

**TOWN OF FAIRVIEW, TEXAS**

Financial Statements  
(With Auditor's Report Thereon)

For the Fiscal Year Ended September 30, 2013



**TOWN OF FAIRVIEW**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2013

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372 Town Place • Fairview, TX 75069 • Town Hall 972-562-0522

March 31, 2014

To the Honorable Mayor,  
Members of the Town Council,  
and the Citizens of the Town of Fairview, Texas:

The Comprehensive Annual Financial Report (CAFR) of the Town of Fairview, Texas for the fiscal year ended September 30, 2013, is hereby submitted. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Management assumes full responsibility for both the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. The internal control structure is subject to periodic evaluation by Town management.

Fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town of Fairview's financial statements have been audited by Evans, Pingleton, Howard, PLLC, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Fairview for the fiscal year ended September 30, 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. Based upon the audit, the independent auditor has issued an unqualified opinion of the Town of Fairview, Texas financial statements for the fiscal year ended September 30, 2013. The independent auditor' report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements as required by GAAP. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The Town of Fairview was incorporated in 1958. The Town is located in Collin County and is approximately 27 miles north of downtown Dallas on US Highway 75. It currently occupies 9.2 square miles and serves a population of approximately 8,500. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limit by annexation, which it has done from time to time.

The Town of Fairview has operated under the council-manager form of government since 2006, when the home rule charter was adopted. Policy making and legislative authority is vested in the Town Council, which consists of a Mayor and six Council members, all elected at large to two year staggered terms. The Council appoints the Town's Manager, who in turn appoints the heads of the various departments and is responsible for the day to day operations of the Town.

The Town of Fairview provides a full range of services, including police and fire protection, the construction and maintenance of streets and other infrastructure; planning and zoning, parks and general administrative services. Additionally, the Town provides water and sewer services as an enterprise function.

Discretely presented component units are legally separate entities and are not part of the primary government's operations. The Town of Fairview is financially accountable for its component units. Accordingly, the Fairview Community and Economic Development Corporations are included in these financial statements and are explained in more detail in Note 1 of the Notes to the Financial Statements.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the Town of Fairview financial planning and control. The budget is prepared by fund and department.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when considered from the broader perspective of the specific environment within which the Town of Fairview operates.

#### **Local Economy**

The Town of Fairview is situated in the Dallas/Ft. Worth Consolidated Metropolitan Statistical Area and is located in Collin County. Until 2006 the Town was primarily a bedroom community. In 2006 the Town entered into an agreement with the Herring Group that, over the next several years, brought 900,000 square feet of new shopping, dining and entertainment space with the development of the Villages of Fairview. The Villages includes three anchor stores, Macy's, Penny's, and Dillards, along with multiple restaurants, smaller retailers and entertainment venues. The Town has seen the sales taxes generated each year increase since the Villages of Fairview opened. FY 13 saw a 3.4% increase in sales taxes. In FY 07 sales taxes represented 7.4% of the General Fund budget. In FY 13 that had increased to 23.9%. This development has also opened up additional commercial land for development. In the prior fiscal year the Town entered into a public private partnership with the Noah's Corporation to construct a 9,000 square foot conference facility. The Town owned the land and the property and Noah's would operate the facility under a long term lease contract. The facility opened in the spring of 2013 and generated \$238,864 in revenue for the Town.

Property tax revenues have also seen significant increases both in the commercial area with the construction of the Villages of Fairview along with a continued strong residential property tax base. The tax base in FY 13 grew by 5.1 %, while the average home value in Fairview was \$358,055. The economy is very strong in Collin County and in Fairview. The unemployment rate for Collin County projected for September 2013 was 5.5%, compared to 6.2% for Texas and 7.3% nationwide (not seasonally adjusted).

#### **Financial Policies**

The Town Council has adopted and routinely updates the financial policies of the Town. The most recent update to the policies occurred in May of 2012. These policies have guided the Town and have resulted in strong fund balances and conservative budgeting practices. The General Fund reserve policy sets a goal of 20% of appropriations. The Town has exceeded this level for many years and the current fund balance is estimated at over 60% of General Fund appropriations.

#### **Debt Ratings**

The Town retains strong bond ratings with the most recent upgrade in September 2013 by Standard and Poor's from an AA- to a rating of AA+ and reaffirmation of Moody's rating of Aa2.

### **Long Term Planning**

The Town Council and staff recognize the need for long range planning. It is the goal of the Town government to provide responsible leadership, services, and infrastructure to achieve a safe environment and provide for a high quality of life. Below is a discussion of the current planning being undertaken by the Town:

#### **Strategic Planning**

Annually the Town Council meets in a strategic planning retreat to outline the goals of the town for the next 12-18 months. Out of the retreat an action plan is developed by staff and approved by Council. This action plan is considered in budget planning and provides direction for both the Council and staff going forward.

One of the outcomes was to begin conducting a biannual citizen survey to evaluate the opinions of residents related to the services and programs offered by the Town. The first survey will be conducted in FY14.

#### **Current Planning Projects**

A number of actions were approved as a part of the last strategic planning retreat held in January of 2013. One that is underway at this time is an update to the Town's land use plan. This effort is being undertaken in two separate initiatives, with the first being an update to the Town's commercial planned development district. This is the urban commercial area of Town located generally between US 75 and SH 5. It encompasses approximately 600 acres of developable land within the Town. The Town hired an outside consultant, Jacobs, to conduct the update to this district. The effort has included a review of the land uses, development ordinances and an economic analysis of the build out of the district. This effort will be completed in late spring of 2014.

The second initiative is a review of the remaining undeveloped parcels in the low density residential area of the Town, generally east of SH 5. This effort will result in an update of the land use designations in these areas as well as a review of the goals and objectives of the comprehensive plan. Both of these initiatives should be complete by the end of FY14.

Another planning action taken at the last retreat was to initiate an update of the Town's economic plan. This action will update the goals of the Town's economic development efforts and will be tied to the update of the commercial planned development district. This action should be completed by the summer of FY14.

#### **Capital Improvement Planning**

The Town has maintained and updated a capital plan for facilities and infrastructure. In 2012 the Council approved a three year plan to reconstruct most of the existing asphalt streets in Town. The first phase was completed in the summer of 2012 with a total expenditure of approximately \$1,500,000. In 2013 the Council authorized the completion of the plan by combining phases 2 and 3 into a single bond issue that was approved in the fall of 2013. A total of \$3,700,000 in certificates of obligation were issued in October of 2013 to fund these improvements.

One of the outcomes of the recent strategic planning retreat was to move forward with the next update of the capital plan, which will include timing and cost for needed improvements along with a financing plan for the improvements. This updated plan will include needed improvements for the implementation of the commercial planned development district.

Major capital projects planned in the near future or under construction by other agencies including TxDOT and North Texas Municipal Water District which impact Fairview include:

1. The widening of a section of Stacy Road from Highway 5 to FM-1378 from 2 lanes to 4 lanes. This project is planned for construction beginning in 2015.
2. Corridor improvements to US 75 including lane widening and ramp adjustments. This project is planned to begin in 2014.
3. The construction of a major water line through Fairview. This project has been let and construction will be underway in 2014.
4. The widening of a section of SH 5 to remove a major road constriction and safety concern. This project will be complete in 2014.

#### Utilities

The Town of Fairview purchases its water from and has its sewer treated by North Texas Municipal Water District. The District has a long range plan for providing treated water to its member and customer cities and each year portions of that plan are implemented along with the rates necessary to fund the plans. A rate study in FY13 was completed to evaluate the need for adjustments in the water and sewer rates that may be necessary over the next five years. As a result of that study the Town implemented a 6% rate increase in FY13.

In FY13 the Town entered into an agreement with the Milligan Water Supply Corporation to acquire a total of 21 customers that are residents of the Town of Fairview for a cost of \$40,000. This acquisition will allow the Town to ultimately improve fire protection to this area of the Town, provide these residents with the same water rates as the rest of the Town, and improve water pressures.

#### Acknowledgements

The preparation of the comprehensive annual financial report would not have been possible without the efficient and dedicated service of the staff of the finance and administration department who worked on the report. Each member involved in this effort has my sincere appreciation for the contributions made in the preparation of this report.

Credit must also be given to the governing body of the Town, the Mayor and the members of the Town Council, for their leadership and support in maintaining the highest standards in the financial management of the Town of Fairview.

Respectfully submitted,

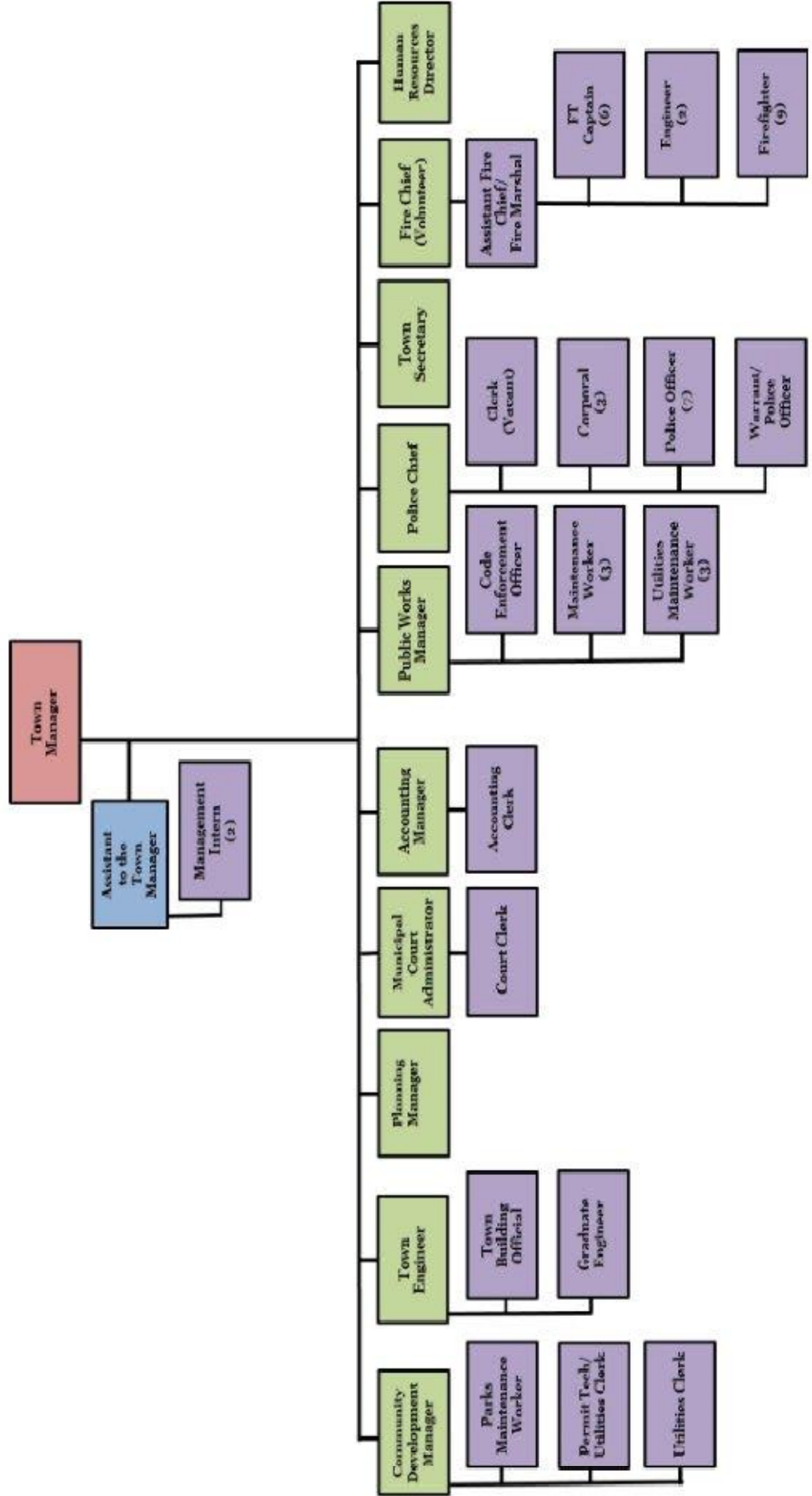


Julie Couch  
Town Manager





# Organizational Chart



**TOWN OF FAIRVIEW**  
List of Principal Officials  
September 30, 2013

<u>Title</u>	<u>Name</u>
Mayor	Darion Culbertson
Mayor Pro Tem & Seat 4	Henry Lessner
Councilmember - Seat 1	Ron Samuels
Councilmember - Seat 2	Jim Cunningham
Councilmember - Seat 3	Frank O'Reilly
Councilmember - Seat 5	Paul Hendricks
Councilmember - Seat 6	Mary Price
Town Manager	Julie Couch
Town Secretary	Michelle Lewis Sirianni
Town Engineer	James Chancellor
Economic Development Manager	Ray Dunlap
Police Chief	Granver Tolliver
Public Works Manager	Aron Holmgren
Accounting Manager	Brenda Bowman

**EVANS, PINGLETON and HOWARD, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
8950 GARY BURNS DRIVE, SUITE D  
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972-335-9754/FAX 972-335-9758

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor  
and Members of the Town Council  
**Town of Fairview, Texas**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Fairview, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town'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. 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Fairview, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13, 27 and 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fairview, Texas' basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Evans, Pingleton and Howard, PLLC*

Evans, Pingleton and Howard, PLLC  
Frisco, TX  
March, 20, 2014

## Management's Discussion and Analysis

As management of the Town of Fairview, we offer readers of the Town of Fairview's financial statements this narrative overview and analysis of the financial activities of the Town of Fairview for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report. All amounts, unless otherwise indicated, are expressed in actual dollars.

### Financial Highlights

- The assets of the Town of Fairview exceeded its liabilities at the close of the most recent fiscal year by \$27,234,935 (net position). Of this amount, \$10,232,713, (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$211,954. The primary reason for the increase in net position was due to business-type activities.
- As of the close of the current fiscal year, the Town of Fairview's governmental funds reported combined ending fund balances of \$5,959,723, a decrease of \$2,848,348 in comparison with the prior year. The reason for the decrease in fund balances is due to capital project expenditures. Approximately \$4,157,808 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,157,808 or 68 percent of total general fund expenditures.
- The Town of Fairview's total long-term debt decreased by \$1,520,000 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Fairview's basic financial statements. The Town of Fairview's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The *statement of net position* presents information on all of the Town of Fairview's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Fairview is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets 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 the government-wide financial statements distinguish functions of the Town of Fairview 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 Town of Fairview include general government, public safety, transportation, and recreation. The business-type activities of the Town of Fairview include the water and sewer system.

The government-wide financial statements include only the Town of Fairview itself (known as the primary government). The Economic and Community Development Corporations, although legally separate, are included as aggregate discretely presented component units.

The government-wide financial statements can be found on pages 16-19 of this report.

**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 Town of Fairview, 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 Town of Fairview can be divided into two categories: governmental funds and proprietary 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 *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is more narrow 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 Town of Fairview maintains seven 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, debt service fund and capital projects fund, all of which are considered major funds. Data from the four other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town of Fairview adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 20-27 of this report.

**Proprietary Funds.** The Town of Fairview maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Fairview uses an enterprise fund to account for its Water and Sewer operations, which includes water, sewer and stormwater impact fees.

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 and Sewer operations, which is considered to be a major fund of the Town of Fairview.

The basic proprietary fund financial statements can be found on pages 28-31 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-51 of this report.

**Other Information:** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. The individual fund schedule provides a budgetary comparison schedule for the enterprise fund. Combining and individual fund statements and schedules can be found on pages 54-56 of this report.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Fairview, assets exceed liabilities by \$27,234,935 at the close of the most recent fiscal year.

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

#### TOWN OF FAIRVIEW – Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 6,615,015	11,245,869	6,735,321	7,921,286	13,350,336	19,225,504
Capital Assets	25,707,138	23,522,177	15,197,869	14,567,880	40,905,007	38,090,057
Total Assets	32,322,153	34,768,046	21,933,190	22,489,166	54,255,343	57,315,561
Long Term Liabilities	16,178,430	17,930,315	7,941,689	9,455,701	24,120,119	27,406,803
Other Liabilities	1,736,235	266,901	1,164,054	432,630	2,900,289	678,744
Total Liabilities	17,914,665	18,197,216	9,105,743	9,888,331	27,020,408	28,085,547
Net Position:						
Capital Assets, Net of Related Debt	9,945,674	9,526,012	6,482,599	5,112,179	16,428,273	14,638,191
Assigned	66,487	-	-	-	-	-
Restricted	507,462	2,477,022	-	-	507,462	2,477,022
Unrestricted	3,887,865	4,567,796	6,344,848	7,488,656	10,232,713	12,114,801
Total Net Position	\$ 14,407,488	16,570,830	12,827,447	12,600,835	27,234,935	29,230,014

An additional portion of the Town's net position (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$10,232,713 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Fairview is able to report positive balances in all categories of net position for the government as a whole.

There was an increase of \$1,790,082 in net position invested in capital assets, net of related debt. This increase is mainly due to capital projects fund expenditures.

The Government's net position increased by \$211,954 mainly due to business-type activities.

**TOWN OF FAIRVIEW – Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 1,570,503	1,352,382	4,157,210	4,014,686	5,727,713	5,367,068
Operating Grants and Contributions	106,695	152,856	-	-	106,695	152,856
Capital Grants and Contributions	-	175,907	-	-	-	175,907
General Revenues:						
Property Taxes	4,279,386	4,282,347	-	-	4,279,386	4,282,347
Other Taxes	2,080,042	2,024,502	-	-	2,080,042	2,024,502
Investment Earnings	19,026	21,471	2,567	3,628	21,593	25,099
Other	161,734	74,288	-	-	161,734	74,288
Total Revenues	8,217,386	8,083,753	4,159,777	4,018,314	12,377,163	12,102,067
<b>Expenses</b>						
General Government	1,766,891	1,404,099	-	-	1,766,891	1,404,099
Public Safety	3,630,952	3,519,801	-	-	3,630,952	3,519,801
Public Works	566,966	1,213,024	-	-	566,966	1,213,024
Municipal Court	128,543	127,309	-	-	128,543	127,309
Parks and Recreation	99,191	83,675	-	-	99,191	83,675
Inspections	100,376	-	-	-	100,376	-
NonDepartmental	979,420	-	-	-	979,420	-
Interest on Long-Term Debt	697,674	504,666	-	-	697,674	504,666
Water & Sewer	-	-	4,195,196	3,837,044	4,195,196	3,837,044
Total Expenses	7,970,013	6,852,574	4,195,196	3,837,044	12,165,209	10,689,618
Increase in Net Position Before Transfers	247,373	1,231,179	(35,419)	181,270	211,954	1,412,449
Transfers	(262,031)	(518,053)	262,031	518,053	-	-
Increase/(Decrease) in Net Position	(14,658)	713,126	226,612	699,323	211,954	1,412,449
Net Position - Beginning	14,422,146	13,709,020	12,600,835	11,901,512	27,022,981	25,610,532
Net Position - Ending	\$14,407,488	14,422,146	12,827,447	12,600,835	27,234,935	27,022,981

Governmental Activities:

- Primary government expenses increased by \$1,117,439 (16.3%) during the year.
- Charges for services increased by \$218,121 (16.1%) during the year.

Business-Type Activities

Business-Type activities increased the Town of Fairview's net assets by \$226,612.

- Charges for services decreased by \$142,524 (4%) during the year.
- Operating expenses increased by \$358,152 (9%) over the previous year.



## Financial Analysis of the Government's Funds

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

**Governmental Funds.** The focus of the Town of Fairview's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Fairview's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available at the end of the fiscal year.

At the end of the current fiscal year, the Town of Fairview's governmental funds reported combined ending fund balance of \$5,959,723, a decrease of \$2,848,348 from the prior year. Of the current combined ending fund balance, \$4,157,808 is unassigned, \$1,735,728 is restricted for court, debt service and capital projects and \$66,487 is assigned.

The general fund is the chief operating fund of the Town of Fairview. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,157,808. Total unassigned fund balance represents 68% of total general fund expenditures.

**Proprietary Funds.** The Town of Fairview'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 Enterprise Funds at the end of the year amounted to \$6,344,848. The total increase in net position of the Enterprise Funds was \$226,612. The factors concerning the finances of this fund have already been addressed in the discussion of the Town of Fairview's business type activities.

### General Fund Budgetary Highlights

During the year, revenues exceeded budget estimates by \$133,731 and expenditures exceeded budgetary estimates by \$18,803. The budget had called for a \$249,477 decrease in fund balance. However, due to larger than budgeted revenues, the fund balance only decreased by \$134,549.

## **Capital Asset and Debt Administration**

**Capital Assets.** The town of Fairview's investment in capital assets for its governmental and business type activities as of September 30, 2013, amounts to \$40,905,007 (net of accumulated depreciation). This investment in capital assets includes land and right-of-way, buildings, systems, improvements, and equipment.

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

- Completion of infrastructure (\$1,462,854) and building projects (\$2,307,301) were the major additions to governmental activity capital assets.
- Completion of utility plant projects (\$1,024,737) were the major addition to business-type activities capital assets.

Additional information on the Town of Fairview's capital assets can be found in note 3.C. on page 42-43 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the Town of Fairview had bonded debt outstanding of \$25,705,000. Long-term debt decreased \$1,520,000 during the year. The long-term debt consisted of \$6,505,000 of General Obligation Bonds, and \$19,200,000 of Certificates of Obligation.

Additional information on the Town of Fairview's long-term debt can be found in note 3.E. on pages 44-47 of this report.

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

### **Request for Information**

This financial report is designed to provide a general overview of the Town of Fairview'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 should be addressed to the Office of the Town Manager, 372 Town Place, Fairview, Texas 75069.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF FAIRVIEW**  
Statement of Net Position  
September 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,090,141	5,233,458	11,323,599
Restricted Cash and Cash Equivalents	-	910,017	910,017
Receivables (Net of Allowance for Uncollectibles):			
Property Taxes	23,690	-	23,690
Sales Taxes	265,214	-	265,214
Franchise Taxes	169,325	-	169,325
Utility Bills	64,550	591,846	656,396
Other	2,095	-	2,095
Capital Assets Not Being Depreciated	3,133,960	113,384	3,247,344
Capital Assets Being Depreciated, Net:	22,573,178	15,084,485	37,657,663
Total Assets	32,322,153	21,933,190	54,255,343
 <b>LIABILITIES</b>			
Accounts Payable	498,501	204,680	703,181
Accrued Wages Payable	91,806	19,830	111,636
Accrued Interest Payable	70,335	38,465	108,800
Customer Deposits	41,295	97,971	139,266
Noncurrent Liabilities:			
Due Within One Year	1,034,298	803,108	1,837,406
Due in More Than One Year	16,178,430	7,941,689	24,120,119
Total Liabilities	17,914,665	9,105,743	27,020,408
 <b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	9,945,674	6,482,599	16,428,273
Assigned:			
Technology	66,487	-	66,487
Restricted for:			
Debt Service	383,973	-	383,973
Court	123,489	-	123,489
Unrestricted	3,887,865	6,344,848	10,232,713
Total Net Position	\$ 14,407,488	12,827,447	27,234,935

The notes to the financial statements are an integral part of this statement.

<u>Component Units</u>	
<u>Economic Development</u>	<u>Community Development</u>
859,984	586,813
-	-
-	-
121,182	121,182
-	-
-	-
-	-
-	-
<u>981,166</u>	<u>707,995</u>
4,237	1,166
1,534	1,534
-	-
-	-
-	-
-	-
<u>5,771</u>	<u>2,700</u>
-	-
-	-
-	-
-	-
<u>975,395</u>	<u>705,295</u>
<u>975,395</u>	<u>705,295</u>

**TOWN OF FAIRVIEW**  
Statement of Activities  
For the Fiscal Year Ended September 30, 2013

<b>Functions/Programs</b>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$ 1,766,891	295,340	-	-
Public Safety	3,630,952	301,487	106,695	-
Public Works	566,966	291,325	-	-
Inspectors	100,376	-	-	-
Municipal Court	128,543	11,184	-	-
Parks and Recreation	99,191	-	-	-
Non-Departmental	979,420	432,303	-	-
Interest and Fiscal Charges	697,674	238,864	-	-
Total Governmental Activities	<u>7,970,013</u>	<u>1,570,503</u>	<u>106,695</u>	<u>-</u>
Business-Type Activities:				
Water and Sewer	4,195,196	4,157,210	-	-
Total Business-Type Activities	<u>4,195,196</u>	<u>4,157,210</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$12,165,209</u>	<u>5,727,713</u>	<u>106,695</u>	<u>-</u>
<b>Component Units</b>				
Economic Development	\$ 851,303	-	-	-
Community Development	839,420	-	-	-
Total Component Units	<u>\$ 1,690,723</u>	<u>-</u>	<u>-</u>	<u>-</u>

General Revenues:  
Property Taxes  
Sales Taxes  
Franchise Taxes  
Mixed Beverage Tax  
Interest Earnings  
Miscellaneous  
Transfers In (Out)  
Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense)/Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Economic Development	Community Development
(1,471,551)	-	(1,471,551)	-	-
(3,222,770)	-	(3,222,770)	-	-
(275,641)	-	(275,641)	-	-
(100,376)	-	(100,376)	-	-
(128,543)	-	(128,543)	-	-
(88,007)	-	(88,007)	-	-
(547,117)	-	(547,117)	-	-
(458,810)	-	(458,810)	-	-
<u>(6,292,815)</u>	<u>-</u>	<u>(6,292,815)</u>	<u>-</u>	<u>-</u>
-	(37,986)	(37,986)	-	-
<u>-</u>	<u>(37,986)</u>	<u>(37,986)</u>	<u>-</u>	<u>-</u>
<u>(6,292,815)</u>	<u>(37,986)</u>	<u>(6,330,801)</u>	<u>-</u>	<u>-</u>
-	-	-	(851,303)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(839,420)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(851,303)</u>	<u>(839,420)</u>
4,279,386	-	4,279,386	-	-
1,448,398	-	1,448,398	724,199	724,199
563,017	-	563,017	-	-
68,627	-	68,627	-	-
19,026	2,567	21,593	2,094	1,798
161,734	-	161,734	-	-
(262,031)	262,031	-	-	-
<u>6,278,157</u>	<u>264,598</u>	<u>6,542,755</u>	<u>726,293</u>	<u>725,997</u>
(14,658)	226,612	211,954	(125,010)	(113,423)
<u>14,422,146</u>	<u>12,600,835</u>	<u>27,022,981</u>	<u>1,100,405</u>	<u>818,718</u>
<u>\$14,407,488</u>	<u>12,827,447</u>	<u>27,234,935</u>	<u>975,395</u>	<u>705,295</u>

**TOWN OF FAIRVIEW**

Balance Sheet

Governmental Funds

September 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$3,962,326	383,973
Receivables (Net of Allowance for Uncollectibles):		
Property Taxes	10,270	13,420
Sales Taxes	265,214	-
Franchise Taxes	169,325	-
Utility Bills	64,550	-
Other	2,095	-
Total Assets	<u>\$4,473,780</u>	<u>397,393</u>
<b>LIABILITIES</b>		
Accounts Payable	172,901	-
Accrued Wages	91,806	-
Customer Deposits	41,295	-
Total Liabilities	<u>306,002</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenues - Property Taxes	10,270	13,420
Total Deferred Inflows of Resources	<u>10,270</u>	<u>13,420</u>
<b>FUND BALANCES</b>		
Assigned:		
Technology	-	-
Restricted:		
Court	-	-
Debt Service	-	383,973
Capital Projects	-	-
Unassigned	4,157,508	-
Total Fund Balances	<u>4,157,508</u>	<u>383,973</u>
 Total Liabilities, Deferred Inflows & Fund Balances	 <u>\$4,473,780</u>	 <u>397,393</u>

The notes to the financial statements are an integral part of this statement.



<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
1,553,866	189,976	6,090,141
-	-	23,690
-	-	265,214
-	-	169,325
-	-	64,550
-	-	2,095
<u>1,553,866</u>	<u>189,976</u>	<u>6,615,015</u>
325,600	-	498,501
-	-	91,806
-	-	41,295
<u>325,600</u>	<u>-</u>	<u>631,602</u>
-	-	23,690
<u>-</u>	<u>-</u>	<u>23,690</u>
-	66,487	66,487
-	123,489	123,489
-	-	383,973
1,228,266	-	1,228,266
-	-	4,157,508
<u>1,228,266</u>	<u>189,976</u>	<u>5,959,723</u>
<u>1,553,866</u>	<u>189,976</u>	<u>6,615,015</u>



**TOWN OF FAIRVIEW**  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
September 30, 2013

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 5,959,723</b>
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$27,488,740 and the accumulated depreciation was \$(3,966,563). In addition, long-term liabilities, including bonds payable of \$(17,769,299) and capital leases payable of \$(4,941), are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	5,747,937
Current year capital outlays of \$3,130,054 and long-term debt principal payments of \$784,510 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	3,914,564
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The net effect of including accrued interest is to decrease net position.	(70,335)
The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(945,093)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing \$23,690 of deferred inflows as revenue, and recognizing the liabilities associated with compensated absences \$(222,998). The net effect of these reclassifications is to increase net position.	<u>(199,308)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 14,407,488</u></u></b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF FAIRVIEW**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended September 30, 2013

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$2,387,848	1,918,027
Sales Tax	1,448,398	-
Franchise Taxes	563,017	-
Mixed Beverage Tax	68,627	-
Charges for Services	665,083	238,864
Permits	295,340	-
Fines and Forfeitures	283,422	-
Intergovernmental	74,932	-
Street Impact Fees	-	-
Park Fees	-	-
Interest Income	8,448	-
Miscellaneous	193,466	-
Total Revenues	5,988,581	2,156,891
<b>EXPENDITURES</b>		
Current:		
General Government	1,359,228	-
Public Safety	3,247,736	-
Public Works	206,549	-
Inspections	98,068	-
Municipal Court	125,483	-
Parks and Recreation	88,553	-
Non-Departmental	979,420	-
Capital Outlay	12,677	-
Debt Service:		
Principal	4,941	779,569
Interest and Fiscal Charges	-	655,305
Total Expenditures	6,122,655	1,434,874
Excess (Deficiency) of Revenues Over (Under) Expenditures	(134,074)	722,017
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	447,200	-
Transfers Out	(447,675)	(719,231)
Total Other Financing Sources (Uses)	(475)	(719,231)
Net Change in Fund Balances	(134,549)	2,786
Fund Balances - Beginning	4,292,057	381,187
Fund Balances - Ending	\$4,157,508	383,973

The notes to the financial statements are an integral part of this statement.

<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	4,305,875
-	-	1,448,398
-	-	563,017
-	-	68,627
-	-	903,947
-	-	295,340
-	18,065	301,487
-	-	74,932
58,575	-	58,575
11,184	-	11,184
10,578	-	19,026
-	-	193,466
<u>80,337</u>	<u>18,065</u>	<u>8,243,874</u>
79,188	74,320	1,512,736
-	-	3,247,736
-	-	206,549
-	-	98,068
-	1,778	127,261
-	-	88,553
-	-	979,420
3,105,308	12,068	3,130,053
-	-	-
-	-	784,510
-	-	655,305
<u>3,184,496</u>	<u>88,166</u>	<u>10,830,191</u>
<u>(3,104,159)</u>	<u>(70,101)</u>	<u>(2,586,317)</u>
304,800	152,875	904,875
-	-	(1,166,906)
<u>304,800</u>	<u>152,875</u>	<u>(262,031)</u>
(2,799,359)	82,774	(2,848,348)
<u>4,027,625</u>	<u>107,202</u>	<u>8,808,071</u>
<u>1,228,266</u>	<u>189,976</u>	<u>5,959,723</u>

**TOWN OF FAIRVIEW**  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended September 30, 2013

**Total Net Change in Fund Balances - Governmental Funds** \$ (2,848,348)

Current year capital outlays of \$3,130,053 and long-term debt principal payments of \$784,510 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position. 3,914,564

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The net effect of including accrued interest is to decrease net position. (42,369)

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current resources. The net effect of the current year's depreciation is to decrease net position. (945,093)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred resources of \$(26,489), as revenue and recognizing the change in compensated absences of \$(66,923). The net effect of these reclassifications is to decrease net position. (93,412)

**Changes in Net Position of Governmental Activities** \$ (14,658)

**TOWN OF FAIRVIEW**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund  
For the Fiscal Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,393,000	2,409,000	2,387,848	(21,152)
Sales Taxes	1,400,000	1,400,000	1,448,398	48,398
Franchise Fees	590,000	545,100	563,017	17,917
Mixed Beverage Tax	67,000	67,000	68,627	1,627
Charges for Services	580,500	636,500	665,083	28,583
Permits	336,750	281,200	295,340	14,140
Fines and Forfeitures	283,650	269,450	283,422	13,972
Intergovernmental	55,000	54,900	74,932	20,032
Interest Income	5,000	10,000	8,448	(1,552)
Miscellaneous	138,500	181,700	193,466	11,766
Total Revenues	5,849,400	5,854,850	5,988,581	133,731
<b>EXPENDITURES</b>				
General Government	1,337,592	1,266,027	1,365,620	(99,593)
Public Safety	3,438,074	3,337,136	3,258,962	78,174
Public Works	232,689	216,709	206,549	10,160
Inspections	114,266	96,749	98,068	(1,319)
Municipal Court	135,963	125,011	125,483	(472)
Non-Departmental	955,200	980,920	979,420	1,500
Parks and Recreation	82,224	81,300	88,553	(7,253)
Total Expenditures	6,296,008	6,103,852	6,122,655	(18,803)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(446,608)	(249,002)	(134,074)	114,928
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	447,200	447,200	447,200	-
Transfers Out	-	(447,675)	(447,675)	-
Total Other Financing Sources (Uses)	447,200	(475)	(475)	-
Net Change in Fund Balances	592	(249,477)	(134,549)	114,928
Fund Balances - Beginning	4,292,057	4,292,057	4,292,057	-
Fund Balances - Ending	\$ 4,292,649	4,042,580	4,157,508	114,928

The notes to the financial statements are an integral part of this statement.

**TOWN OF FAIRVIEW**  
Statement of Net Position  
Proprietary Fund  
September 30, 2013

	Business-Type Activities	
	Enterprise Fund Current Year	Enterprise Fund Prior Year
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 5,233,458	6,429,439
Restricted Cash and Cash Equivalents	910,017	888,360
Receivables (Net of Allowance for Uncollectibles)	591,846	603,487
Total Current Assets	6,735,321	7,921,286
Noncurrent Assets:		
Capital Assets Not Being Depreciated	113,384	178,326
Capital Assets Being Depreciated, Net	15,084,485	14,389,554
Total Noncurrent Assets	15,197,869	14,567,880
Total Assets	21,933,190	22,489,166
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	204,680	50,337
Accrued Wages	19,830	17,785
Compensated Absences	29,527	20,787
Deferred Revenue	-	195,911
Liabilities Payable from Restricted Assets:		
Long-Term Debt - Current Portion	773,581	740,550
Accrued Interest Payable	38,465	41,288
Customer Deposits	97,971	106,522
Total Current Liabilities	1,164,054	1,173,180
Noncurrent Liabilities:		
Long-Term Debt	7,941,689	8,715,151
Total Noncurrent Liabilities	7,941,689	8,715,151
Total Liabilities	9,105,743	9,888,331
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	6,482,599	5,112,179
Unrestricted	6,344,848	7,488,656
Total Net Position	\$12,827,447	12,600,835

The notes to the financial statements are an integral part of this statement.



**TOWN OF FAIRVIEW**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended September 30, 2013

	Business-Type Activities	
	Enterprise Fund Current Year	Enterprise Fund Prior Year
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 4,157,210	4,014,686
Total Operating Revenues	4,157,210	4,014,686
 <b>OPERATING EXPENSES</b>		
Water Purchases	1,667,605	1,338,633
Personnel Services	719,075	617,321
Repairs and Maintenance	100,376	84,865
Operations	904,205	963,376
Depreciation	478,771	460,710
Total Operating Expenses	3,870,032	3,464,905
 Operating Income	287,178	549,781
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Revenue	2,567	3,628
Interest Expense	(325,164)	(372,139)
Total Nonoperating Revenues (Expenses)	(322,597)	(368,511)
 Income Before Transfers	(35,419)	181,270
 <b>TRANSFERS</b>		
Transfers In	719,231	845,253
Transfers Out	(457,200)	(327,200)
Total Transfers	262,031	518,053
 Change in Net Assets	226,612	699,323
 Net Position - Beginning	12,600,835	11,901,512
 Net Position - Ending	\$12,827,447	12,600,835

The notes to the financial statements are an integral part of this statement.

**TOWN OF FAIRVIEW**  
Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended September 30, 2013

	Business-Type Activities	
	Enterprise Fund Current Year	Enterprise Fund Prior Year
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 3,964,389	3,772,402
Cash Paid to Employees for Services	(729,140)	(625,541)
Cash Paid to Suppliers for Goods and Services	(2,496,993)	(2,187,562)
Net Cash Provided/(Used) by Operating Activities	738,256	959,299
 Cash Flows from Noncapital Financing Activities:		
Transfers to Other Funds	(457,200)	(327,200)
Transfers from Other Funds	719,231	845,253
Net Cash Provided/(Used) by Noncapital Financing Activities	262,031	518,053
 Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(1,108,760)	(64,942)
Proceeds from Capital Debt	-	2,325,000
Principal Paid on Capital Debt	(740,431)	(2,948,000)
Interest and Fees Paid on Capital Debt	(327,987)	(367,589)
Net Cash (Used) by Capital and Related Financing Activities	(2,177,178)	(1,055,531)
 Cash Flows from Investing Activities:		
Interest Received	2,567	3,628
Net Cash Provided by Investing Activities	2,567	3,628
 Net Increase/(Decrease) in Cash and Cash Equivalents	(1,174,324)	425,449
 Cash and Cash Equivalents - Beginning	7,317,799	6,892,350
 Cash and Cash Equivalents - Ending	\$ 6,143,475	7,317,799

**TOWN OF FAIRVIEW**  
Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended September 30, 2013

Reconciliation of Operating Income to Net Cash Provided  
by Operating Activities

	Business-Type Activities	
	Enterprise Fund Current Year	Enterprise Fund Prior Year
Operating Income	\$ 287,178	549,781
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation/Amortization	478,771	460,710
(Increase)/Decrease in Accounts Receivable	11,641	(255,943)
Increase in Deferred Revenue	(195,911)	195,911
Increase/(Decrease) in Accounts Payable	154,343	(13,039)
Increase/(Decrease) in Accrued Wages	2,045	5,646
Increase in Compensated Absences	8,740	2,574
Decrease in Customer Deposits	(8,551)	13,659
Total Adjustments	451,078	409,518
Net Cash Provided by Operating Activities	\$ 738,256	959,299

The notes to the financial statements are an integral part of this statement.

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

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

The financial statements of the Town of Fairview, Texas, have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The government is a municipal corporation governed by an elected seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. Each discretely presented component unit has a September 30 year end.

*Discretely Presented Component Unit.* The Economic Development Corporation (EDC) and Community Development Corporation (CDC) serve all citizens of the government and are governed by a board appointed by the government's elected council. The government can impose its will on the EDC and CDC and affect the day-to-day operations by removing appointed board members at will. The Town Council approves the component units' respective budgets and any debt issuance by the component units. The scope of public service of the EDC and CDC benefits the government and its citizens and are operated primarily within the geographic boundaries of the government. The EDC and CDC do not prepare separate financial statements.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider 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* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds.

The *capital projects fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The government reports the following proprietary fund:

The *enterprise fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The government's enterprise fund is for water and sewer operations.

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities, and Net Position or Equity**

**1. Deposits and Investments**

Cash and cash equivalents includes cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Other short-term investments are included in investments. Investments are stated at cost.

**2. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Liabilities, and Net Position or Equity** (continued)

**3. Restricted Assets**

Certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. When the government incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
System infrastructure	40
Equipment	5-10
Vehicles	5

**5. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused "paid time off" which can be used for illness, disability, vacation or other absences.

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Liabilities, and Net Position or Equity** (continued)

**5. Compensated Absences** (continued)

All paid time off is accrued, when incurred, in the government-wide and proprietary fund financial statements.

**6. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. Fund Equity**

Fund Balance Classification: The governmental fund financial statements present fund balance classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town did not have any committed resources as of September 30, 2013.



**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Liabilities, and Net Position or Equity** (continued)

**7. Fund Equity** (continued)

- Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by an official to which the Town Council delegates this authority.
- Unassigned: This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

As of September 30, 2013, fund balances are composed of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Nonspendable:	\$ -	-	-	-
Restricted:				
Court	-	-	123,489	123,489
Debt Service	-	383,973	-	383,973
Capital Projects	-	-	1,228,266	1,228,266
Committed:	-	-	-	-
Assigned:	-	-	-	-
Technology	-	-	66,487	66,487
Unassigned:	<u>4,157,508</u>	<u>-</u>	<u>-</u>	<u>4,157,508</u>
Total Fund Balances	<u><u>\$4,157,508</u></u>	<u><u>383,973</u></u>	<u><u>1,418,242</u></u>	<u><u>5,959,723</u></u>

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund and water and sewer fund. All annual appropriations lapse at fiscal year end.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to September 1, the Town Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted by the Town Council through passage of an ordinance prior to the beginning of the fiscal year to which it applies, which can be amended by the Council.
4. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
5. Formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund. One supplemental appropriation was made during the fiscal year.
6. The Debt Service and Capital Projects Funds do not have formal budgets since all are controlled by contractual obligations approved at inception or as part of the General Fund on an annual basis. The non-major governmental funds are not budgeted.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbered amounts lapse at year end. At year end, encumbrances are canceled or reappropriated as part of the following year budget.

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The Town may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At September 30, 2013, the primary government and component unit's carrying amount of deposits were \$3,425,857 and the bank balance of the deposits were \$3,557,175. Of the bank balance, \$751,495 was covered by federal depository insurance and \$2,805,680 was covered by collateral held by the pledging financial institution's trust department or agent in the primary government or component unit's name.

In compliance with the Public Funds Investment Act, the Town has adopted a deposit and investment policy. That policy addresses the following risks:

- a. Custodial Credit Risk - Deposits: In the case of deposits this is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The Town is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town investments are with the Texas Local Government Investment Pool ("TexPool") and Lone Star Investment Pool ("LoneStar"). The pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments. Local investment pools operate in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. The reported value of the pools is the same as the fair value of the pool shares. The Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool. Administration of LoneStar is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The Town is not exposed to custodial credit risk for its investments.
- c. Credit Risk - This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool at year end was AAAM by Standard & Poor's. The credit quality rating for LoneStar and TexStar at year end was Aaa by Moody's Investor Service.

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)**

**A. Deposits and Investments (continued)**

- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the Town's investment in external investment pools is less than 60 days.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. The Town is not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the Town's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. It is the Town's policy to not allow for a concentration of credit risk. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The Town is not exposed to concentration of credit risk.

At year end, the government's investment balances were as follows:

Texpool Investment Pool	\$ 7,407,548
LoneStar Investment Pool	<u>2,846,108</u>
Total Investments	<u><u>\$10,253,656</u></u>

A reconciliation of cash and investments as shown on the Statement of Net Assets is as follows:

Cash on Hand	\$ 900
Carrying Amount of Deposits	3,425,857
Carrying Amount of Investments	<u>10,253,656</u>
Total	<u><u>\$13,680,413</u></u>
Cash and Cash Equivalents - Unrestricted	\$12,770,396
Cash and Cash Equivalents - Restricted	<u>910,017</u>
Total	<u><u>\$13,680,413</u></u>

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 3. DETAILED NOTES ON ALL FUNDS** (continued)

**B. Receivables**

Receivables at September 30, 2013 consist of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Property Taxes	\$ 10,270	13,420	-	23,690
Sales Taxes	265,214	-	-	265,214
Franchise Taxes	169,325	-	-	169,325
Utility Bills	65,305	-	607,165	672,470
Other	<u>2,095</u>	<u>-</u>	<u>-</u>	<u>2,095</u>
Gross Receivables	512,209	13,420	607,165	1,132,794
Less: Allowance for Uncollectibles	<u>(755)</u>	<u>-</u>	<u>(15,319)</u>	<u>(16,074)</u>
Net Total Receivables	<u>\$ 511,454</u>	<u>13,420</u>	<u>591,846</u>	<u>1,116,720</u>

Taxes are levied on October 1 and are payable until February 1 without penalty. Property taxes attach as an enforceable lien on property as of February 1. No discounts are allowed for early payment. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 up to the date collected by the government at the rate of 1% per month. Under state law, property taxes on real property constitute a lien on the property and cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes applicable to personal property may be deemed uncollectible by the government. The government's current policy is to write-off uncollectible personal property taxes after four years.

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)**

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,133,960	-	-	3,133,960
Construction in Progress	725,429	-	(725,429)	-
Total Capital Assets Not Being Depreciated	3,859,389	-	(725,429)	3,133,960
Capital Assets Being Depreciated:				
Infrastructure	9,557,775	1,462,854	-	11,020,629
Buildings and Improvements	10,476,725	2,307,301	-	12,784,026
Furniture and Equipment	2,766,491	28,012	-	2,794,503
Vehicles	828,360	57,316	-	885,676
Total Capital Assets Being Depreciated	23,629,351	3,855,483	-	27,484,834
Accumulated Depreciation				
Infrastructure	1,592,157	354,926	-	1,947,083
Buildings and Improvements	926,378	288,015	-	1,214,393
Furniture and Equipment	1,009,220	195,134	-	1,204,354
Vehicles	438,808	107,018	-	545,826
Total Accumulated Depreciation	3,966,563	945,093	-	4,911,656
Total Capital Assets Being Depreciated, Net	19,662,788	2,910,390	-	22,573,178
Governmental Activities Capital Assets, Net	\$23,522,177	2,910,390	(725,429)	25,707,138
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 113,384	-	-	113,384
Construction in Progress	64,942	-	(64,942)	-
Total Capital Assets Not Being Depreciated	178,326	-	(64,942)	113,384
Capital Assets Being Depreciated:				
Utility Plant	18,032,848	1,024,737	-	19,057,585
Buildings and Improvements	12,271	32,413	-	44,684
Furniture and Equipment	200,045	68,686	-	268,731
Vehicles	63,314	47,867	-	111,181
Total Capital Assets Being Depreciated	18,308,478	1,173,703	-	19,482,181
Accumulated Depreciation				
Utility Plant	3,718,805	456,626	-	4,175,431
Buildings and Improvements	11,366	2,419	-	13,785
Furniture and Equipment	138,252	13,555	-	151,807
Vehicles	50,502	6,171	-	56,673
Total Accumulated Depreciation	3,918,925	478,771	-	4,397,696
Total Capital Assets Being Depreciated, Net	14,389,553	694,932	-	15,084,485
Business-Type Activities Capital Assets, Net	\$14,567,879	694,932	(64,942)	15,197,869

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 3. DETAILED NOTES ON ALL FUNDS** (continued)

**C. Capital Assets** (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 236,463
Public Safety	340,139
Public Works	359,135
Parks and Recreation	9,356
Total Depreciation Expense - Governmental Activities	\$ 945,093

Business-Type Activities:

Water & Sewer	\$ 478,711
Total Depreciation Expense - Business-Type Activities	\$ 478,711

**D. Interfund Transfers**

Transfer Out:	Transfer In:				Total
	General Fund	Capital Projects	Water and Sewer	Technology Fund	
General Fund	\$ -	304,800	-	142,875	447,675
Debt Service	-	-	719,231	-	719,231
Water and Sewer	447,200	-	-	10,000	457,200
Total	\$ 447,200	304,800	719,231	152,875	1,624,106

Purpose of Transfers

To pay its share of administration and related costs, the Water and Sewer Fund sent to the General Fund \$447,200. The transfer from the Debt Service Fund to the Water and Sewer Fund in the amount of \$719,231 was for specific debt service payments. The transfer from the General Fund to the Capital Projects Fund, in the amount of \$304,800, was for construction. The General Fund and Water & Sewer Fund transferred funds to the Technology Fund for technology expenditures.

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Long-Term Debt**

The Town issues general obligation debt (in the form of general obligation bonds and certificates of obligation) to provide funds for the acquisition and construction of major capital facilities. These issues are direct obligations and pledge the full faith and credit of the Town. General obligation debt outstanding as of September 30, 2013, is as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/13
General Obligation Bonds:					
Improvements	\$ 2,830,000	2007	2027	4.00%-4.25%	2,205,000
Certificates of Obligation:					
Improvements	1,135,000	2005	2025	3.87%	780,000
Improvements	300,000	2006	2026	4.00%-4.15%	219,308
Improvements	1,129,780	2007	2027	4.00%-4.25%	880,422
Improvements	3,435,000	2008	2028	3.00%-4.35%	2,810,000
Improvements	3,300,000	2009	2029	2.50%-4.30%	2,800,000
Improvements	3,100,000	2010	2030	2.00%-4.00%	2,740,000
Improvements	1,665,000	2012	2032	.5%-3.815%	1,600,000
Improvements	3,065,000	2012	2032	.5%-3.815%	2,955,000
Total Certificates of Obligation					<u>14,784,730</u>
Total General Obligation Debt					<u>\$16,989,730</u>

Long-term debt activity for the fiscal year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds/Certificates of Obligation	\$17,769,299	-	(779,569)	16,989,730	811,300
Capital Leases	4,941	-	(4,941)	-	-
Compensated Absences	156,075	222,998	(156,075)	222,998	222,998
Total	<u>\$17,930,315</u>	<u>222,998</u>	<u>(940,585)</u>	<u>17,212,728</u>	<u>1,034,298</u>

The bonds/certificates of obligation will be repaid by the Debt Service Fund. The compensated absences will be paid by the General Fund.



**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 3. DETAILED NOTES ON ALL FUNDS** (continued)

**E. Long-Term Debt** (continued)

The annual requirements to amortize the bonded debt outstanding for the debt service fund, as of September 30, 2013, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2014	\$ 811,300	617,870	1,429,170
2015	838,750	594,960	1,433,710
2016	866,200	567,483	1,433,683
2017	898,650	540,187	1,438,837
2018	920,500	510,174	1,430,674
2019	957,950	476,819	1,434,769
2020	982,250	442,289	1,424,539
2021	1,034,700	405,677	1,440,377
2022	1,064,600	366,157	1,430,757
2023	1,102,050	325,071	1,427,121
2024	1,156,350	280,280	1,436,630
2025	1,189,400	233,541	1,422,941
2026	1,165,936	184,659	1,350,595
2027	1,196,213	136,398	1,332,611
2028	950,000	92,797	1,042,797
2029	720,000	59,333	779,333
2030	510,000	35,694	545,694
2031	305,000	20,763	325,763
2032	319,881	9,788	329,669
Total	<u>\$ 16,989,730</u>	<u>5,899,940</u>	<u>22,889,670</u>

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 3. DETAILED NOTES ON ALL FUNDS** (continued)

**E. Long-Term Debt** (continued)

The Town issues water and sewer fund revenue bonds and certificates of obligation where the Town pledges income derived from the acquired or constructed assets to pay the debt service. Water and sewer fund debt outstanding as of September 30, 2013, was as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Balance 9/30/13</u>
General Obligation Bonds:	\$ 3,470,000	2009	2018	2.00%-4.00%	2,125,000
	2,325,000	2012	2022	2.09%	2,175,000
Total General Obligation Bonds					<u>4,300,000</u>
Certificates of Obligation:					
Improvements	2,000,000	2004	2024	4.00%-4.70%	1,325,000
Improvements	2,180,000	2006	2026	4.00%-4.15%	1,590,692
Improvements	1,930,220	2007	2027	4.00%-4.25%	1,499,578
Total Certificates of Obligation					<u>4,415,270</u>
Total					<u>\$ 8,715,270</u>

Water and sewer fund debt activity for the fiscal year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Certificates of Obligation	\$ 4,680,701	-	(265,431)	4,415,270	273,581
General Obligation Bonds	4,775,000	-	(475,000)	4,300,000	500,000
Compensated Absences	20,787	29,527	(20,787)	29,527	29,527
Total	<u>\$ 9,476,488</u>	<u>29,527</u>	<u>(761,218)</u>	<u>8,744,797</u>	<u>803,108</u>

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 3. DETAILED NOTES ON ALL FUNDS** (continued)

**E. Long-Term Debt** (continued)

Annual requirements to amortize all bonded debt outstanding for the water and sewer fund as of September 30, 2013, are as follows:

Fiscal Year Ending	Principal	Interest	Total
2014	\$ 773,700	304,264	1,077,964
2015	791,250	279,471	1,070,721
2016	893,800	254,029	1,147,829
2017	931,350	220,773	1,152,123
2018	959,500	185,996	1,145,496
2019	677,050	149,963	827,013
2020	702,750	128,690	831,440
2021	725,300	106,424	831,724
2022	755,400	83,184	838,584
2023	392,950	58,842	451,792
2024	413,650	41,376	455,026
2025	275,600	26,790	302,390
2026	284,064	15,093	299,157
2027	138,906	2,945	141,851
Total	<u>\$ 8,715,270</u>	<u>1,857,840</u>	<u>10,573,110</u>

**F. Restricted assets**

The balances of the restricted asset accounts in the enterprise funds are as follows:

Customer Deposits	\$ 97,971
Accrued Interest Payable	38,465
Current Revenue CO's Payable	273,581
Current GO Bonds Payable	500,000
Total Restricted Assets	<u>\$ 910,017</u>

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 4. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located with Texas. The Town pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There was no significant reduction in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

**B. Retirement System**

***Plan Description***

The government provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the government are within the options available in the governing statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.tmr.com](http://www.tmr.com).

The plan provisions are adopted by the governing body of the government, within the options available in the state statutes governing TMRS. Plan provisions for the government were as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2012</u>
Employee Deposit Rate	7%	7%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/25	60/5, 0/25
Updated Service Credit	100% Repeating Transfers	100% Repeating Transfers
Annuity Increase (to Retirees)	0% of CPI	0% of CPI

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 4. OTHER INFORMATION** (continued)

**B. Retirement System** (continued)

***Contributions:***

Under the state law governing TMRS, the contribution rate for each government is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that government. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The government contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the government make contributions monthly. Since the government needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation/(asset) are as follows:

<u>Fiscal Year Ended</u>	<u>Three-Year Trend Information for TMRS</u>		
	<u>Annual Pension Cost (APC) Contributed</u>	<u>Percentage of APC Obligation</u>	<u>Net Pension</u>
	9/30/11	\$ 220,029	100%
9/30/12	\$ 231,342	100%	\$0
9/30/13	\$ 196,976	100%	\$0

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

<u>Valuation Date</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	23 Years; Closed Period	22 Years; Closed Period	21.5 Years; Closed Period
Amortization Period for New Gains/Losses	25 Years	25 Years	25 Years
Asset Valuation Method	10 - Year Smoothed Market	10 - Year Smoothed Market	10 - Year Smoothed Market

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 4. OTHER INFORMATION** (continued)

**B. Retirement System** (continued)

**Contributions** (continued)

<u>Valuation Date</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Actuarial Assumptions:			
Investment Rate of Return*	7.00%	7.00%	7.00%
Projected Salary Increases*	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

The funded status as of December 31, 2012, under the two separate actuarial valuations, is presented as follows:

Schedule of Funding Progress for TMRS  
(Dollar Amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)</u>
12/31/10	\$ 1,754	2,608	854	67.3	\$ 2,226	38.3%
12/31/11	\$ 2,256	3,125	869	72.2	\$ 2,579	33.7%
12/31/12	\$ 2,736	3,384	648	80.9	\$ 2,695	24.0%

**TOWN OF FAIRVIEW**  
Notes to the Financial Statements  
September 30, 2013

**NOTE 4. OTHER INFORMATION** (continued)

**B. Retirement System** (continued)

***Funded Status and Funding Progress*** (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**NOTE 5. EVALUATION OF SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through March 11, 2014, the date which the financial statements were available to be issued.

**NOTE 6. RESTATEMENT OF BEGINNING FUND BALANCE/NET POSITION**

Fund balances, of certain funds have been restated as of 9/30/12 to correct tax and accounts receivable estimates. Net Position, of the Enterprise Fund, has been restated, as of 9/30/12, to reflect current Governmental Accounting Standards Board pronouncements. In prior years the EDC and CDC were reported as blended component units but are now reported as aggregate discretely presented component units.

	<u>General Fund</u>	<u>Economic Development Corporation Fund</u>	<u>Community Development Corporation Fund</u>	<u>Enterprise Fund</u>
Fund Balance/Net Position as Originally Stated at 9/30/12	\$ 4,198,422	1,135,160	853,473	12,659,184
Use Tax Restatement	69,510	(34,755)	(34,755)	-
Accounts Receivable	24,125	-	-	193,917
Remove Bond Issuance Cost per GASB	-	-	-	(252,266)
Restated Amount	<u>\$ 4,292,057</u>	<u>1,100,405</u>	<u>818,718</u>	<u>12,600,835</u>

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



## NON-MAJOR GOVERNMENTAL FUNDS

***Court:***

This fund is used to account for funds and forfeitures restricted to expenditures for particular purposes.

***Technology Fund:***

This fund is used to account for funds assigned for technology expenditures.

**TOWN OF FAIRVIEW**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2013

	Special Revenue Funds		Total
	Court	Technology Fund	Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 123,489	66,487	189,976
Receivables (Net of Allowance for Uncollectibles):			
Sales Taxes	-	-	-
Total Assets	\$ 123,489	66,487	189,976
 <b>LIABILITIES &amp; FUND BALANCES</b>			
Liabilities:			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Total Liabilities	-	-	-
 Fund Balances:			
Assigned;			
Technology	-	66,487	66,487
Restricted:			
Court	123,489	-	123,489
Total Fund Balance	123,489	66,487	189,976
 Total Liabilities & Fund Balances	 \$ 123,489	 66,487	 189,976

The notes to the financial statements are an integral part of this statement.

**TOWN OF FAIRVIEW**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
September 30, 2013

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	<u>Court</u>	<u>Technology Fund</u>	
<b>REVENUES</b>			
Sales Taxes	\$ -	-	-
Fines and Forfeitures	18,065	-	18,065
Interest Income	-	-	-
Total Revenues	<u>18,065</u>	<u>-</u>	<u>18,065</u>
 <b>EXPENDITURES</b>			
Current:			
General Government	-	74,320	74,320
Capital Outlay	-	12,068	12,068
Municipal Court	1,778	-	1,778
Total Expenditures	<u>1,778</u>	<u>86,388</u>	<u>88,166</u>
 Excess/(Deficiency) of Revenues Over/(Under) Expenditures	 16,287	 (86,388)	 (70,101)
 <b>OTHER FINANCING SOURCES/(USES)</b>			
Transfers In	<u>-</u>	<u>152,875</u>	<u>152,875</u>
 Net Change in Fund Balances	 16,287	 66,487	 82,774
 Fund Balances - Beginning	 <u>107,202</u>	 <u>-</u>	 <u>107,202</u>
 Fund Balances - Ending	 <u>\$ 123,489</u>	 <u>66,487</u>	 <u>189,976</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF FAIRVIEW**  
Schedule of Revenues, Expenses and Changes in Fund Net Position  
Budget and Actual - Proprietary Fund  
For the Fiscal Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>				
Charges for Sales and Services	\$ 3,942,500	4,053,305	4,157,210	103,905
Total Operating Revenues	<u>3,942,500</u>	<u>4,053,305</u>	<u>4,157,210</u>	<u>103,905</u>
<b>OPERATING EXPENSES</b>				
Water Purchases	1,624,764	1,625,000	1,667,605	(42,605)
Personnel Services	808,881	705,859	719,075	(13,216)
Repairs & Maintenance	140,500	151,690	100,376	51,314
Operations	886,305	895,942	904,205	(8,263)
Depreciation	300,000	300,000	478,771	(178,771)
Total Operating Expenses	<u>3,760,450</u>	<u>3,678,491</u>	<u>3,870,032</u>	<u>(191,541)</u>
Operating Income (Loss)	<u>182,050</u>	<u>374,814</u>	<u>287,178</u>	<u>(87,636)</u>
<b>NONOPERATING REVENUES/(EXPENSES)</b>				
Interest Revenue	2,000	2,620	2,567	(53)
Interest Expense	<u>(328,070)</u>	<u>(328,070)</u>	<u>(325,164)</u>	<u>2,906</u>
Total Nonoperating Revenues (Expenses)	<u>(326,070)</u>	<u>(325,450)</u>	<u>(322,597)</u>	<u>2,853</u>
Net Income (Loss) Before Transfers	<u>(144,020)</u>	<u>49,364</u>	<u>(35,419)</u>	<u>(84,783)</u>
Transfers In	719,231	719,231	719,231	-
Transfers Out	<u>(457,200)</u>	<u>(457,200)</u>	<u>(457,200)</u>	<u>-</u>
Total Transfers	<u>262,031</u>	<u>262,031</u>	<u>262,031</u>	<u>-</u>
Change in Net Position	118,011	311,395	226,612	(84,783)
Net Position - Beginning	<u>12,600,835</u>	<u>12,600,835</u>	<u>12,600,835</u>	<u>-</u>
Net Position - Ending	<u><u>\$12,718,846</u></u>	<u><u>12,912,230</u></u>	<u><u>12,827,447</u></u>	<u><u>(84,783)</u></u>

## STATISTICAL SECTION

This part of the Town of Fairview’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

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These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

Revenue Capacity .....	64
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These schedules contain information to help the reader assess the government’s most significant local revenue sources, the property tax and water & sewer revenues.

Debt Capacity.....	76
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These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Demographic and Economic Information.....	84
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Operating Information .....	87
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These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.

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

**TOWN OF FAIRVIEW**  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
<b>Governmental Activities</b>				
Invest in Capital Assets, Net of Related Debt	\$ 1,755	2,069	2,584	4,651
Assigned	-	-	-	-
Restricted	-	193	787	2,013
Unrestricted	3	1,140	2,666	1,961
<b>Total Governmental Activities Net Position</b>	<b>\$ 1,758</b>	<b>3,402</b>	<b>6,037</b>	<b>8,625</b>
<b>Business-Type Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 1,018	1,079	1,918	762
Restricted	-	1,037	2,180	4,071
Unrestricted	2,717	1,933	1,825	3,169
<b>Total Business-Type Activities Net Position</b>	<b>\$ 3,735</b>	<b>4,049</b>	<b>5,923</b>	<b>8,002</b>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$ 2,773	3,148	4,502	5,413
Assigned	-	-	-	-
Restricted	-	1,230	2,967	6,084
Unrestricted	2,720	3,073	4,491	5,130
<b>Total Primary Government Net Position</b>	<b>\$ 5,493</b>	<b>7,451</b>	<b>11,960</b>	<b>16,627</b>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
(2,336)	6,330	7,104	8,608	9,526	9,946
-	-	-	-	-	66
8,942	1,810	2,118	2,805	2,478	507
<u>5,450</u>	<u>5,217</u>	<u>5,907</u>	<u>4,598</u>	<u>4,567</u>	<u>3,888</u>
<u><u>12,056</u></u>	<u><u>13,357</u></u>	<u><u>15,129</u></u>	<u><u>16,011</u></u>	<u><u>16,571</u></u>	<u><u>14,407</u></u>
955	1,239	4,228	4,885	5,112	6,482
3,102	2,413	147	-	-	-
<u>5,326</u>	<u>5,974</u>	<u>5,952</u>	<u>7,075</u>	<u>7,574</u>	<u>6,345</u>
<u><u>9,383</u></u>	<u><u>9,626</u></u>	<u><u>10,327</u></u>	<u><u>11,960</u></u>	<u><u>12,686</u></u>	<u><u>12,827</u></u>
(1,381)	7,569	11,332	13,493	14,638	16,428
-	-	-	-	-	66
12,044	4,223	2,265	2,805	2,478	507
<u>10,776</u>	<u>11,191</u>	<u>11,859</u>	<u>11,673</u>	<u>12,141</u>	<u>10,233</u>
<u><u>21,439</u></u>	<u><u>22,983</u></u>	<u><u>25,456</u></u>	<u><u>27,971</u></u>	<u><u>29,257</u></u>	<u><u>27,234</u></u>

**TOWN OF FAIRVIEW**  
Change in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
<b>EXPENSES</b>				
Governmental Activities				
General Government	\$ 689	947	860	796
Public Safety	643	871	929	1,365
Municipal Court	29	53	87	120
Public Works	418	470	608	656
Parks and Recreation	18	36	26	31
Inspections	-	-	-	-
Economic Development	2	4	12	6
Community Development	-	-	-	-
Non-Departmental	-	-	-	-
Interest and Fiscal Charges	352	248	237	355
Total Governmental Activities Expenses	<u>2,151</u>	<u>2,629</u>	<u>2,759</u>	<u>3,329</u>
Business-Type Activities:				
Water and Sewer	1,464	1,775	2,191	2,517
Total Business-Type Activities Expenses	<u>1,464</u>	<u>1,775</u>	<u>2,191</u>	<u>2,517</u>
Total Primary Government Expenses	<u>3,615</u>	<u>4,404</u>	<u>4,950</u>	<u>5,846</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities				
Charges for Services:				
General Government	940	1,458	1,808	1,363
Public Safety	8	9	295	-
Public Works	65	164	-	-
Parks and Recreation	-	-	-	-
Non-Departmental	-	-	-	-
Debt Service	-	-	-	-
Operating Grants and Contributions	38	16	34	378
Capital Grants and Contributions	-	-	451	-
Total Governmental Activities Program Revenues	<u>1,051</u>	<u>1,647</u>	<u>2,588</u>	<u>1,741</u>
Business-Type Activities:				
Charges for Services:				
Water and Sewer	1,667	2,411	3,684	2,374
Capital Grants and Contributions	-	-	-	253
Total Business-Type Activities Program Revenues	<u>1,667</u>	<u>2,411</u>	<u>3,684</u>	<u>2,627</u>
Total Primary Government Program Revenues	<u>2,718</u>	<u>4,058</u>	<u>6,272</u>	<u>4,368</u>
Net (Expense)/Revenue:				
Governmental Activities	(1,100)	(982)	(171)	(1,588)
Business-Type Activities	203	636	1,493	110
Total Primary Government Net Expense	<u>\$ (897)</u>	<u>(346)</u>	<u>1,322</u>	<u>(1,478)</u>



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1,213	1,660	1,452	1,870	1,404	1,767
1,380	1,980	2,626	3,235	3,520	3,631
85	119	124	132	127	129
1,194	1,072	886	1,097	1,213	567
23	82	77	84	84	99
-	-	-	-	-	100
8	16	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	979
383	435	464	531	505	698
<u>4,286</u>	<u>5,364</u>	<u>5,629</u>	<u>6,949</u>	<u>6,853</u>	<u>7,970</u>
<u>2,884</u>	<u>3,022</u>	<u>3,102</u>	<u>3,212</u>	<u>3,837</u>	<u>4,195</u>
<u>2,884</u>	<u>3,022</u>	<u>3,102</u>	<u>3,212</u>	<u>3,837</u>	<u>4,195</u>
<u>7,170</u>	<u>8,386</u>	<u>8,731</u>	<u>10,161</u>	<u>10,690</u>	<u>12,165</u>
678	592	298	88	100	295
263	244	323	338	267	302
436	546	1,052	1,226	985	291
-	4	-	-	-	11
-	-	-	-	-	432
-	-	-	-	-	239
111	47	55	85	153	107
-	71	74	65	176	-
<u>1,488</u>	<u>1,504</u>	<u>1,802</u>	<u>1,802</u>	<u>1,681</u>	<u>1,677</u>
3,029	3,128	3,205	4,110	4,015	4,157
344	-	-	-	-	-
<u>3,373</u>	<u>3,128</u>	<u>3,205</u>	<u>4,110</u>	<u>4,015</u>	<u>4,157</u>
<u>4,861</u>	<u>4,632</u>	<u>5,007</u>	<u>5,912</u>	<u>5,696</u>	<u>5,834</u>
(2,798)	(3,860)	(3,827)	(5,147)	(5,172)	(6,293)
489	106	103	898	178	(38)
<u>(2,309)</u>	<u>(3,754)</u>	<u>(3,724)</u>	<u>(4,249)</u>	<u>(4,994)</u>	<u>(6,331)</u>

**TOWN OF FAIRVIEW**  
Change in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities				
Taxes				
Property Taxes	\$ 1,296	1,632	1,971	2,401
Sales Taxes	152	319	454	586
Franchise Taxes	72	160	282	388
Mixed Beverage Taxes	-	-	-	-
Investment Earnings	12	37	179	317
Miscellaneous	92	50	90	134
Gain/(Loss) on Sale of Capital Assets	-	-	-	-
Transfers	(1,368)	427	(170)	(314)
Total Governmental Activities Revenues & Transfers	<u>256</u>	<u>2,625</u>	<u>2,806</u>	<u>3,512</u>
Business-Type Activities:				
Investment Earnings	31	105	210	358
Miscellaneous	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-
Transfers	1,369	(427)	170	314
Total Business-Type Activities Revenues & Transfers	<u>1,400</u>	<u>(322)</u>	<u>380</u>	<u>672</u>
Total Primary Government Revenues & Transfers	<u>1,656</u>	<u>2,303</u>	<u>3,186</u>	<u>4,184</u>
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	(844)	1,643	2,635	1,924
Business-Type Activities	<u>1,603</u>	<u>314</u>	<u>1,873</u>	<u>782</u>
Total Primary Government Change in Net Position	<u>\$ 759</u>	<u>1,957</u>	<u>4,508</u>	<u>2,706</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
3,207	3,554	3,857	4,146	4,282	4,279
587	924	939	2,608	2,767	1,448
469	461	458	605	608	563
-	-	-	-	67	69
413	227	36	31	25	19
89	103	91	179	93	162
1,928	-	313	-	-	-
<u>(494)</u>	<u>(86)</u>	<u>(586)</u>	<u>(741)</u>	<u>(518)</u>	<u>(262)</u>
<u>6,199</u>	<u>5,183</u>	<u>5,108</u>	<u>6,828</u>	<u>7,324</u>	<u>6,278</u>
245	52	12	3	3	3
-	-	-	-	-	-
-	-	-	-	-	-
<u>494</u>	<u>86</u>	<u>587</u>	<u>741</u>	<u>518</u>	<u>262</u>
<u>739</u>	<u>138</u>	<u>599</u>	<u>744</u>	<u>521</u>	<u>265</u>
<u>6,938</u>	<u>5,321</u>	<u>5,707</u>	<u>7,572</u>	<u>7,845</u>	<u>6,543</u>
3,401	1,323	1,281	1,681	2,152	(15)
<u>1,228</u>	<u>244</u>	<u>702</u>	<u>1,642</u>	<u>699</u>	<u>227</u>
<u>4,629</u>	<u>1,567</u>	<u>1,983</u>	<u>3,323</u>	<u>2,851</u>	<u>212</u>

**TOWN OF FAIRVIEW**  
 Governmental Activities Tax Revenue by Source  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)  
 (Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Mixed Beverage Tax</u>	<u>Total</u>
2004	\$ 1,295	152	72	-	1,519
2005	1,632	319	160	-	2,111
2006	1,970	454	282	-	2,706
2007	2,401	586	388	-	3,375
2008	3,207	587	469	-	4,263
2009	3,554	924	462	-	4,940
2010	3,857	939	458	-	5,254
2011	4,146	1,304	605	-	6,055
2012	4,282	1,350	608	68	6,308
2013	\$ 4,279	1,448	563	68	6,358



**TOWN OF FAIRVIEW**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Unassigned	\$ 27	1,186	2,716	3,179
Total General Fund	<u>\$ 27</u>	<u>1,186</u>	<u>2,716</u>	<u>3,179</u>
All Other Governmental Funds				
Nonspendable	\$ -	-	-	-
Restricted	-	25	399	1,292
Assigned	14	168	388	698
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>
Total All Other Governmental Funds	<u>\$ 14</u>	<u>193</u>	<u>787</u>	<u>2,012</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>5,373</u>	<u>5,084</u>	<u>6,065</u>	<u>4,628</u>	<u>4,198</u>	<u>4,158</u>
<u><u>5,373</u></u>	<u><u>5,084</u></u>	<u><u>6,065</u></u>	<u><u>4,628</u></u>	<u><u>4,198</u></u>	<u><u>4,158</u></u>
-	-	-	-	-	-
7,846	7,666	302	430	4,457	1,736
1,040	-	-	-	-	66
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>8,886</u></u>	<u><u>7,666</u></u>	<u><u>302</u></u>	<u><u>430</u></u>	<u><u>4,457</u></u>	<u><u>1,802</u></u>

**TOWN OF FAIRVIEW**  
Change in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

	Fiscal Year			
	2004	2005	2006	2007
<b>REVENUES</b>				
Taxes	\$ 1,518	2,085	2,709	3,387
Licenses and Permits	825	1,310	1,575	693
Intergovernmental	26	-	182	171
Charges for Services	-	-	-	450
Fines	65	164	281	220
Investment Earnings	12	38	179	316
Other Fees	45	61	369	207
Miscellaneous	181	161	272	135
Total Revenues	<u>2,672</u>	<u>3,819</u>	<u>5,567</u>	<u>5,579</u>
<b>EXPENDITURES</b>				
General Government	659	860	858	823
Public Safety	586	798	909	1,289
Public Works	344	394	418	639
Parks and Recreation	-	1	12	4
Inspections	-	-	-	-
Municipal Court	28	53	87	119
Economic Development	2	4	620	6
Community Development	-	-	-	-
Non-Departmental	-	-	-	-
Capital Outlay	181	1,692	-	607
Debt Service:				
Principal	3,259	336	426	510
Interest	344	198	241	244
Total Expenditures	<u>5,403</u>	<u>4,336</u>	<u>3,571</u>	<u>4,241</u>
Excess of Revenues Over/(Under) Expenditures	<u>(2,731)</u>	<u>(517)</u>	<u>1,996</u>	<u>1,338</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers In	1,711	987	525	-
Transfers Out	(3,080)	(561)	(695)	(314)
Bonds Issued	3,830	1,135	300	-
Bond Issuance Premium/(Cost)	-	-	-	-
Capital Leases	-	290	-	-
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources/(Uses)	<u>2,461</u>	<u>1,851</u>	<u>130</u>	<u>(314)</u>
Net Change in Fund Balance	<u>\$ (270)</u>	<u>1,334</u>	<u>2,126</u>	<u>1,024</u>
Debt Service Percentage of Noncapital Expenditures	<u>200%</u>	<u>14%</u>	<u>23%</u>	<u>21.6%</u>



2008	2009	2010	2011	2012	2013
4,249	4,910	5,254	6,055	6,308	6,386
575	532	527	726	417	295
45	119	52	54	133	75
540	560	824	588	668	904
263	244	323	338	267	301
413	227	39	33	25	19
66	50	77	95	196	70
90	104	91	179	126	194
<u>6,241</u>	<u>6,746</u>	<u>7,187</u>	<u>8,068</u>	<u>8,140</u>	<u>8,244</u>
1,006	1,116	1,011	1,681	1,184	1,512
1,371	1,852	2,379	2,945	3,235	3,248
991	1,041	695	687	770	207
60	66	60	70	75	89
-	427	413	129	108	98
85	119	125	131	127	127
8	16	30	-	-	-
-	-	-	-	-	-
-	-	-	-	-	979
1,422	4,157	7,867	4,965	2,132	3,130
550	769	519	579	597	785
500	421	439	574	525	655
<u>5,993</u>	<u>9,984</u>	<u>13,538</u>	<u>11,761</u>	<u>8,753</u>	<u>10,830</u>
<u>248</u>	<u>(3,238)</u>	<u>(6,351)</u>	<u>(3,693)</u>	<u>(613)</u>	<u>(2,586)</u>
450	600	696	2,047	1,199	905
(945)	(686)	(1,283)	(2,788)	(1,744)	(1,167)
4,216	3,324	-	3,100	4,730	-
-	-	-	71	(94)	-
-	-	-	-	-	-
5,071	-	332	-	-	-
<u>8,792</u>	<u>3,238</u>	<u>(255)</u>	<u>2,430</u>	<u>4,091</u>	<u>(262)</u>
<u>9,040</u>	<u>-</u>	<u>(6,606)</u>	<u>(1,263)</u>	<u>3,478</u>	<u>(2,848)</u>
<u>21.2%</u>	<u>13.5%</u>	<u>20.33%</u>	<u>20.4%</u>	<u>20.4%</u>	<u>23.0%</u>

**TOWN OF FAIRVIEW**  
 General Government Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)  
 (Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Mixed Beverage Tax</u>	<u>Total</u>
2004	\$ 1,293	152	72	-	1,517
2005	1,606	319	160	-	2,085
2006	1,972	454	282	-	2,708
2007	2,413	586	388	-	3,387
2008	3,193	587	469	-	4,249
2009	3,525	924	462	-	4,911
2010	3,860	939	458	-	5,257
2011	4,157	1,304	605	-	6,066
2012	4,283	1,384	573	68	6,308
2013	\$ 4,306	1,448	563	68	6,385

**TOWN OF FAIRVIEW**  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (Amounts Expressed in Thousands, Except per capita Amounts)

Fiscal Year Ended September 30	Total Taxable Assessed Value	Tax Rates		Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Interest and Sinking Fund	Maintenance and Operation			
2004	\$ 440,706	0.1777	0.1123	0.2900	440,706	100%
2005	482,805	0.2177	0.1123	0.3300	482,805	100%
2006	563,863	0.1777	0.1523	0.3450	563,863	100%
2007	874,933	0.19369	0.15131	0.3450	874,933	100%
2008	1,032,590	0.185466	0.159534	0.3650	1,032,590	100%
2009	1,129,998	0.205522	0.159478	0.3650	1,129,998	100%
2010	1,215,810	0.19099	0.17401	0.3650	1,215,810	100%
2011	1,274,157	0.188837	0.176163	0.3650	1,274,157	100%
2012	1,306,248	0.176737	0.183263	0.3600	1,306,248	100%
2013	\$1,373,302	0.143709	0.216291	0.3600	1,373,302	100%

Source: Collin County Appraisal District

Note: The Town of Fairview has the identical property tax rate for all classes of real property and does not tax personal property.

**TOWN OF FAIRVIEW**  
Property Tax Rates  
Direct and Overlapping Governments  
(Per \$100 of Assessed Value)  
Last Ten Years

<u>Fiscal Year</u>	<u>Town of Fairview</u>	<u>Lovejoy Independent School District</u>	<u>Collin County</u>	<u>Collin County Community College</u>	<u>Total</u>
2004	0.2900	1.7030	0.2500	0.0919	2.3349
2005	0.3300	1.8234	0.2500	0.0906	2.4940
2006	0.3450	1.8234	0.2500	0.0894	2.5078
2007	0.3450	1.6934	0.2450	0.0877	2.3711
2008	0.3650	1.4763	0.2450	0.087	2.1733
2009	0.3650	1.5150	0.2425	0.0865	2.2090
2010	0.3650	1.5350	0.2425	0.0863	2.2288
2011	0.3650	1.5350	0.2400	0.0863	2.2263
2012	0.3600	1.5350	0.2400	0.0863	2.2213
2013	0.3600	1.5350	0.2375	0.0836	2.2161

Source: Applicable taxing entities.

**TOWN OF FAIRVIEW**  
Principal Property Taxpayers  
As of September 30, 2013

<u>Taxpayers</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Village at Fairview, LP	\$ 67,050,871	1	5.57%
Fairfield Fairview, LLP	26,775,629	2	2.22%
Carrington Fairview Partners, LLC	17,811,562	3	1.48%
Dillard's Properties, Inc.	13,958,667	4	1.16%
Macy's Retail Holdings, Inc.	10,000,000	5	0.83%
JC Penney Properties, Inc.	8,465,806	6	0.70%
Dillard Texas Central, LLC	8,210,676	7	0.68%
Fairfield Cortona Lofts, LP	8,143,032	8	0.68%
VF Peripheral , LLC	7,496,910	9	0.62%
VFWFM, LP	<u>6,667,502</u>	10	<u>0.55%</u>
	<u>\$ 174,580,655</u>		<u>14.49%</u>

**TOWN OF FAIRVIEW**  
Property Tax Levies and Collections  
Last Ten Years

Fiscal Year Ended September 30	Total Tax Levy as Adjusted	Collection Within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collection to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2004	\$ 1,278,048	1,267,590	99.18%	10,458	1,278,048	100.00%
2005	1,593,258	1,584,785	99.47%	8,473	1,593,258	100.00%
2006	1,945,329	1,926,782	99.05%	18,547	1,945,329	100.00%
2007	2,433,330	2,413,158	99.17%	20,172	2,433,330	100.00%
2008	3,230,044	3,193,341	98.86%	36,703	3,230,044	100.00%
2009	3,590,715	3,524,764	98.16%	63,294	3,588,058	99.93%
2010	3,923,243	3,859,866	98.38%	56,613	3,916,479	99.83%
2011	4,106,262	4,092,313	99.66%	12,863	4,105,176	99.97%
2012	4,253,982	4,231,752	99.48%	1,908	4,233,660	99.52%
2013	\$ 4,290,409	4,285,020	99.87%	-	4,285,020	99.87%

Note: Includes General Fund and Debt Service fund.



**TOWN OF FAIRVIEW**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Amounts Expressed in Thousands, Except per capita Amounts)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government
	General Obligation Bonds	Notes	Capital Leases	General Obligation Bonds	Notes	Capital Leases	
2004	\$ 4,290	582	10	7,185	6	-	12,073
2005	5,238	443	290	8,832	-	-	14,803
2006	5,305	304	237	10,645	-	-	16,491
2007	5,056	156	123	10,194	-	-	15,529
2008	8,961	-	-	11,584	-	-	20,545
2009	11,557	-	83	11,378	-	-	23,018
2010	11,106	-	15	10,739	-	-	21,860
2011	13,631	-	10	10,079	-	-	23,720
2012	17,770	-	5	9,456	-	-	27,231
2013	\$ 16,990	-	-	8,715	-	-	25,705

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Demographics and Economic Statistics on page 84 for personal income and population data.



<u>Percentage of Personal Income</u>	<u>Per Capita<sup>1</sup></u>
3.38	1,725
4.14	2,115
4.61	2,356
4.34	2,218
6.11	2,922
6.74	3,224
6.31	3,016
6.52	3,117
7.20	3,441
6.45	3,086

**TOWN OF FAIRVIEW**  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(Amounts Expressed in Thousands, Except per capita Amounts)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value <sup>1</sup> of Property	Per Capita <sup>2</sup>
2004	\$ 4,290	5	4,285	0.97%	612
2005	5,238	25	5,213	1.08%	745
2006	5,305	66	5,239	0.93%	748
2007	5,056	139	4,917	0.56%	702
2008	8,961	344	8,617	0.83%	1,225
2009	11,557	404	11,153	0.99%	1,562
2010	11,106	377	10,729	0.80%	1,480
2011	13,631	365	13,266	1.04%	1,743
2012	17,770	381	17,389	1.33%	2,197
2013	\$ 16,990	384	16,606	1.21%	1,994

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 71 for property value.

<sup>2</sup> Population data can be found in the Schedule of Demographics and Economic Statistics on page 84.

**TOWN OF FAIRVIEW**  
 Direct and Overlapping Governmental Activities Debt  
 As of September 30, 2013  
 (Amounts Expressed in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Lovejoy ISD	\$ 135,435	87.59%	118,628
Collin County	393,210	1.70%	6,685
Collin College	39,024	1.77%	691
Total Overlapping Debt			126,003
Town of Fairview			16,990
Total Direct and Overlapping Debt			\$ 142,993

Source: Assessed value data used to estimate applicable percentages provided by the Collin County Central Appraisal District. Debt outstanding data provided by the governmental units.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of the Town of Fairview. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying debt, of each overlapping government.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable assessed value that is within the government's boundaries and dividing it by the governmental unit's total taxable assessed value.

**TOWN OF FAIRVIEW**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (Amounts Expressed in Thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Fiscal</u> <u>2007</u>
Debt Limit	\$ 44,071	48,281	56,386	87,493
Total Net Debt Applicable to Limit	<u>11,475</u>	<u>14,070</u>	<u>15,950</u>	<u>15,250</u>
Legal Debt Margin	<u>\$ 32,596</u>	<u>34,211</u>	<u>40,436</u>	<u>72,243</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	26.04%	29.14%	28.29%	17.43%

Note: Under state finance law, the Town of Fairview's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Year						
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
	103,259	113,000	121,581	127,416	130,625	137,330
	<u>20,545</u>	<u>22,935</u>	<u>21,845</u>	<u>23,710</u>	<u>27,226</u>	<u>25,321</u>
	<u><u>82,714</u></u>	<u><u>90,065</u></u>	<u><u>99,736</u></u>	<u><u>103,706</u></u>	<u><u>103,399</u></u>	<u><u>112,009</u></u>
	19.90%	20.30%	17.97%	18.61%	20.84%	18.44%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Assessed Value	<u>\$1,373,302</u>
Debt Limit (10% of Total Assessed Value)	<u>137,330</u>
Debt Applicable to Limit:	
General Obligation Bonds	25,705
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>(384)</u>
Total Net Debt Applicable to Limit	<u>25,321</u>
Legal Debt Margin	<u><u>\$ 112,009</u></u>

**TOWN OF FAIRVIEW**  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(Amounts Expressed in Thousands)

Fiscal Year	Water and Sewer Revenue Bonds					
	Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 3,463	1,492	1,971	955	370	1.49
2005	3,012	2,271	741	353	426	0.95
2006	4,544	2,259	2,285	367	412	2.93
2007	3,785	2,525	1,260	451	476	1.36
2008	6,469	5,241	1,228	541	560	1.12
2009	3,866	3,144	722	310	478	0.92
2010	4,304	3,141	1,163	639	461	1.06
2011	5,134	3,054	2,080	660	438	1.89
2012	4,863	3,765	1,098	598	372	1.13
2013	\$ 4,422	3,870	552	740	325	0.52

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographics and Economic Statistics on page 84 for personal income and population data.



**TOWN OF FAIRVIEW**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	(1) Estimated Population	Personal Income (Amounts Expressed In Thousands)	(2) Per Capita Personal Income	(2) Average Age	(3) School Enrollment
2004	7,000	\$ 357,000	51,000	50.0	624
2005	7,000	357,000	51,000	50.0	725
2006	7,000	357,000	51,000	50.0	1,365
2007	7,000	357,000	51,000	50.0	1,511
2008	7,032	336,026	47,784	54.5	1,689
2009	7,139	341,143	47,784	54.5	1,746
2010	7,248	346,338	47,784	54.5	1,830
2011	7,611	363,684	47,784	54.5	1,918
2012	7,914	378,163	47,784	54.5	1,957
2013	8,330	\$ 398,041	47,784	54.5	1,457

- (1) North Central Texas Council of Governments (NCTCOG)
- (2) United State Census Bureau - American Community Survey
- (3) Lovejoy ISD
- (3) Homefacts.com



(2)  
Unemployment  
Rate

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2.0%

4.6%

4.2%

3.9%

4.8%

7.6%

7.1%

7.1%

5.7%

5.5%

**TOWN OF FAIRVIEW**

Principal Employers

Current Year

<u>Employers</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Whole Foods	176	1	10.35%
Dillard's	125	2	7.35%
J.C. Penney	110	3	6.47%
Macy's	104	4	6.12%
Heritage Ranch	85	5	5.00%
M. Christopher Homes	70	6	4.12%
Splitsville	55	7	3.24%
Gloria's	53	8	3.12%
Town of Fairview	52	9	3.06%
iPic	<u>50</u>	10	<u>2.94%</u>
	<u><u>880</u></u>		<u><u>51.77%</u></u>

Source: Individual Business



**TOWN OF FAIRVIEW**  
 Full-Time Equivalent City Government Employees by Function  
 Last Six Fiscal Years

FUNCTION	Fiscal Year				
	2008	2009	2010	2011	2012
General Government	15	14	14	13	14
Public Safety:					
Police:					
Officers	8	8	10	13	13
Fire*	1	5	9	10	11
Streets	2	2	2	2	2
Culture & Recreation:					
Parks	1	1	1	1	1
Water	4	5	5	5	5
Sewer	1	1	1	1	1
Total	<u>32</u>	<u>36</u>	<u>42</u>	<u>45</u>	<u>47</u>

Source: Personnel Department

Note: Data for fiscal years 2004-2007 not available at the time of this publication.

Additional years will be added until ten years are reported.

\* Full time equivalent = 1/4 time, 1/2 time and full time.

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2013

14

14  
13

1

1

8

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2

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53

**TOWN OF FAIRVIEW**  
 Operating Indicators by Function/Program  
 Last Six Fiscal Years

FUNCTION/PROGRAM	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Police:</b>					
Physical Arrests	22	38	131	92	108
Accidents	2,062	2,318	3,031	3,907	4,032
Citations	2,569	2,113	3,007	2,689	2,390
<b>Fire:</b>					
Number of Calls Answered	430	570	671	750	750
Inspections	321	265	548	483	644
<b>Highway and Streets:</b>					
Street Reconstruction (Mile	0.95	1.00	-	2.27	0.92
Street Resurfacing (Miles)	-	-	-	-	1.54
<b>Water:</b>					
New Connections	48	59	63	34	50
Water Main Breaks	N/A	N/A	N/A	5	6
Average Daily Consumptior (Thousands of Gallons)	1,646	1,507	2,108	2,108	1,952

Source: Various Government Departments

Note: Data for fiscal years 2004-2007 not available at the time of this publication.

Additional years will be added until ten years are reported.

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2013

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111  
4,793  
2,826

766  
476

0.68  
2.03

67  
11  
1,980

**TOWN OF FAIRVIEW**  
 Capital Asset Statistics by Function  
 Last Six Fiscal Years

FUNCTION	Fiscal Year				
	2008	2009	2010	2011	2012
Public Safety					
Police:					
Stations	1	1	1	1	1
Patrol Units	5	9	9	10	10
Fire Stations	1	1	1	1	1
Highway and Streets					
Streets (Miles)	41.44	41.55	42.11	42.11	42.43
Culture and Recreation					
Parks Acreage	215.6	216.8	216.8	216.8	216.8
Parks	8	9	9	9	9
Water:					
Water Mains (Miles)	67.05	71.84	74.45	75.13	75.41
Fire Hydrants	637	646	655	669	673
Maxium Daily Capacity (Thousands of Gallons)	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD
Sewer:					
Sanitary Sewers (Miles)	24.19	24.19	24.75	25.23	25.54

Source: Various Government Departments

Note: Data for fiscal years 2004-2007 not available at the time of this publication.

Additional years will be added until ten years are reported.



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2013

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1  
10  
2

44.49

216.8  
9

75.72  
702  
7.3 MGD

26.48