,000,000	1,538,414	21,746,280	36,010	603.90	29,703	2.0%
2010	14,654,705	97,000	1,378,444	4,722	86,604	2,000,000	2,795,374	21,016,849	36,648	573.48	30,982	1.9%
2011	14,159,429	39,000	1,190,534	2,232	83,525	1,000,000	17,871,924	34,346,644	36,730	935.11	31,630	3.0%
2012	13,649,643	21,000	1,000,559	-	80,330	-	35,326,687	50,078,219	36,910	1,356.77	32,607	4.2%
2013	11,335,597	-	808,401	-	77,077	-	37,186,526	49,407,601	36,940	1,337.16	34,867	3.8%

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
2004	\$10,472,136	\$ 2,137,573,441	0.490%	35,340	\$ 296.33
2005	10,247,203	2,091,796,461	0.490%	35,430	289.22
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

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, 2013

<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	\$ 16,029,087	28.4%	\$ 4,552,967
Port of Longview	25,570,000	36.7%	9,375,801
Longview School District	33,265,000	58.8%	19,557,805
Other debt			<u>-</u>
Subtotal, overlapping debt			<u>33,486,573</u>
City direct debt			
General obligation bonds			16,977,674
Special assessment bonds			11,000
Intergovernmental loans			808,401
Leases payable			<u>-</u>
Subtotal, City direct debt			<u>17,797,075</u>
Total direct and overlapping debt			<u>\$ 51,283,648</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 2013

Assessed value (Assessed in 2013 for 2014)	\$ 2,532,716,797
Debt limit (1.5% of assessed value)	37,990,752
Debt applicable to limit:	
General obligation debt	17,786,075
Less: Amount available for repayment of general obligation debt	(19)
Total net debt applicable to limit	<u>17,786,056</u>
Legal debt margin	<u>\$ 20,204,696</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 28,270,630	\$ 28,792,429	\$ 34,444,179	\$ 38,943,619	\$ 43,537,671	\$ 42,140,084	\$ 40,927,491	\$ 40,555,303	\$ 37,539,176	\$ 37,990,752
Total net debt applicable to limit	<u>12,757,003</u>	<u>12,373,461</u>	<u>11,874,998</u>	<u>17,519,321</u>	<u>17,653,891</u>	<u>16,993,748</u>	<u>2,868,401</u>	<u>-</u>	<u>14,980,559</u>	<u>17,786,056</u>
Legal debt margin	<u>\$ 15,513,627</u>	<u>\$ 16,418,968</u>	<u>\$ 22,569,181</u>	<u>\$ 21,424,298</u>	<u>\$ 25,883,780</u>	<u>\$ 25,146,336</u>	<u>\$ 38,059,090</u>	<u>\$ 40,555,303</u>	<u>\$ 22,558,617</u>	<u>\$ 20,204,696</u>
Total net debt applicable to the limit as a percentage of debt limit	45.1%	43.0%	34.5%	45.0%	40.5%	40.3%	7.0%	0.0%	39.9%	46.8%

**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
2004	\$ 11,213,288	\$ 7,124,108	\$ 4,089,180	\$ 1,234,445	3.31	\$ 220,641	\$ 128,718	1.71
2005	12,013,598	8,309,574	3,704,024	1,160,264	3.19	417,835	461,477	0.91
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

**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>
2004	35,340	892,865,100	25,265	8.5%
2005	35,430	930,675,240	26,268	7.2%
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%

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**

Employer (1)	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
St John's Medical Center/Peace Health	1,650	1	4.4%	1,570	2	4.0%
Longview Fibre	1,600	2	4.3%	1,716	1	4.4%
Weyerhaeuser	1,539	3	4.1%	1,503	3	3.8%
Kelso School District	832	4	2.2%	613	7	1.6%
Longview School District	773	5	2.1%	875	4	2.2%
Foster Farms	707	6	1.9%	807	5	2.0%
JH Kelly	600	7	1.6%	767	6	1.9%
Cowlitz County	549	8	1.5%	557	8	1.4%
Safeway Grocery	454	9	1.2%	527	9	1.3%
NORPAC	450	10	1.2%			
Lower Columbia College				497	10	1.3%
Total	9,154		24.6%	9,432		23.9%

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Executive/Legal	7	7	6	7	7	8	8	8	8	8
Finance	12	12	12	14	14	15	15	13	12	13
Human Resources	4	4	4	6	6	6	6	6	6	5
Information Technology	11	11	11	12	12	11	12	11	11	9
Public Safety										
Police										
Uniform	53	53	53	56	55	54	55	55	55	57
Civilian	12	13	13	13	15	16	14	13	13	10
Fire										
Uniform	42	42	42	43	43	45	44	45	49	47
Civilian	1	1	1	2	1	1	1	1	1	1
Transportation										
Engineering	9	9	9	9	9	12	12	12	12	11
Traffic	7	7	7	7	6	5	5	5	5	6
Street Maintenance	10	10	10	8	8	14	14	13	13	13
Economic Environment										
Planning & Building	9	9	9	9	9	11	9	9	9	9
Urban Development	1	1	1	2	1	1	1	1	1	1
Culture and Recreation										
Library	20	20	20	20	20	19	19	18	17	17
Recreation	8	8	8	8	8	8	6	6	6	7
Parks	22	20	20	19	20	19	18	16	15	15
Water	16	16	16	18	18	12	14	14	14	16
Sewer	12	12	12	13	12	12	13	13	13	13
Sanitation	2	2	2	3	3	4	4	4	4	4
Storm Water	6	6	6	10	9	2	2	2	2	2
Public Transit	13	13	13	13	13	11	12	12	15	23
Golf	4	4	4	4	3	3	3	2	2	2
Equipment Rental	7	7	7	6	6	6	6	6	6	6
Building Maintenance	3	4	4	4	4	4	3	3	3	3
TOTAL	291	291	290	306	300	297	296	288	292	298

Source: City Human Resources Office

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

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

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

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

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

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