



Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2018

Town of Fairview, Texas



VISION

Fairview will be recognized as one of the best small towns in Texas for families and businesses, with a unique quality of life that combines upscale residential country living with vibrant urban conveniences and accountable, fiscally responsible governance.



MISSION

Fairview is a community that:

- Preserves a small town "country feel" in residential areas;
- Maintains an open dialogue with residents, businesses, school districts, and other customers;
- Recognizes and protects the natural features in the community in partnership with developers;
- Promotes high quality economic development within the Town's commercial corridor;
- Provides municipal services of the highest standard through a professional work force that is guided by a strong customer service culture; and,
- Provides great value to its residents through sound fiscal

Town of Fairview, Texas
Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2018

As Prepared By The
Finance Department



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 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2018
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Introductory Section





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

March 18, 2019

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

The Town of Fairview Finance Department is pleased to submit the Comprehensive Financial Report (CAFR) for the fiscal year ending September 30, 2018. The Town's Finance Department has prepared the Report and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe that the Town's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. Because the cost internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Also included in this report is an unmodified (clean) opinion on the Town of Fairview's financial statements for the year ended September 30, 2018 issued by Weaver, L.L.P. The independent auditors' report is located in the beginning of the financial section of the CAFR.

The Reporting Entity

This report includes all funds of the Town including its component units. The Town's component units are legally separate entities for which the Town is financially accountable but are not part of the Town's operations. The Town's discretely presented component units are:

- Fairview Economic Development Corporation
- Fairview Community Development Corporation

The Town also has one blended component unit, for which the Town appoints the majority of the board and approves all projects and financing plans. The component unit is a special revenue fund in the Town's financial statements. The Town's blended component unit is:

- Tax Increment Reinvestment Zone (TIRZ)

The Report

The CAFR is presented in three sections: introductory, financial, and statistical. The Introductory Section includes this transmittal letter, the Town's organizational chart, a list of principal officials and staff, and the Government Finance Officers Association of the United States and Canada's (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

The Financial Section is prepared in accordance with Generally Accepted Accounting Principles (GAAP). This section of the CAFR includes the Management's Discussion and Analysis (MD&A) which can be found immediately following the independent auditor report, the basic financial statements and combining and individual fund statements and schedules. This section also includes the required supplementary information.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The basic financial statements include the government-wide financial statements that present an overview of the Town's entire operations, while the fund level statement present the financial information of each of the Town's major funds as well as non-major funds.

This CAFR concludes with the Statistical Section, which includes financial and demographic information, usually presented on a multi-year basis to give users a perspective of the Town's performance over a number of years.

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 occupies 9.2 square miles and serves a population of approximately 9,400. 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 Councilmembers, 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, fire and emergency medical services; the construction and maintenance of streets and other infrastructure; planning and zoning, parks and recreation, general administrative services and public utilities. The Town's utilities include water and sewer, sanitation and drainage services. The North Texas Municipal Water District ("NTMWD") provides water and sewer treatment for the Town on a "take-or-pay" basis; and Republic Services provides solid waste collection. The Town's drainage utility operates to mitigate drainage and environmental hazards and is self-supporting with fees billed monthly to all residential and commercial customers.

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 ("Villages"). The Villages includes three anchor stores, Macy's, J C Penney's, and Dillard's, along with multiple restaurants, smaller retailers and entertainment venues. In fiscal year 2008 sales taxes represented 6.3% of the General Fund budget. In fiscal year 2018 that had increased to 17%. In fiscal year 2017 the Villages were acquired by Lincoln Properties. They have renamed the development Fairview Town Center (Center). The company is in the process of investing an additional \$50 million into the Center including new signage, additional and improved access into the development, additional lease space, and the addition of an outdoor event and gathering venue.

Property tax revenues have also seen significant increases both in the commercial area with the construction of two hotels and the Overture Senior Apartments in the Center and the completion of the Sorrell Fairview apartments, along with a continued growth in the residential property tax base. The tax base in fiscal year 2018 grew by 11.2%. The average market value for a home in Fairview in 2018 was \$520,479.

The economy is very strong in Fairview. The Fairview unemployment rate for September 2018 was 3.2%, compared to 3.7% for Texas and 3.7% nationwide (not seasonally adjusted).

Financial Policies

The Town Council has adopted and routinely updates the financial policies of the Town. The majority of the financial policies were updated in May of 2012. In November 2013, the Town formally adopted the Governmental Accounting Standards Board (GASB) #54 "Fund Balance Reporting and Governmental Fund Type Definitions" and revised the Town's fund balance policy. These policies have guided the Town and have resulted in strong fund balances and conservative budgeting practices. The General Fund unassigned fund balance policy sets a goal of 25% of appropriations. The Town has exceeded this level for many years; therefore, the revised policy provides any unassigned fund balance in the General Fund exceeding 50% of budgeted appropriations will be assigned to fund future capital or one-time expenditures. The current fund balance is estimated at over 61% of General Fund appropriations.

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

The Town Council periodically reviews their priorities as a part of the budget planning process. The most recent review of priorities occurred in 2017 with the emphasis on several major initiatives including the exploration of opportunities to respond to Wilson Creek drainage issues, the implementation of the Town's capital improvement plan, focus on the next steps for implementation of the plans for the commercial district, updating the Town's park and trail plan, and improving the Town's communication tools.

Current Planning Projects

Over the past four years the Town has completed updates to the Town's master planning for the Commercial Planned Development District (CPDD), roadway, water and sewer master plans. Along with the updates to the master plans, the impact fees for water, sewer and roadways were updated. The Town also recently completed a master drainage plan.

The completion of these plans identified the components of the Town's ten-year capital plan, which was approved in FY 2016. This plan will be updated in FY 2019.

Project planning that is underway includes the preliminary design and right of way mapping for Fairview Parkway and Frisco Road. Completion of those efforts are anticipated in FY 2019. The Town is currently in the process of updating the master park and trail plan with completion also planned in FY 2019.

Additionally, in FY 2018 the Town initiated a process of refining plans for fire station and public works facilities with the input and participation of a citizens committee for a future resubmission to the voters for fire station improvements.

Another planning effort that was completed in 2018 was an update to the Town's economic plan. This action updated the goals of the Town's economic development efforts and will be tied to the update of the commercial planned development district.

Capital Improvement Planning

Completion of the master plans noted above identified the components of the Town's capital plan for facilities and infrastructure.

As identified above, one of the primary strategic goals is the implementation of the capital improvement plan. This plan includes needed improvements for the implementation of the Commercial Planned Development District along with other Town needs.

Major capital projects planned in the near future, under construction or recently completed 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 began in 2016, with completion expected in FY 2019.
2. Corridor improvements to US 75 including lane widening and ramp adjustments. This project began in 2014 and was completed in 2017.
3. The reconstruction of a section of east Stacy Road from Thompson Springs to Orr Road. This project is underway with completion planned for FY 2019.
4. Reconstruction of the overpass at US 75 and Ridgeview. Funding has been approved by TxDOT and design is underway.
5. Widening and reconstruction of SH – 5 from FM-1378 into McKinney. Funding has been approved by TxDOT and design is underway.
6. Construction of a water ground storage and pump station facility for additional water capacity for the Town. This project is under design with construction planned for FY 2019.

Utilities

The Town of Fairview purchases its water from and has its sewer treated by North Texas Municipal Water District ("NTMWD"). NTMWD 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. In fiscal year 2016 the Town completed a water and sewer rate study that recommended the need for adjustments in the water and sewer rates over the succeeding five years. As a result of that study the Town implemented a 15% rate increase in FY 2018. An update to the water and sewer rate study is planned for FY 2019.

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,

A handwritten signature in black ink, appearing to read 'Julie Couch', with a long, sweeping horizontal line extending to the right.

Julie Couch
Town Manager



Government Finance Officers Association

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

Presented to

**Town of Fairview
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

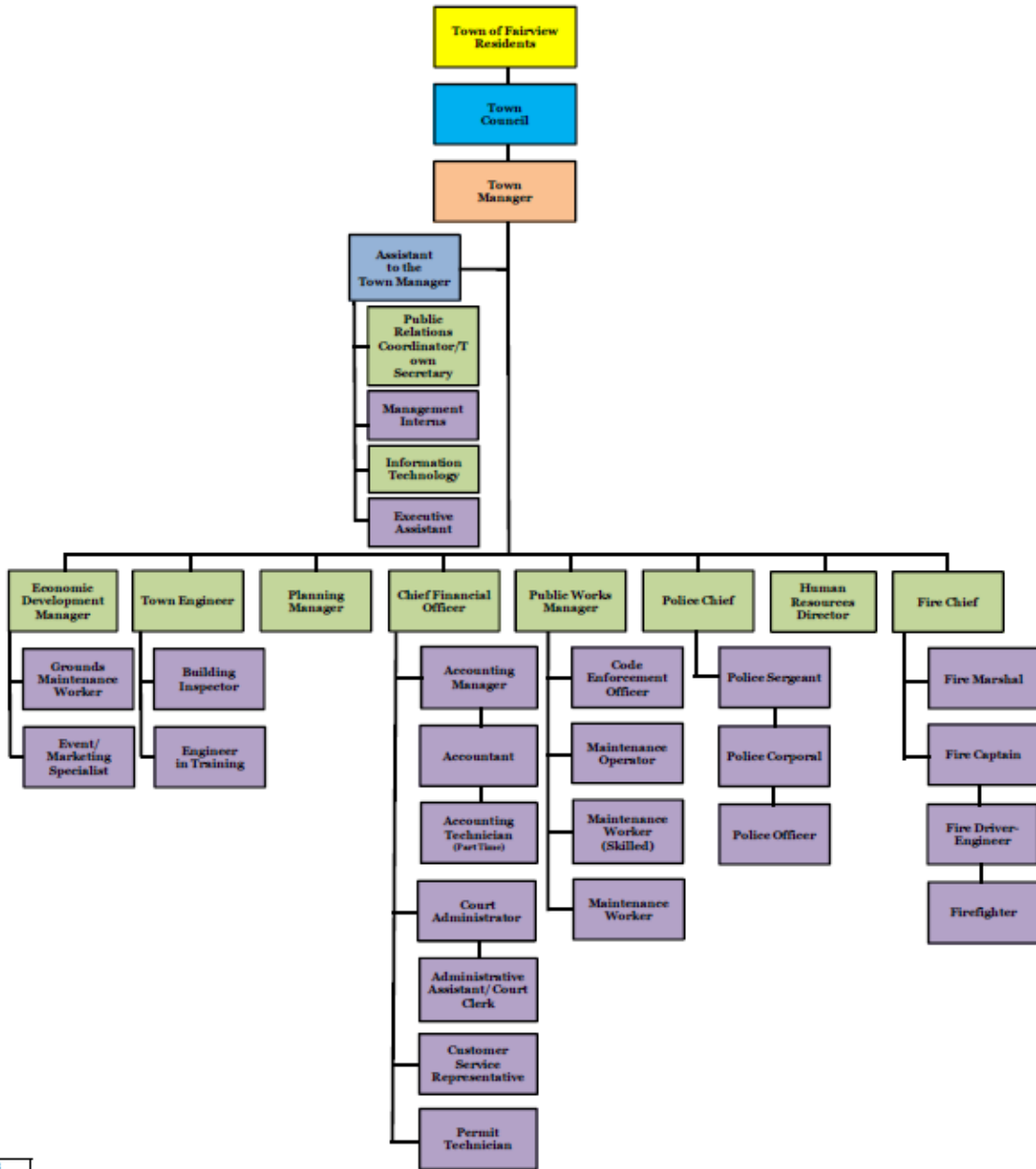
September 30, 2017

Christopher P. Morill

Executive Director/CEO



Organizational Chart



FY 17-18

Town of Fairview, Texas
Town Officials
September 30, 2018

Darion Culbertson Mayor

Paul Hendricks Mayor Pro Tem & Seat 5

Bill Nichol Councilmember - Seat 1

Cynthia Brugge Councilmember - Seat 2

Henry Lessner Councilmember - Seat 3

Tony Mattei..... Councilmember – Seat 4

Roland Feldman Councilmember - Seat 6

Julie Couch Town Manager

Adam Wilbourn.....Assistant to the Town Manager

Tenitrus BethelTown Secretary

James Chancellor..... Town Engineer

Ray Dunlap..... Economic Development Manager

Granver TolliverPolice Chief

Jeff BellFire Chief

Aron Holmgren Public Works Manager

Steven Ventura..... Chief Financial Officer

Israel RobertsPlanning Manager

Judy Webster Human Resources Director

Financial Section



Independent Auditor's Report

The Honorable Mayor, Town Council, and Town Manager
Town of Fairview, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Fairview (the Town), as of and for the year ended September 30, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2018, 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.

Change in Accounting Principles

As discussed in Note 1.D. to the financial statements, in 2018, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Beginning net position has been restated to reflect the change in accounting principle for implementation of this Statement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Texas Municipal Retirement System pension and OPEB schedules on pages 5-16, 60-61, and 62-66, 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's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 them.

The Honorable Mayor, Town Council, and Town Manager
Town of Fairview, Texas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 18, 2019



Management's Discussion and Analysis

The following discussion and analysis of the Town of Fairview (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$36,285,434. Of this amount, \$9,297,774 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$5,093,338, exclusive of the cumulative effect of the implementation of GASB Statement No. 75. The primary reason for the increase was a \$3,397,202 increase in revenue, while expenses increased \$723,348 during 2018.
- As of the close of the current fiscal year, the Town of Fairview's governmental funds reported combined ending fund balances of \$12,002,179, an increase of \$1,664,926 in comparison with the prior year.
- The \$4,937,735 unassigned fund balance in the General Fund represents 59% of the total General Fund expenditures.
- The Town's long-term liabilities decreased by \$2,618,726 (-9.3%) during the current fiscal year. The key factor in this decrease was the reduction of outstanding principle due to annual bond payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town'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 themselves.

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

The Statement of Net Position presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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 is improving or deteriorating. To assess the overall health of the Town, other non-financial factors should also be taken into consideration, such as changes in the Town's property tax base and the condition of the Town's infrastructure.

The Statement of Activities presents information showing how the government's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

Both of the government-wide financial statements distinguish functions of the Town 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 include general government, public safety, transportation and recreation. The business-type activities of the Town include water and sewer, solid waste, and storm water services. The government-wide financial statements include not only the Town of Fairview itself (known as the primary government), but also two discretely presented component units. The Town's sales tax corporations are the Fairview Economic Development Corporation (EDC) and Fairview Community Development Corporation (CDC). Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council.

The government-wide financial statements can be found on pages 19-21 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. Fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by state law or bond covenants. However, the Town Council also establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. 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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Fairview maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Fairview adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 23-26 of this report.

Proprietary funds. The Town of Fairview maintains one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for the water and sewer fund, the solid waste fund and the storm water fund.

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 fund, the solid waste fund, and the storm water fund, all of which are considered to be major funds of the Town of Fairview.

The basic proprietary fund financial statements can be found on pages 27-30 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 31-57 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the Town adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget as required supplementary information. In addition, the Town presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other postemployment benefits to its employees and retirees.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on net position (Table 1) and the change in net position (Table 2).

The Town's combined net position was \$36,285,434 as of September 30, 2018. Analyzing the net position of the governmental and business-type activities separately, governmental activities' net position was \$22,162,741 while business-type activities' net position was \$14,122,693.

The largest portion of the Town's net position, \$23,211,379, or 64.0%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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 capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position, \$3,776,281, or 10.4%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$9,297,774, or 25.6%, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Table 1
Condensed Statement of Net Position

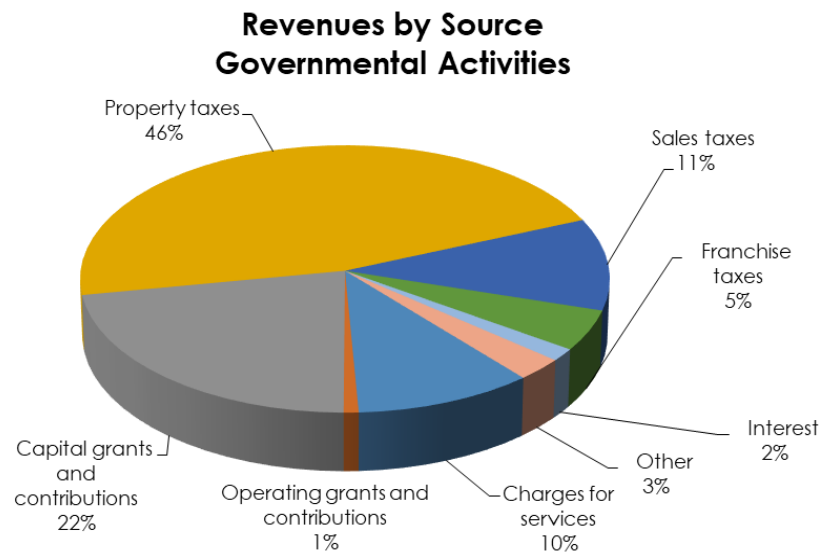
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 14,754,557	\$ 12,666,311	\$ 5,737,441	\$ 5,116,568	\$ 20,491,998	\$ 17,782,879
Capital Assets	30,674,107	30,251,235	13,536,336	13,678,711	44,210,443	43,929,946
Total Assets	45,428,664	42,917,546	19,273,777	18,795,279	64,702,441	61,712,825
Deferred Outflows	448,483	491,913	114,207	125,351	562,690	617,264
Current liabilities	2,561,617	2,250,602	581,612	601,080	3,143,229	2,851,682
Noncurrent liabilities	20,886,153	22,471,367	4,635,972	5,618,701	25,522,125	28,090,068
Total liabilities	23,447,770	24,721,969	5,217,584	6,219,781	28,665,354	30,941,750
Deferred Inflows	266,636	123,277	47,707	22,542	314,343	145,819
Net position:						
Net investment in capital assets	14,072,524	12,252,766	9,138,855	8,334,542	23,211,379	20,587,308
Restricted	3,448,487	3,336,481	327,794	92,069	3,776,281	3,428,550
Unrestricted	4,641,730	2,974,966	4,656,044	4,251,696	9,297,774	7,226,662
Total net position	\$ 22,162,741	\$ 18,564,213	\$ 14,122,693	\$ 12,678,307	\$ 36,285,434	\$ 31,242,520

The following table (Table 2) provides a summary of the Town's operations for the year ended September 30, 2018. Governmental activities increased the Town's net position by \$3,641,421 while business-type activities increased the Town's net position by \$1,451,917, resulting in a \$5,093,338 increase in total net position, exclusive of the cumulative effect of the change in accounting principle. The key elements of this increase are as shown as follows:

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for Services	\$ 1,440,496	\$ 1,648,142	\$ 8,261,231	\$ 6,548,752	\$ 9,701,727	\$ 8,196,894
Operating Grants and Contributions	119,108	58,419	-	-	119,108	58,419
Capital Grants and Contributions	3,072,896	1,263,670	-	109,751	3,072,896	1,373,421
General revenues:						
Property Taxes	6,483,805	5,811,226	-	-	6,483,805	5,811,226
Sales Taxes	1,552,127	1,576,889	-	-	1,552,127	1,576,889
Franchise Taxes	684,380	657,467	-	-	684,380	657,467
Other Taxes	219,906	72,578	-	-	219,906	72,578
Investment Income	209,878	65,637	8,387	3,743	218,265	69,380
Miscellaneous	160,994	999,732	-	-	160,994	999,732
Total Revenues	13,943,590	12,153,760	8,269,618	6,662,246	22,213,208	18,816,006
Expenses:						
General Government	3,308,849	2,944,730	-	-	3,308,849	2,944,730
Public Safety	5,442,351	5,313,652	-	-	5,442,351	5,313,652
Public Works	789,956	913,273	-	-	789,956	913,273
Inspections	183,108	137,579	-	-	183,108	137,579
Municipal Court	181,733	188,921	-	-	181,733	188,921
Parks and Recreation	264,284	266,981	-	-	264,284	266,981
Interest on Long-Term Debt	593,407	704,572	-	-	593,407	704,572
Water Services	-	-	5,422,747	5,044,339	5,422,747	5,044,339
Stormwater Services	-	-	247,472	223,502	247,472	223,502
Solid Waste Services	-	-	685,963	658,973	685,963	658,973
Total expenses	10,763,688	10,469,708	6,356,182	5,926,814	17,119,870	16,396,522
Increase (decrease) in Net Position						
Before Transfers	3,179,902	1,684,052	1,913,436	735,432	5,093,338	2,419,484
Transfers	461,519	358,816	(461,519)	(358,816)	-	-
Change in Net Position	3,641,421	2,042,868	1,451,917	376,616	5,093,338	2,419,484
Net Position at beginning of year	18,564,213	16,521,345	12,678,307	12,301,691	31,242,520	28,823,036
Cumulative effect of change in accounting principle	(42,893)	-	(7,531)	-	(50,424)	-
Net Position, End of Year	\$ 22,162,741	\$ 18,564,213	\$ 14,122,693	\$ 12,678,307	\$ 36,285,434	\$ 31,242,520

Governmental activities. The Town's revenues for governmental activities are detailed as follows:



Revenues for the Town's governmental activities increased by \$1,789,830 or 14.7%. Major components of the increase are as follows:

Program revenues:

- Governmental activities program revenues increased in FY 2017-2018 by \$1,662,269.
- Charges for services decreased \$207,646 or 12.6% over the previous year.
 - Roadway impact fees decreased \$44,548, while engineering and development fees decreased \$62,283 due to less new development in 2018.
 - Permits decreased \$30,004 from the previous year due to decrease in new construction.
- Capital grants and contributions increased \$1,809,226 due to an increase in new project development.

General revenues:

- The majority of the increase in taxes can be attributed to the 11.1% increase in net taxable property assessed valuation in fiscal year 2018 of \$1,761,451,183 compared to previous year of \$1,585,159,271.
- Due to the increase in net taxable property assessed valuations in fiscal year 2018, property taxes increased \$672,579 or 11.6% compared to the previous year.
- Sales tax revenue decreased by \$24,762 or 1.5% from previous year due to the loss of some business interests in the Commercial Planned Development District.
- Franchise fee revenue increased by \$26,913 or 4.1% from previous year due to an increase in the number of customers.

Overall, expenses for governmental activities increased by \$293,980 or 2.8%. Components of the individual expense increases and decreases are explained as follows:

General Government:

- General government activities expenses increased by \$364,119 or 12.4% from the previous fiscal year primarily due to capital planning expenses.
 - In the administration department expenses decreased by \$11,583 or 2.1% due to a decrease in purchased services.

- The accounting department costs increased by \$18,033 or 3.0% primarily due to an increase in purchased costs.
- The town secretary expenses decreased \$6,233 or 6.1% primarily due to the vacancy in the department.
- Planning and zoning costs decreased by \$2,656 or 1.9% due to a decrease in consulting fees.

Public Safety:

- Police department expenses decreased for fiscal year 2018 by \$133,737 or 6.3% due to decreased capital expenditures.
 - Purchased services increased by \$25,294 due increasing Animal Control costs and contracted dispatch services throughout the fiscal year.
 - There were capital additions in FY 2017 of \$407,969 for vehicles and equipment and only \$135,976 in FY 2018.
- Fire department costs increased by \$109,116 or 3.5% compared to the previous fiscal year primarily due to increased personnel costs.
 - Personnel costs increased \$63,476 or 3.3% compared to the previous fiscal year due to merit salary increases, market adjustments and benefit costs implemented at the beginning of October 2017.
 - Repair and maintenance costs increased by \$114,557 due to an increase in building maintenance costs.
 - Capital additions decreased by \$88,148 due to less capital purchases.

Public Works:

- Public works department costs decreased by \$123,317 or 13.5% primarily due to a \$192,222 decrease in material and supplies related to less road repair and maintenance for the year.
- The Town purchased additional vehicles in FY 2017 at a cost of \$98,001 and none in FY 2018.

Inspections:

- There was an increase of \$45,529 or 33% in Inspections as a result of the addition of the Permit Tech position to the department, and an increase in Purchased services.

Municipal Court:

- Municipal court expenses decreased by \$7,188 or 3.8% from the prior year primarily due to a reduction in training expenditures.

Parks and Recreation:

- Parks and recreation expenses decreased by \$2,697 or 1% from the previous fiscal year. This decrease is primarily due to a decrease in special events spending.

Business-type activities. The Town's revenues by sources for business-type activities are detailed below along with an illustration between expenses and program revenues for business-type activities.

Business-type activities revenues increased \$1,607,372 or 24.1%. Major components of the individual decreases/increases are as follows:

Water and Sewer Fund:

- With the second year of rate increases-established after the 2016 water rate study-and an increase of water used over the year, Charges for Services increased by \$1,664,355 or 30.0%.
- Water Department:
 - The water department expenses increased \$270,665 or 7.7% primarily due the cost to purchase water.
 - The Town, as a customer city, purchases water from North Texas Municipal Water District (NTMWD). Due to the increased cost of these purchases, water purchases expense increased \$221,953 or 8.8% from the previous fiscal year.
 - Capital costs decreased by \$37,539 or 122%
- Sewer Department:
 - In addition to the Town purchasing water from NTMWD, the Town contracts with NTMWD for treatment of sewer water. The cost of treatment increased by \$202,352 or 30.6%.
 - Both Repair and Maintenance expense and Depreciation expense increased resulting in a net increase overall in sewer expense of \$171,729 or 12.4%.

Solid Waste Fund:

- Trash and recycling collection services increased revenues in the current fiscal year by \$36,749 or 5.4% compared to the previous fiscal year.
- Trash and recycling expenses increased in fiscal year 2018 by \$26,950 or 4.0% compared to fiscal year 2017 primarily due to having additional users on the system.

Storm water Fund:

- In fiscal year 2018, revenues decreased \$98,417 or 29% from the previous fiscal year due to limited newly completed developments, while the expenses increased \$26,223 or 9.3% due to increases in Purchased Services and Repairs & Maintenance.

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'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,002,179, an increase of \$1,664,926 in comparison with the prior year. 41.1% of this total amount, or \$4,937,735, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is: 1) assigned for technology equipment - \$182,789, 2) assigned for capital \$3,441,059; restricted for: 1) for capital projects - \$2,702,641, 2) to pay debt service - \$295,643, 3) for court - \$207,728, for fire use - \$43,898, or for development (tax increment reinvestment zone and hotel/motel) - \$190,186; nonspendable for prepaids - \$500.

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 \$4,937,735, while total fund balance was \$5,121,024. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 59% of total general fund expenditures, while total fund balance represents 61% of that same amount. Fund balance in the General Fund increased by \$114,702.

The Debt Service Fund has a total fund balance of \$295,643, all of which is restricted for the payment of debt service. The Debt Service fund balance increased by \$48,353 or 19.6%. The Debt service fund had an increase in tax revenue of approximately \$150,000 and a transfer to the Water Fund of \$233,581, down from \$276,934 in FY 2017. Interest expenditures decreased from \$795,618 in FY 2017 to \$698,904 in FY 2018.

The General Capital Projects Fund provides information on capital projects and had an ending fund balance of \$6,143,700. The Capital Projects Fund balance increased by \$1,338,554 or 7.3% because of an increase in intergovernmental revenue.

Financial Analysis of the Proprietary Funds

An analysis of the enterprise funds overall is provided in the business-type activities discussion above. In addition, the net position of the water and sewer fund increased by \$1,404,950, primarily due to more water consumption along with increased water and sewer rates. The net position of the solid waste fund increased by \$23,987 due to more revenues than the previous year as a result of additional users. The net position of the storm water fund increased by \$22,980 due to an increase in revenue resulting from new properties and a decrease in consulting expenses.

General Fund Budgetary Highlights

During the year, revenues exceeded budget estimates by \$88,009 and expenditures less than budget by \$377,693. The budget had called for a \$56,830 increase in fund balance. However, actual fund balance increased by \$114,702 due to sales tax, charges for services, property taxes, franchise taxes, mixed beverage taxes, interest income and intergovernmental revenue all exceeding budget. General government, public safety, public works, municipal court, and parks and recreation expenses all came in under budget with general government expenses coming in under budget by more than \$200,000.

Capital Assets. The Town's investment in capital assets, for its governmental and business-type activities as of September 30, 2018, amount to \$44,210,443 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 69.4% of the capital assets are governmental and 30.6% are business-type activities.

Table 3
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,126,594	\$ 5,861,854	\$ 113,384	\$ 113,384	\$ 5,239,978	\$ 5,975,238
Construction in Progress	3,622,063	1,366,827	463,357	77,552	4,085,420	1,444,379
Buildings	8,050,837	9,168,094	151,704	159,834	8,202,541	9,327,928
Infrastructure	11,365,901	11,058,036	-	-	11,365,901	11,058,036
Utility Plant	-	-	12,511,866	12,993,727	12,511,866	12,993,727
Machinery and Equipment	2,508,712	2,796,424	296,025	334,214	2,804,737	3,130,638
Total	\$30,674,107	\$30,251,235	\$13,536,336	\$13,678,711	\$ 44,210,443	\$ 43,929,946

The major governmental-type capital improvement projects and acquisitions during the current fiscal year included the following:

- The Public Works department purchased a street sweeper (\$26,235), and a mower (\$12,080).
- The Police department purchased three 2018 Chevrolet Tahoe's with equipment (\$130,950). The Fire department purchased replacement defibrillators (\$27,289).
- The Town continues to move forward with the street and roadway rehabilitation program as well as the design of Fairview Parkway and Frisco Road in fiscal year 2018 with the addition of \$2,091,709 of costs associated with construction in progress with these projects.
- The Town is working to complete Sloan Creek trail pedestrian bridge project (\$96,143).

Additional information on the Town's capital assets can be found in Note 5 on pages 44-45 of this report.

Debt Administration. At the end of the current fiscal year, the Town had total bonds outstanding of \$22,670,000. This entire amount represents either tax-supported or combination tax and limited surplus revenue debt.

Table 4
Outstanding Debt
Outstanding Debt and Long-Term Liabilities

	Governmental activities		Business-type activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Gross bonded debt:						
General obligation	\$ 2,303,644	\$ 2,562,179	\$ 3,736,356	\$ 4,562,821	\$ 6,040,000	\$ 7,125,000
Certificates of obligation	16,091,286	16,976,775	538,714	633,225	16,630,000	17,610,000
Total bonded debt	18,394,930	19,538,954	4,275,070	5,196,046	22,670,000	24,735,000
Other long-term debt:						
Unamortized premiums	802,510	902,647	152,372	182,037	954,882	1,084,684
Net pension liability	649,036	962,683	130,351	185,408	779,387	1,148,091
Net OPEB liability	56,285	43,199	9,881	7,584	66,166	50,783
Compensated absences	574,252	521,302	68,298	55,210	642,550	576,512
Capital lease	409,140	545,781	-	-	409,140	545,781
Total other long-term debt	2,491,223	2,975,612	360,902	430,239	2,852,125	3,405,851
Total	\$ 20,886,153	\$ 22,514,566	\$ 4,635,972	\$ 5,626,285	\$ 25,522,125	\$ 28,140,851

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. The Town is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. Additional information on the Town's outstanding debt can be found in Note 7 on pages 46-49 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Fairview is one of the fastest growing areas in Collin County, Texas. With this growth, there are new sources and higher amounts of revenues to be collected but there is also a mounting list of needs to accommodate the growth and expectations of the community. During the budget process, the Council's philosophy was to provide the highest level of service at the greatest value. Part of this philosophy and commitment to taxpayer's money was to develop a budget based on holding the tax rate at the current level, implement water and wastewater rate adjustments as recommended by the water and wastewater rate study, maintain or exceed appropriate fund balances and reserves as required by the Town's financial policies, maintain current pay structure and benefits for employees and recommend appropriate adjustments in staffing along with consideration of resulting impacts on services levels.

- **Infrastructure**
 - Continue the improvement of Fairview Parkway & Frisco Road
 - Initiation of planning for utility infrastructure
 - Reconstruction of East Stacy Road
 - Resurfacing of Orr Road
 - Continued road maintenance plan
- **Community Development & Economic Development**
 - Update of retail trade area plan
 - Continuation of concept plan for CPDD
 - Evaluation of economic & community development programs
 - Continuation of marketing plan

- **Customer Focus/Citizen Communication**
 - Upgrade the Town and EDC website for improved citizen communication
- **Fiscal Responsibility**
 - Implementation of the 10-year capital plan with additions of equipment and infrastructure
 - Implementation of TIF revenue to assist in financing capital projects
- **Public Safety**
 - Addition of police & fire equipment to expand capabilities
 - Increased police services by hiring an additional Patrol Officer to participate in the Lovejoy ISD Student Resource Officer (SRO) program

The fiscal year 2018-2019 budget incorporates a decrease in the property tax rate; the tax rate is \$0.349709 per \$100 valuation. Maintenance and operations tax rate is \$0.227424 while the debt (interest and sinking) rate is \$0.122285.

For fiscal year 2019, the General Fund revenues are budgeted to increase by \$153,588 or 1.7% over the previous fiscal year. General revenues for property taxes are budgeted with a 10% increase, while sales taxes are budgeted at \$1,600,000, a \$47,873 increase from FY 2018 actuals. The fiscal year 2019 operating expenditures budget increased by 5.1% or \$345,488, from fiscal year 2018 actuals. Major increases in operational costs included the addition of a Building Official in the Inspections department, plus merit adjustments of approximately \$196,000.

During fiscal year 2018, the Town conducted a review of the 2016 water and sewer rate study. In September 2016, the Council increased water and sewer rates by increasing the volumetric rates and tiers. These rates have been budgeted to cover the budgeted expenses in fiscal year 2019. Since fiscal year 2007, wholesale water rates from North Texas Municipal Water District (NTMWD) through fiscal year 2018 will have increased by approximately 90%. Correspondingly, during the same period the Town will have raised rates by 76%. The fiscal year 2019 budget includes a 7.9% increase in water and 13.25% increase in sewer fees due to growth and additional water usage related to a relaxed water conservation measures and continued growth. These increases are needed to address outside increases and to maintain the future capacity to fund needed capital improvements. Major increases in operational costs to the Water and Sewer Fund include: merit adjustments, facility and capital improvements and fire hydrant installation.

REQUEST FOR INFORMATION

This report is designed to provide a general overview of the Town of Fairview's finances. If you have questions about this report or need additional financial information, contact:

Finance Department
 Town of Fairview
 372 Town Place
 Fairview, TX 75069

Basic Financial Statements



Town of Fairview, Texas
Statement of Net Position
September 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development	Community Development
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 13,880,907	\$ 4,384,634	\$ 18,265,541	\$ 900,101	\$ 1,015,994
Restricted cash and cash equivalents	-	139,427	139,427	-	-
Receivables (Net of allowance for uncollectibles):					
Accounts receivable	-	1,205,539	1,205,539	-	-
Property taxes	243,268	-	243,268	-	-
Sales taxes	295,965	-	295,965	136,640	136,640
Franchise taxes	181,265	-	181,265	-	-
Other	160,493	-	160,493	-	-
Internal balances	(7,841)	7,841	-	-	-
Due from primary government	-	-	-	267	267
Prepaid	500	-	500	-	-
Nondepreciable capital assets	8,748,657	576,741	9,325,398	-	-
Depreciable capital assets, net	21,925,450	12,959,595	34,885,045	-	-
TOTAL ASSETS	45,428,664	19,273,777	64,702,441	1,037,008	1,152,901
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	20,123	29,961	50,084	-	-
Deferred outflows - pensions	424,024	83,485	507,509	-	-
Deferred outflows - OPEB	4,336	761	5,097	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	448,483	114,207	562,690	-	-
LIABILITIES					
Accounts payable	755,053	405,872	1,160,925	2,487	806
Accrued wages payable	109,965	18,987	128,952	2,480	2,480
Due to component units	534	-	534	-	-
Accrued interest payable	87,134	17,326	104,460	-	-
Customer deposits	46,907	139,427	186,334	-	-
Developer escrow	435,420	-	435,420	-	-
Unearned revenue	1,126,604	-	1,126,604	-	-
Non-current liabilities:					
Due within one year	2,008,014	703,685	2,711,699	-	-
Due in more than one year	18,878,139	3,932,287	22,810,426	-	-
TOTAL LIABILITIES	23,447,770	5,217,584	28,665,354	4,967	3,286
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	266,636	47,707	314,343	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	266,636	47,707	314,343	-	-
NET POSITION					
Net investment in capital assets	14,072,524	9,138,855	23,211,379	-	-
Restricted:					
Debt service	304,034	-	304,034	-	-
Capital	2,702,641	327,794	3,030,435	-	-
Court	207,728	-	207,728	-	-
Fire	43,898	-	43,898	-	-
Development	190,186	-	190,186	-	-
Unrestricted	4,641,730	4,656,044	9,297,774	1,032,041	1,149,615
TOTAL NET POSITION	\$ 22,162,741	\$ 14,122,693	\$ 36,285,434	\$ 1,032,041	\$ 1,149,615

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Fairview Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Functions/Programs:				
Governmental activities:				
General government	\$ 3,308,849	\$ 399,111	\$ -	\$ -
Public safety	5,442,351	419,365	119,108	-
Public works	789,956	574,211	-	3,072,896
Inspections	183,108	-	-	-
Municipal court	181,733	-	-	-
Parks and recreation	264,284	47,809	-	-
Interest and fiscal charges	593,407	-	-	-
Total governmental activities	<u>10,763,688</u>	<u>1,440,496</u>	<u>119,108</u>	<u>3,072,896</u>
Business-type activities:				
Water and sewer	5,422,747	7,220,729	-	-
Storm water	247,472	330,552	-	-
Solid waste	685,963	709,950	-	-
Total business-type activities	<u>6,356,182</u>	<u>8,261,231</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 17,119,870</u>	<u>\$ 9,701,727</u>	<u>\$ 119,108</u>	<u>\$ 3,072,896</u>
Component units:				
Economic Development Corporation	\$ 854,564	\$ -	\$ -	\$ -
Community Development Corporation	700,043	-	-	-
Total component units	<u>\$ 1,554,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Interest earnings
- Miscellaneous
- Transfers in (out)

Total general revenues and transfers

Change in net position

Net position at beginning of year

Cumulative effect of change in accounting principle

Net position, end of year

The Notes to the Basic 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
\$ (2,909,738)	\$ -	\$ (2,909,738)	\$ -	\$ -
(4,903,878)	-	(4,903,878)	-	-
2,857,151	-	2,857,151	-	-
(183,108)	-	(183,108)	-	-
(181,733)	-	(181,733)	-	-
(216,475)	-	(216,475)	-	-
(593,407)	-	(593,407)	-	-
(6,131,188)	-	(6,131,188)	-	-
-	1,797,982	1,797,982	-	-
-	83,080	83,080	-	-
-	23,987	23,987	-	-
-	1,905,049	1,905,049	-	-
<u>\$ (6,131,188)</u>	<u>\$ 1,905,049</u>	<u>\$ (4,226,139)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (854,564)	\$ -
-	-	-	-	(700,043)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (854,564)</u>	<u>\$ (700,043)</u>
\$ 6,483,805	-	6,483,805	-	-
1,552,127	-	1,552,127	776,064	776,064
684,380	-	684,380	-	-
219,906	-	219,906	-	-
209,878	8,387	218,265	13,886	14,635
160,994	-	160,994	-	-
461,519	(461,519)	-	-	-
<u>9,772,609</u>	<u>(453,132)</u>	<u>9,319,477</u>	<u>789,950</u>	<u>790,699</u>
3,641,421	1,451,917	5,093,338	(64,614)	90,656
18,564,213	12,678,307	31,242,520	1,096,655	1,058,959
(42,893)	(7,531)	(50,424)	-	-
<u>\$ 22,162,741</u>	<u>\$ 14,122,693</u>	<u>\$ 36,285,434</u>	<u>\$ 1,032,041</u>	<u>\$ 1,149,615</u>



Town of Fairview, Texas

Balance Sheet
Governmental Funds
September 30, 2018

	General Fund	Debt Service	Capital Projects	Non-major Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 4,960,211	\$ 295,643	\$ 8,193,994	\$ 431,059	\$ 13,880,907
Receivables, net of allowance					
Property taxes	147,743	95,525	-	-	243,268
Sales taxes	295,965	-	-	-	295,965
Franchise taxes	181,265	-	-	-	181,265
Other	143,476	-	-	17,017	160,493
Due from other funds	6,264	-	-	-	6,264
Prepaid items	500	-	-	-	500
Total assets	<u>\$ 5,735,424</u>	<u>\$ 391,168</u>	<u>\$ 8,193,994</u>	<u>\$ 448,076</u>	<u>\$ 14,768,662</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 266,783	\$ -	\$ 488,270	\$ -	\$ 755,053
Accrued wages payable	109,965	-	-	-	109,965
Due to other funds	7,841	-	-	6,264	14,105
Due to component units	534	-	-	-	534
Customer deposits	46,907	-	-	-	46,907
Developer escrow	-	-	435,420	-	435,420
Unearned revenue	-	-	1,126,604	-	1,126,604
Total liabilities	<u>432,030</u>	<u>-</u>	<u>2,050,294</u>	<u>6,264</u>	<u>2,488,588</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	182,370	95,525	-	-	277,895
Total deferred inflows of resources	<u>182,370</u>	<u>95,525</u>	<u>-</u>	<u>-</u>	<u>277,895</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	500	-	-	-	500
Restricted:					
Court	-	-	-	207,728	207,728
Fire	-	-	-	43,898	43,898
Development	-	-	-	190,186	190,186
Debt service	-	295,643	-	-	295,643
Capital	-	-	2,702,641	-	2,702,641
Assigned:					
Capital	-	-	3,441,059	-	3,441,059
Technology	182,789	-	-	-	182,789
Unassigned	4,937,735	-	-	-	4,937,735
Total fund balances	<u>5,121,024</u>	<u>295,643</u>	<u>6,143,700</u>	<u>441,812</u>	<u>12,002,179</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,735,424</u>	<u>\$ 391,168</u>	<u>\$ 8,193,994</u>	<u>\$ 448,076</u>	<u>\$ 14,768,662</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Fairview, Texas

Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position September 30, 2018

Total governmental fund balances	\$ 12,002,179
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds financial statements.	30,674,107
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.	(87,134)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.	277,895
For debt refundings, the difference between the acquisition price and the net carrying amount of the debt has been deferred and amortized in the government-wide financial statements.	20,123
Deferred outflows of resources (\$428,360) and deferred inflows of resources (\$266,636) related to the Town's net pension and OPEB liabilities result in an increase in net position in the government-wide financial statements. This is the net amount of the deferred outflows and inflows.	161,724
liability and amortized over the life of the debt in the government-wide financial statements.	(802,510)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds financial statements.	(574,252)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the fund financial statements.	(19,509,391)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 22,162,741</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Fairview, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Fiscal Year Ended September 30, 2018

	General Fund	Debt Service	Capital Projects	Non-major Governmental Funds	Total
Revenues:					
Taxes:					
Property	\$ 3,979,969	\$ 2,269,261	\$ -	\$ 137,853	\$ 6,387,083
Sales	1,552,127	-	-	-	1,552,127
Franchise	684,380	-	-	-	684,380
Other	71,536	-	-	148,370	219,906
Charges for services	399,228	-	-	-	399,228
Permits	371,764	-	-	-	371,764
Fines and forfeitures	397,485	-	-	21,880	419,365
Intergovernmental	83,025	-	3,072,896	-	3,155,921
Interest income	165,354	-	44,524	-	209,878
Miscellaneous revenues	201,811	-	-	36,083	237,894
Street impact fees	-	-	175,273	-	175,273
Total revenues	<u>7,906,679</u>	<u>2,269,261</u>	<u>3,292,693</u>	<u>344,186</u>	<u>13,812,819</u>
Expenditures:					
Current:					
General government	2,211,765	-	-	-	2,211,765
Public safety	5,080,301	-	-	9,289	5,089,590
Public works	282,739	-	106,733	-	389,472
Inspections	185,470	-	-	-	185,470
Municipal court	178,482	-	-	5,996	184,478
Parks and recreation	172,972	-	-	-	172,972
Development	-	-	-	10,424	10,424
Debt service:					
Principal retirement	-	1,280,665	-	-	1,280,665
Interest and fiscal charges	-	706,662	-	-	706,662
Capital outlay	222,518	-	2,255,236	25,160	2,502,914
Total expenditures	<u>8,334,247</u>	<u>1,987,327</u>	<u>2,361,969</u>	<u>50,869</u>	<u>12,734,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(427,568)</u>	<u>281,934</u>	<u>930,724</u>	<u>293,317</u>	<u>1,078,407</u>
Other financing sources (uses):					
Transfers in	825,100	-	407,830	-	1,232,930
Transfers out	(407,830)	(233,581)	-	(130,000)	(771,411)
Proceeds from sale of assets	125,000	-	-	-	125,000
Total other financing sources (uses)	<u>542,270</u>	<u>(233,581)</u>	<u>407,830</u>	<u>(130,000)</u>	<u>586,519</u>
Net change in fund balances	114,702	48,353	1,338,554	163,317	1,664,926
Fund balance at beginning of year	<u>5,006,322</u>	<u>247,290</u>	<u>4,805,146</u>	<u>278,495</u>	<u>10,337,253</u>
Fund balance, end of year	<u>\$ 5,121,024</u>	<u>\$ 295,643</u>	<u>\$ 6,143,700</u>	<u>\$ 441,812</u>	<u>\$ 12,002,179</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Fairview, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to Statement of Activities For the Fiscal Year Ended September 30, 2018

Net change in fund balances - total governmental funds	\$ 1,664,926
Amounts reported for governmental activities in the statement of activities are different because:	
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	96,722
Capital outlays and other capital asset adjustments are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is capitalized.	2,502,374
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording depreciation expense is to decrease net position.	(1,253,291)
Amortization of deferred refunding amounts is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net position.	(2,465)
Implementation of GASB 68 and 75 requires certain expenditures to be de-expended and recorded as deferred. The following is the net effect of current year pension and OPEB expense, amortization of prior deferred pension and OPEB inflows and outflows, and contributions made after the measurement date.	115,931
Current year long-term debt principal payments on contractual obligations and bonds payable are expenditures in the fund financial statements, but are shown as reductions of long-term debt in the government-wide financial statements.	1,280,665
Proceeds from the sale of capital assets are other financing sources in the fund financial statements, but are shown as a gain or loss in the government-wide financial statements. This amount represents the related reduction in capital assets.	(826,211)
Premiums and discounts are recognized in the fund financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements. This amount represents amortization of premiums.	100,137
Changes in compensated absences liabilities are not reported in the fund financial statements. The net effect of the current year increase is to decrease net position.	(52,950)
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	15,583
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,641,421</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Fairview, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-type Activities			
	Enterprise funds			
	Water and Sewer	Solid Waste	Storm Water	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,392,009	\$ 31,640	\$ 960,985	\$ 4,384,634
Restricted cash and cash equivalents	139,427	-	-	139,427
Receivables (net of allowance for uncollectibles)	1,067,024	97,764	40,751	1,205,539
Due from other funds	6,755	-	1,086	7,841
Total current assets	<u>4,605,215</u>	<u>129,404</u>	<u>1,002,822</u>	<u>5,737,441</u>
Noncurrent assets:				
Nondepreciable capital assets	576,741	-	-	576,741
Depreciable capital assets, net	12,850,991	-	108,604	12,959,595
Total noncurrent assets	<u>13,427,732</u>	<u>-</u>	<u>108,604</u>	<u>13,536,336</u>
Total assets	<u>18,032,947</u>	<u>129,404</u>	<u>1,111,426</u>	<u>19,273,777</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	29,961	-	-	29,961
Deferred outflows - pensions	65,295	-	18,190	83,485
Deferred outflows - OPEB	601	-	160	761
Total deferred outflows of resources	<u>95,857</u>	<u>-</u>	<u>18,350</u>	<u>114,207</u>
Total assets and deferred outflows of resources	<u>\$ 18,128,804</u>	<u>\$ 129,404</u>	<u>\$ 1,129,776</u>	<u>\$ 19,387,984</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 349,229	\$ 55,572	\$ 1,071	\$ 405,872
Accrued wages payable	15,038	-	3,949	18,987
Compensated absences - current portion	55,723	-	12,575	68,298
Accrued interest payable	17,326	-	-	17,326
Customer deposits	139,427	-	-	139,427
Current portion of long-term debt	635,387	-	-	635,387
Total current liabilities	<u>1,212,130</u>	<u>55,572</u>	<u>17,595</u>	<u>1,285,297</u>
Non-current liabilities:				
Net pension liability	101,430	-	28,921	130,351
Net OPEB liability	7,803	-	2,078	9,881
Long-term debt	3,792,055	-	-	3,792,055
Total noncurrent liabilities	<u>3,901,288</u>	<u>-</u>	<u>30,999</u>	<u>3,932,287</u>
Total liabilities	<u>5,113,418</u>	<u>55,572</u>	<u>48,594</u>	<u>5,217,584</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	37,679	-	10,028	47,707
Total deferred inflows of resources	<u>37,679</u>	<u>-</u>	<u>10,028</u>	<u>47,707</u>
Net position:				
Net investment in capital assets	9,030,251	-	108,604	9,138,855
Restricted for:				
Capital projects	327,794	-	-	327,794
Unrestricted	3,619,662	73,832	962,550	4,656,044
Total net position	<u>12,977,707</u>	<u>73,832</u>	<u>1,071,154</u>	<u>14,122,693</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,128,804</u>	<u>\$ 129,404</u>	<u>\$ 1,129,776</u>	<u>\$ 19,387,984</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Fairview, Texas

Statement of Revenues, Expenses and Changes in Fund

Net Position – Proprietary Funds

For the Fiscal Year Ended September 30, 2018

	Business-type Activities			
	Enterprise funds			
	Water and Sewer	Solid Waste	Storm Water	Total
Operating revenues:				
Charges for services	\$ 7,220,729	\$ 709,950	\$ 330,552	\$ 8,261,231
Total operating revenues	<u>7,220,729</u>	<u>709,950</u>	<u>330,552</u>	<u>8,261,231</u>
Operating expenses:				
Water purchases	2,512,505	-	-	2,512,505
Personnel services	722,488	-	168,290	890,778
Repairs and maintenance	136,528	-	54,117	190,645
Operations	1,373,924	685,963	18,875	2,078,762
Depreciation	552,695	-	6,190	558,885
Total operating expenses	<u>5,298,140</u>	<u>685,963</u>	<u>247,472</u>	<u>6,231,575</u>
Operating income	<u>1,922,589</u>	<u>23,987</u>	<u>83,080</u>	<u>2,029,656</u>
Non-operating revenues (expenses):				
Interest income	8,387	-	-	8,387
Interest expense	(120,654)	-	-	(120,654)
Bond issuance costs	(3,953)	-	-	(3,953)
Total non-operating revenue (expenses)	<u>(116,220)</u>	<u>-</u>	<u>-</u>	<u>(116,220)</u>
Income before contributions and transfers	<u>1,806,369</u>	<u>23,987</u>	<u>83,080</u>	<u>1,913,436</u>
Contributions and transfers				
Transfers in	253,581	-	-	253,581
Transfers out	(655,000)	-	(60,100)	(715,100)
Total contributions and transfers	<u>(401,419)</u>	<u>-</u>	<u>(60,100)</u>	<u>(461,519)</u>
Change in net position	1,404,950	23,987	22,980	1,451,917
Net position at beginning of year	11,578,704	49,845	1,049,758	12,678,307
Cumulative effect of change in accounting principle	(5,947)	-	(1,584)	(7,531)
Net position, end of year	<u>\$ 12,977,707</u>	<u>\$ 73,832</u>	<u>\$ 1,071,154</u>	<u>\$ 14,122,693</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Fairview, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2018

	Business-type Activities			
	Enterprise Funds			
	Water and Sewer	Solid Waste	Storm Water	Total
Cash flow from operating activities:				
Receipts from customers and users	\$ 6,983,618	\$ 712,587	\$ 325,325	\$ 8,021,530
Payments to suppliers for goods and services	(4,042,193)	(702,315)	(111,030)	(4,855,538)
Payments to employees for services	(688,285)	-	(157,049)	(845,334)
Net cash provided by operating activities	2,253,140	10,272	57,246	2,320,658
Cash flow from noncapital financing activities:				
Transfers from other funds	253,581	-	-	253,581
Transfers to other funds	(655,000)	-	(60,100)	(715,100)
Net cash used in noncapital financing activities	(401,419)	-	(60,100)	(461,519)
Cash flow from capital financing activities:				
Acquisition of capital assets	(416,510)	-	-	(416,510)
Principal paid on capital debt	(920,976)	-	-	(920,976)
Interest paid on capital debt	(151,635)	-	-	(151,635)
Net cash used in capital financing activities	(1,489,121)	-	-	(1,489,121)
Cash flow from investing activities:				
Interest revenue	8,387	-	-	8,387
Net cash provided by investing activities	8,387	-	-	8,387
Net increase (decrease) in cash and cash equivalents	370,987	10,272	(2,854)	378,405
Cash and cash equivalents, beginning of year	3,160,449	21,368	963,839	4,145,656
Cash and cash equivalents, end of the year	<u>\$ 3,531,436</u>	<u>\$ 31,640</u>	<u>\$ 960,985</u>	<u>\$ 4,524,061</u>
Reconciliation to statement of net position				
Cash and cash equivalents	\$ 3,392,009	\$ 31,640	\$ 960,985	\$ 4,384,634
Restricted cash and cash equivalents	139,427	-	-	139,427
	<u>\$ 3,531,436</u>	<u>\$ 31,640</u>	<u>\$ 960,985</u>	<u>\$ 4,524,061</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Fairview, Texas

(Continued)

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended September 30, 2018

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Storm Water</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,922,589	\$ 23,987	\$ 83,080	\$ 2,029,656
Adjustments to reconcile operating income to Net cash provided by operating activities:				
Depreciation	552,695	-	6,190	558,885
Effects of changes in assets and liabilities:				
Accounts receivable	(220,889)	(16,352)	(5,227)	(242,468)
Prepays	-	-	-	-
Accounts payable	17,816	2,637	(28,696)	(8,243)
Accrued wages	4,574	-	1,739	6,313
Compensated absences	8,649	-	4,439	13,088
Customer and escrow deposits	(16,222)	-	-	(16,222)
Net pension liability and OPEB obligation	(16,072)	-	(4,279)	(20,351)
Net cash provided by operating activities	<u>\$ 2,253,140</u>	<u>\$ 10,272</u>	<u>\$ 57,246</u>	<u>\$ 2,320,658</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The Town of Fairview, Texas (the Town) was incorporated in 1958, under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925. In 2006, the Town adopted a charter making it a home-rule Town operating under a Council-Manager form of government. The Town provides such services as authorized by its charter to advance the welfare, health, comfort, safety and convenience of its inhabitants. The Town is a municipal corporation governed by an elected mayor and six-member Town Council.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. The more significant accounting policies of the Town are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities of the Town. In addition, the government-wide statement of activities reflects depreciation expenses on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Required Supplementary Information (RSI)

The Town also presents Management's Discussion and Analysis, which includes an analytical overview of the Town's financial activities. In addition, a budgetary comparison schedule is presented that compares the original adopted and final amended General Fund budget with actual results. The TMRS Required Supplementary Information shows the net pension liability calculation for the Town, as well as the Town's required annual contributions compared to actual contributions remitted.

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable.

Town of Fairview, Texas

Notes to the Basic Financial Statements

The Town is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt a budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

The following entities were found to be component units of the Town and are included in the basic financial statements:

Discretely Presented Component Units:

- Fairview Economic Development Corporation (FEDC) – The FEDC is responsible for aiding, promoting and furthering economic development within the Town.
- Fairview Community Development Corporation (FCDC) – The FCDC is responsible for all of the functions of the FEDC as well as supporting the improvements in community parks and recreation, and special events.

The members of both the FEDC's and FCDC's Board of Directors are appointed by the Town Council. Both the FEDC and FCDC are fiscally dependent upon the Town as the Town Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component services directly benefit the community rather than the Town itself. The FEDC and FCDC are discretely presented as governmental fund types and do not issue separate financial statements.

The discretely presented component units' financial statements are included with the financial statements of the Town. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the Town.

Blended Component Unit:

- Tax Increment Reinvestment Zone (TIRZ) – The TIRZ serves to facilitate development or redevelopment by financing the costs of public works, public improvements, programs, and other projects benefiting the designated zone located between U.S. 75 and SH 5.

The Town Council appoints four out of the five Board of Directors members for the TIRZ and the Town Council must approve all project and financing plans for the TIRZ. The TIRZ is considered a blended component unit and is presented as a Special Revenue Fund in the Town's financial statements.

Town of Fairview, Texas

Notes to the Basic Financial Statements

C. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund 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. The major governmental funds are the general fund, the debt service fund, and the capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Change in Accounting Principle

During fiscal year 2018, the Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which addresses accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent employers and Agent Multiple-Employer Plans*.

Town of Fairview, Texas

Notes to the Basic Financial Statements

With this implementation, the Town's financial statements were restated to reflect the beginning net OPEB liability, deferred outflows and inflows of resources and the recognition of OPEB expense and contributions made between the start of the measurement period and the Town's prior fiscal year-end. The restatement to beginning net position is noted below and reflected on the statements:

	Government-wide Level		Fund Level	
	Statement of Activities		Statement of Revenues, Expenses and Changes in Net Position	
	Governmental Activities	Business-type Activities	Water and Sewer	Storm Water
Net position at September 30, 2017 as previously reported	\$ 18,564,213	\$ 12,678,307	\$ 11,578,704	\$ 1,049,758
Change in reporting for OPEB	(42,893)	(7,531)	(5,947)	(1,584)
Net position at September 30, 2017 as restated	\$ 18,521,320	\$ 12,670,776	\$ 11,572,757	\$ 1,048,174

E. 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 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. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town 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. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, sales taxes, franchise fees, certain other fees 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Fund Accounting

The following major funds are used by the Town:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

- a) The **General Fund** is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.
- b) The **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town.
- c) The **Capital Projects Fund** is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.

The Town reports the following non-major governmental funds.

- a) The **Court Fund** accounts for fines and forfeitures assessed which are restricted for court technology and security disbursements.
- b) The **Fire Donations Fund** accounts for funds provided by private donors or donations from the \$1 fire donation selection on each utility customer's monthly bill to assist in the purchase of fire department equipment and related expenses.
- c) The **Tax Increment Reinvestment Zone** accounts for property taxes on improvements in the Town's Tax Increment Reinvestment Zone Number One. These funds may only be used for capital improvements within the zone.
- d) The **Hotel/Motel Fund** accounts for hotel/motel taxes from the Town's two hotels. These funds may only be used for development costs within the town.

Governmental funds with legally adopted annual budgets include the General Fund.

Town of Fairview, Texas

Notes to the Basic Financial Statements

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses including depreciation on capital assets) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major enterprise funds of the Town:

The **Water and Sewer Fund** is used to account for the operations of providing water and sewer services to residential and commercial customers.

The **Solid Waste Fund** is used to account for the collection of trash and recyclables from residential users.

The **Stormwater Fund** is used to account for the operations of the stormwater drainage system.

F. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town. Because the Town at its option can withdraw funds within a twenty-four hour period, deposits with the local government investment pools i.e. (TexPool and LoneStar) are considered to be cash equivalents.

The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. and State of Texas Government Securities, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

G. Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the Town as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

H. 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 or contractual agreements. When the Town incurs an expense for which it may use either restricted or unrestricted assets, it uses restricted assets first.

Town of Fairview, Texas

Notes to the Basic Financial Statements

I. 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 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs 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 incurred during the construction phase of capital assets of business-type activities acquired with tax-exempt debt is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
System Infrastructure	30 - 40
Equipment	5 - 10
Vehicles	5

J. Interfund Transactions

During the course of normal operations, the Town has transactions between funds for goods provided or services rendered. "Services rendered" are primarily to allocate the overhead costs of administering the Town Administrators and Financial staff. This may include unallocated portions of salary expenses for Administrative and Financial staff as well as other costs such as facility, copiers, and office equipment costs. Transfers from impact fee funds are simply to move funds from revenue tracking funds to expense/construction funds.

K. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused "paid time off" which can be used for illness, disability, vacations or other absences. All time is accrued when incurred in the government-wide and proprietary fund financial statements.

L. Long-term Obligations

In the government-wide financial statements and proprietary 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Long-term obligations such as the net pension liability and the other post-employment benefits (OPEB) obligation are liquidated with expendable resources in the General Fund.

M. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and total OPEB liabilities, pension and OPEB related deferred outflows and inflows of resources and pension and OPEB expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the Town's Total Pension and OPEB Liabilities is obtained from TMRS through a report prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

N. Deferred Inflows / Outflows of Resources

In addition to assets and liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting as deferred outflows:

Deferred Loss on Refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions and OPEB – these deferred outflows result from pension and OPEB contributions after the measurement date (deferred and recognized in the following fiscal year) and/or differences between expected and actual economic experience on pension assets (deferred and amortized over a closed five year period), as well as changes in assumptions on the OPEB plan.

Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports certain deferred inflows related to pensions on the government-wide statement of net position and unavailable tax revenues at the fund level.

O. Fund Equity

The Town has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

Nonspendable: includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted: includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned: includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Order of Expenditure of Funds – When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent debt proceeds. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

P. Subsequent Events

The Town has evaluated all events or transactions that occurred after September 30, 2018 through March 18, 2019, the date the financial statements were issued and has noted no subsequent events required for disclosure.

Note 2. Cash and Investments

The Town has adopted an investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorizes the Town's investments in United States government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, certificates of deposit, government pools, and money market funds. The Town selects its investments based on safety, liquidity, yield, and public trust.

Town of Fairview, Texas

Notes to the Basic Financial Statements

At year end, the carrying amount of the Town's deposits (including those of the component units) was \$6,905,357 and the bank balance was \$7,371,650. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Primary government:	
Cash and cash equivalents	\$ 18,265,541
Restricted cash and cash equivalents	139,427
Component units:	
Cash and cash equivalents	1,916,095
Total cash and investments	<u>\$ 20,321,063</u>
Cash on hand	\$ 1,100
Carrying amount of deposits	6,905,357
Carrying amount of investments	13,414,606
Total cash and investments	<u>\$ 20,321,063</u>

The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	2 years	None	None
U.S. Agency obligations	2 years	None	None
Certificates of deposit	2 years	None	None
Direct repurchase agreements	90 days	10%	None
No-load money market mutual funds	60 days	None	None
Direct obligations of State of Texas	2 years	80%	None
Direct obligations of United States of America	5 years	80%	None
Investment pools	1 year	None	None

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

Town of Fairview, Texas

Notes to the Basic Financial Statements

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The Town's investments are measured as presented in the table below. The Town's investment balances, weighted average maturity, and credit risk of such investments are as follows:

	September 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Weighted Average Maturity	Minimum Legal Rating	Rating as of Year End
Investments Measured at Amortized Cost:							
Investment Pools:							
TexPool	\$ 12,723,420	\$ -	\$ -	\$ -	28 days	AAAm	AAAm
LoneStar	691,186	-	-	-	28 days	AAA	AAA
Investment Pools Total	<u>\$ 13,414,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			

The TexPool and Lone Star investment pools are external investment pools measured at amortized cost to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

These local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Texas Local Government Investment Pool (TexPool) and Lone Star Investment Pool are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. The Town is a voluntary participant in TexPool. The fair value of the position in TexPool is the same as the value of TexPool shares.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Lone Star Investment Pool is administered by First Public which is a wholly-owned subsidiary of the Texas Association of School Boards (TASB). First Public is also a registered broker-dealer with the Securities and Exchange Commission. The Pool is governed by an 11 member Board of Trustees, consisting of individuals representing entities participating in the Pool. The fair value of the Town's position in the Pool is the same as the value of the Pool shares.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its non-bond proceed investments to less than one year from the time of purchase.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Concentration of Credit Risk

The Town's investment policy is to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent.

As of September 30, 2018 the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Note 3. Property Taxes

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. The total net taxable assessed value upon which the fiscal 2018 levy was based was \$1,768,495,384. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to \$2.50 per \$100 valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2018 was \$0.359999 per \$100 of assessed valuation. Current tax collections for the year ended September 30, 2018 were approximately 99% of the tax levy.

Note 4. Receivables

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2018 are as follows:

	Governmental Funds			
	General	Debt Service	Nonmajor Funds	Total
Property taxes	\$ 147,743	\$ 95,525	\$ -	\$ 243,268
Sales taxes	295,965	-	-	295,965
Franchise taxes	181,265	-	-	181,265
Hotel/motel taxes	-	-	14,210	14,210
Other	182,594	-	2,807	185,401
Gross receivables	807,567	95,525	17,017	920,109
Less: allowances	(39,118)	-	-	(39,118)
Net total receivables	\$ 768,449	\$ 95,525	\$ 17,017	\$ 880,991
	Enterprise Funds			
	Water and Sewer	Solid Waste	Storm Water	Total
Utility bills	\$ 1,067,024	\$ 97,764	\$ 40,751	\$ 1,205,539
Total receivables	\$ 1,067,024	\$ 97,764	\$ 40,751	\$ 1,205,539
	Component Units			
	EDC	CDC	Total	
Sales taxes	\$ 136,640	\$ 136,640	\$ 273,280	
Total receivables	\$ 136,640	\$ 136,640	\$ 273,280	

Town of Fairview, Texas
Notes to the Basic Financial Statements

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments/ Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 5,861,854	\$ -	\$ (735,260)	\$ -	\$ 5,126,594
Construction in progress	1,366,827	2,255,236	-	-	3,622,063
Total capital assets, not being depreciated	<u>7,228,681</u>	<u>2,255,236</u>	<u>(735,260)</u>	<u>-</u>	<u>8,748,657</u>
Capital assets being depreciated:					
Infrastructure	14,725,014	-	-	855,756	15,580,770
Buildings and improvements	11,396,212	-	-	(855,756)	10,540,456
Furniture and equipment	4,211,382	116,190	(290,498)	-	4,037,074
Vehicles	1,281,971	130,948	-	-	1,412,919
Total capital assets being depreciated	<u>31,614,579</u>	<u>247,138</u>	<u>(290,498)</u>	<u>-</u>	<u>31,571,219</u>
Less accumulated depreciation for:					
Infrastructure	3,666,978	547,891	-	-	4,214,869
Buildings and improvements	2,228,118	261,501	-	-	2,489,619
Furniture and equipment	1,762,258	335,336	(199,547)	-	1,898,047
Vehicles	934,671	108,563	-	-	1,043,234
Total accumulated depreciation	<u>8,592,025</u>	<u>1,253,291</u>	<u>(199,547)</u>	<u>-</u>	<u>9,645,769</u>
Total capital assets being depreciated, net	<u>23,022,554</u>	<u>(1,006,153)</u>	<u>(90,951)</u>	<u>-</u>	<u>21,925,450</u>
Governmental activities capital assets, net	<u>\$ 30,251,235</u>	<u>\$ 1,249,083</u>	<u>\$ (826,211)</u>	<u>\$ -</u>	<u>\$ 30,674,107</u>
	Beginning Balance	Increases	Decreases	Adjustments/ Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 113,384	\$ -	\$ -	\$ -	\$ 113,384
Construction in progress	77,552	385,805	-	-	463,357
Total capital assets, not being depreciated	<u>190,936</u>	<u>385,805</u>	<u>-</u>	<u>-</u>	<u>576,741</u>
Capital assets being depreciated:					
Utility Plant	19,097,585	-	-	-	19,097,585
Buildings and improvements	203,323	-	-	-	203,323
Furniture and equipment	521,681	-	-	-	521,681
Vehicles	201,206	30,705	(19,524)	-	212,387
Total capital assets being depreciated	<u>20,023,795</u>	<u>30,705</u>	<u>(19,524)</u>	<u>-</u>	<u>20,034,976</u>
Less accumulated depreciation for:					
Utility Plant	6,103,858	481,861	-	-	6,585,719
Buildings and improvements	43,489	13,618	-	-	57,107
Furniture and equipment	264,321	32,516	-	-	296,837
Vehicles	124,352	30,890	(19,524)	-	135,718
Total accumulated depreciation	<u>6,536,020</u>	<u>558,885</u>	<u>(19,524)</u>	<u>-</u>	<u>7,075,381</u>
Total capital assets being depreciated, net	<u>13,487,775</u>	<u>(528,180)</u>	<u>-</u>	<u>-</u>	<u>12,959,595</u>
Business-type activities capital assets, net	<u>\$ 13,678,711</u>	<u>\$ (142,375)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,536,336</u>

Town of Fairview, Texas
Notes to the Basic Financial Statements

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

Depreciation by function:	
Governmental activities:	
General government	\$ 230,586
Public safety	419,723
Public works	509,026
Parks and recreation	93,956
	<u>\$ 1,253,291</u>
Business-type activities:	
Water and Sewer	\$ 552,695
Stormwater	6,190
	<u>\$ 558,885</u>

Note 6. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2018 is as follows:

Due from	Due to			Total
	General Fund	Water and Sewer Fund	Storm Water Fund	
General Fund	\$ -	\$ 6,755	\$ 1,086	\$ 7,841
Non-major Governmental Fund	6,264	-	-	6,264
	<u>\$ 6,264</u>	<u>\$ 6,755</u>	<u>\$ 1,086</u>	<u>\$ 14,105</u>

The General Fund payable to the Enterprise Funds is related to expenses paid by the General Fund, but reimbursed by the associated funds. The Non-Major Governmental Fund payable to the General Fund is related to negative cash at year-end.

Transfers between funds during the year were as follows:

Transfer Out	Transfer In	Amount	Purpose
Debt Service Fund	Water and Sewer Fund	\$ 233,581	To subsidize the water and sewer debt payments
Storm Water Fund	General Fund	2,500	To fund information technology expenses
Storm Water Fund	General Fund	37,600	Cost allocation for administrative costs
General Fund	Capital Projects Fund	245,830	Cost allocation for street repairs
General Fund	Capital Projects Fund	162,000	Cost allocation for administrative costs
Non-major Governmental Fund	General Fund	130,000	Cost allocation for marketing costs
Storm Water Fund	Water and Sewer Fund	20,000	Cost allocation for billing costs
Water and Sewer Fund	General Fund	655,000	Cost allocation for administrative costs
		<u>\$ 1,486,511</u>	

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the Town's annual budget.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Note 7. Long-Term Debt

The Town issues general obligation bonds and certificates of obligation and revenue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The Town also issues combination tax and limited surplus certificates of obligation that are secured by ad valorem taxes as well as a limited pledge of the surplus net revenues of the Town's waterworks and sewer system.

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

	Beginning Balance	Additions	Retired or Refunded	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 2,562,179	\$ -	\$ (258,535)	\$ 2,303,644	\$ 267,275
Certificates of obligation	16,976,775	-	(885,489)	16,091,286	1,027,338
Unamortized bond premium	902,647	-	(100,137)	802,510	-
Net pension liability	962,683	-	(313,647)	649,036	-
Net OPEB liability	43,199	13,086	-	56,285	-
Compensated absences	521,302	574,252	(521,302)	574,252	574,252
Capital Lease	545,781	-	(136,641)	409,140	139,149
	<u>22,514,566</u>	<u>587,338</u>	<u>(2,215,751)</u>	<u>20,886,153</u>	<u>2,008,014</u>
Business-type activities:					
General obligation bonds	4,562,821	-	(826,465)	3,736,356	537,725
Certificates of obligation	633,225	-	(94,511)	538,714	97,662
Unamortized bond premium	182,037	-	(29,665)	152,372	-
Net pension liability	185,408	-	(55,057)	130,351	-
Net OPEB liability	7,584	2,297	-	9,881	-
Compensated absences	55,210	68,298	(55,210)	68,298	68,298
	<u>5,626,285</u>	<u>70,595</u>	<u>(1,060,908)</u>	<u>4,635,972</u>	<u>703,685</u>
Total Primary Government	<u>\$ 28,140,851</u>	<u>\$ 657,933</u>	<u>\$ (3,276,659)</u>	<u>\$ 25,522,125</u>	<u>\$ 2,711,699</u>

Town of Fairview, Texas

Notes to the Basic Financial Statements

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2018.

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/2018
General Obligation Bonds:					
Improvements	\$ 2,830,000	2007	2027	4.00% - 4.25%	\$ 790,000
Improvements	658,172	2013	2025	0.7% - 2.75%	459,974
Improvements	1,161,898	2016	2027	2.00% - 4.00%	1,053,670
Total General Obligation Bonds					<u>2,303,644</u>
Certificates of Obligation:					
Improvements	1,129,780	2007	2027	4.00% - 4.25%	316,286
Improvements	3,435,000	2008	2028	3.00% - 4.35%	2,055,000
Improvements	3,300,000	2009	2029	2.50% - 4.30%	2,100,000
Improvements	3,100,000	2010	2030	2.00% - 4.00%	2,090,000
Improvements	1,665,000	2012	2032	0.5% - 3.815%	1,255,000
Improvements	3,565,000	2013	2028	0.30% - 3.20%	2,535,000
Improvements	5,840,000	2016	2036	2.00% - 4.00%	5,740,000
Total Certificates of Obligation					<u>16,091,286</u>
Total Governmental Activities Debt					<u>\$ 18,394,930</u>

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/2018
General Obligation Bonds:					
Improvements	2,325,000	2012	2022	2.09%	\$ 1,440,000
Improvements	1,101,828	2013	2025	0.7% - 2.75%	770,027
Improvements	1,683,102	2016	2027	2.00% - 4.00%	1,526,329
Total General Obligation Bonds					<u>3,736,356</u>
Certificates of Obligation:					
Improvements	1,930,220	2007	2027	4.00% - 4.25%	538,714
Total Certificates of Obligation					<u>538,714</u>
Total Business-Type Activities Debt					<u>\$ 4,275,070</u>

Town of Fairview, Texas
Notes to the Basic Financial Statements

The annual aggregate maturities for each bond type are as follows:

General Obligation Bonds and Certificates of Obligation:

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,294,613	\$ 649,202	\$ 1,943,815	\$ 635,387	\$ 120,138	\$ 755,525
2020	1,365,354	607,280	1,972,634	654,645	103,817	758,462
2021	1,420,944	562,604	1,983,548	674,056	86,878	760,934
2022	1,463,727	515,000	1,978,727	696,273	69,399	765,672
2023	1,502,446	465,588	1,968,034	327,554	51,308	378,862
2024-2028	7,242,846	1,536,545	8,779,391	1,287,155	106,925	1,394,080
2029-2033	2,850,000	482,395	3,332,395	-	-	-
2034-2036	1,255,000	76,700	1,331,700	-	-	-
Total	<u>\$ 18,394,930</u>	<u>\$ 4,895,314</u>	<u>\$ 23,290,244</u>	<u>\$ 4,275,070</u>	<u>\$ 538,465</u>	<u>\$ 4,813,535</u>

Compensated Absences

Substantially all vacation and sick leave is paid by the General Fund. Accrued vacation and sick pay are reported in governmental funds only if termination has occurred and the balance is due. Accrued vacation and sick leave is typically used in the following fiscal year and therefore is categorized as due within one year.

Capital Leases

On November 21, 2014, the Town entered into an agreement with BB&T to purchase two ambulances. The agreement is for an approximate 5-year term based on delivery of the equipment and expires on November 26, 2019. Payments are \$79,780 annually and carry an effective interest rate of 1.64%.

On June 14, 2017, the Town entered into an agreement with BB&T to purchase various communications equipment for the Police and Fire departments. The agreement is for an approximate 5 year term and expires June 1, 2022. Payments are \$67,238 annually and carry an effective interest rate of 2.08%.

The assets acquired through capital leases are as follows as of September 30, 2018:

Asset:	Governmental Activities
Motor vehicles	\$ 363,099
Communications equipment	294,407
Less: accumulated depreciator	<u>(350,286)</u>
Total	<u>\$ 307,220</u>

Town of Fairview, Texas

Notes to the Basic Financial Statements

Pursuant to the terms of the capital lease agreements, the following schedule represents the net present value of these minimum lease payments as of September 30:

Year Ending September 30,	Governmental Activities
2019	\$ 144,913
2020	147,018
2021	67,238
2022	67,236
Total minimum lease payments	426,405
Less: amount representing interest	(17,265)
Present value of minimum lease payments	<u>\$ 409,140</u>

Note 8. Pension Plan

A. Plan Description

The Town participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the town are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the town, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints of the statutes.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Employees covered by benefit terms

At December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	41
Active employees	68
Total	<u>115</u>

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town of Fairview were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town of Fairview were 10.72% and 10.98% in calendar years 2017 and 2018, respectively. The Town's contributions to TMRS for the year ended September 30, 2018, were \$535,533, and were equal to the required contributions.

D. Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Allocations

The Town's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and the business-type activities using a contribution-based method.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/16	\$ 6,742,897	\$ 5,594,806	\$ 1,148,091
Changes for the year:			
Service cost	775,570	-	775,570
Interest	479,376	-	479,376
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,978	-	1,978
Changes of assumptions	-	-	-
Contributions - employer	-	512,655	(512,655)
Contributions - employee	-	340,274	(340,274)
Net investment income	-	776,920	(776,920)
Benefit payments, including refunds of employee contributions	(57,621)	(57,621)	-
Administrative expense	-	(4,019)	4,019
Other changes	-	(202)	202
Net Changes	<u>1,199,303</u>	<u>1,568,007</u>	<u>(368,704)</u>
Balance at 12/31/17	<u>\$ 7,942,200</u>	<u>\$ 7,162,813</u>	<u>\$ 779,387</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Liability	\$2,085,879	\$779,387	(\$276,768)

Town of Fairview, Texas

Notes to the Basic Financial Statements

Pension Plan Fiduciary Net Position

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

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the Town recognized pension expense of \$526,700. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 17,539	\$ (117,344)
Changes in actuarial assumptions	77,526	-
Difference between projected and actual investment earnings	-	(196,999)
Contributions subsequent to the measurement date	412,444	-
Total	<u>\$ 507,509</u>	<u>\$ (314,343)</u>

The \$412,444 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will reduce the net pension liability during the year ending September 30, 2019. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	
2019	\$ (14,544)
2020	(23,473)
2021	(81,563)
2022	(88,698)
2023	(11,228)
Thereafter	228
	<u>\$ (219,278)</u>

Town of Fairview, Texas

Notes to the Basic Financial Statements

Note 9. Other Post-Employment Benefits (OPEB) Plan

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active member, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The Town has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for Town reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	1
Active employees	68
	<hr/>
	73

C. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of the plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.01% in both calendar years 2017 and 2018. The Town's contributions to the SDBF for the year ended September 30, 2018 were \$490, and were equal to the required contributions.

Town of Fairview, Texas

Notes to the Basic Financial Statements

D. Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.31%
Retiree's share of benefit-related costs	0.00%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 3.31% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/16	\$ 50,782
Changes for the year	
Service Cost	8,533
Interest on Total OPEB Liability	2,072
Changes of Benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	5,252
Benefit payments	(473)
Net changes	15,384
Balance at 12/31/17	\$ 66,166

Town of Fairview, Texas

Notes to the Basic Financial Statements

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.31%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

	1% Decrease (2.31%)	Current Discount Rate (3.31%)	1% Increase (4.31%)
Total OPEB Liability	\$ 79,402	\$ 66,166	\$ 55,696

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the Town recognized pension expense of \$11,136. At September 30, 2018, the Town reported deferred outflows of resources related to OPEB from the following sources. There were no deferred inflows of resources related to OPEB in the current fiscal year.

	Deferred Outflows of Resources
Changes in actuarial assumptions	\$ 4,721
Contributions subsequent to the measurement date	376
	<u>\$ 5,097</u>

The \$376 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB Liability during the year ending September 30, 2019. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Fiscal Year Ended	
2019	\$ 531
2020	531
2021	531
2022	531
2023	531
Thereafter	2,066
	<u>\$ 4,721</u>

Town of Fairview, Texas

Notes to the Basic Financial Statements

Note 10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town 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 1,115 individual governmental units located within 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 \$1,000,000 per occurrence with a \$2,000,000 annual aggregate. There is a deductible of \$5,000 due from the Town per claim for errors and omissions liability claims and a \$2,500 deductible for general liability.

There were no reductions in insurance coverage and the Town had not been declined coverage for any exposures or limits of liability and/or scheduled covered amounts from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

Note 11. Tax Abatements

The Town enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate on sales taxes and may include other incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case by case basis by the Town Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the Town to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the Town. For the fiscal year ending September 30, 2018, the Town rebated \$342,000 in sales taxes.



Required Supplementary Information

Town of Fairview, Texas

Schedule of Revenues, Expenditures and Changes

In Fund Balances – Budget (GAAP Basis) and Actual – General Fund

For the Fiscal Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ 3,956,455	\$ 3,959,500	\$ 3,979,969	\$ 20,469
Sales taxes	1,575,000	1,575,000	1,552,127	(22,873)
Franchise taxes	679,900	673,000	684,380	11,380
Mixed beverage taxes	75,000	65,000	71,536	6,536
Charges for services	319,475	364,900	399,228	34,328
Permits	412,696	324,600	371,764	47,164
Fines and forfeitures	422,804	421,670	397,485	(24,185)
Intergovernmental	83,500	83,000	83,025	25
Interest Income	40,000	146,000	165,354	19,354
Miscellaneous	183,732	206,000	201,811	(4,189)
Total revenues	7,748,562	7,818,670	7,906,679	88,009
Expenditures:				
Current:				
General government	2,424,645	2,426,339	2,211,765	214,574
Public safety	5,321,301	5,129,148	5,080,301	48,847
Public works	512,079	392,702	282,739	109,963
Inspections	210,506	175,037	185,470	(10,433)
Municipal court	194,263	180,897	178,482	2,415
Parks and recreation	197,621	197,617	172,972	24,645
Capital outlay	160,036	210,200	222,518	(12,318)
Total expenditures	9,020,451	8,711,940	8,334,247	377,693
Excess (deficiency) of revenues over (under) expenditures	(1,271,889)	(893,270)	(427,568)	465,702
Other financing sources (uses):				
Proceeds from the sale of assets	-	125,000	125,000	-
Proceeds from capital lease	178,846	-	-	-
Transfers in	1,045,829	825,100	825,100	-
Transfers out	-	-	(407,830)	(407,830)
Total other financing sources (uses)	1,224,675	950,100	542,270	(407,830)
Net change in fund balance	(47,214)	56,830	114,702	57,872
Fund balance at beginning of year	5,006,322	5,006,322	5,006,322	-
Fund balance, end of year	\$ 4,959,108	\$ 5,063,152	\$ 5,121,024	\$ 57,872

Town of Fairview, Texas

Notes to Budgetary Comparison Schedule
For the Fiscal Year Ended September 30, 2018

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. An annual appropriated budget is legally adopted for the general fund. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the basic 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. Prior to October 1, the budget is legally enacted through the passage of an ordinance, and can be amended by the Council.
4. The Town Manager is authorized to transfer budgeted amounts between departments within any fund. 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.

Excess Expenditures Over Appropriations

The Town's expenditures exceeded budgeted appropriations in two functions: Inspections (\$10,433) and Capital Outlay (\$12,318).

Town of Fairview, Texas

Texas Municipal Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Measurement Years

(Unaudited)

	Measurement Year			
	2017	2016	2015	2014
Total pension liability:				
Service cost	\$ 775,570	\$ 654,747	\$ 591,290	\$ 503,147
Interest (on the Total Pension Liability)	479,376	413,636	362,744	304,442
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	1,978	(83,513)	(107,256)	38,408
Change in assumptions	-	-	143,787	-
Benefit payments, including refunds of employee contributions	(57,621)	(85,073)	(67,750)	(46,631)
Net change in total pension liability	1,199,303	899,797	922,815	799,366
Total pension liability - beginning	6,742,897	5,843,100	4,920,285	4,120,919
Total pension liability - ending (a)	7,942,200	6,742,897	5,843,100	4,920,285
Plan fiduciary net position:				
Contributions - employer	512,655	385,302	339,813	276,717
Contributions - employee	340,274	281,871	263,130	233,376
Net investment income	776,920	318,080	6,143	200,316
Benefit payments, including refunds of employee contributions	(57,621)	(85,073)	(67,750)	(46,631)
Administrative expense	(4,019)	(3,586)	(3,739)	(2,090)
Other	(202)	(194)	(185)	(172)
Net change in plan fiduciary net position	1,568,007	896,400	537,412	661,516
Plan fiduciary net position - beginning	5,594,806	4,698,406	4,160,994	3,499,478
Plan fiduciary net position - ending (b)	7,162,813	5,594,806	4,698,406	4,160,994
Net pension liability - ending (a) - (b)	\$ 779,387	\$ 1,148,091	\$ 1,144,694	\$ 759,291
Plan fiduciary net position as a percentage of total pension liability	90.19%	82.97%	80.41%	84.57%
Covered payroll	4,740,656	4,026,734	\$ 3,758,998	\$ 3,333,941
Net pension liability as a percentage of covered payroll	16.44%	28.51%	30.45%	22.77%

Note: Only four years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Town of Fairview, Texas
Texas Municipal Retirement System
Schedule of Pension Contributions
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Actuarially determined contribution	\$ 535,533	\$ 508,156	\$ 385,928	\$ 330,951
Contributions in relation of the actuarially determined contribution	535,533	508,156	385,928	330,951
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,904,537	\$ 4,613,774	\$ 4,026,859	\$ 3,680,512
Contributions as a percentage of covered payroll	10.92%	11.01%	9.58%	8.99%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Note: Only four years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Town of Fairview, Texas

Texas Municipal Retirement System

Schedule of Changes in Total OPEB Liability and Related Ratios

Last Ten Fiscal Years

(Unaudited)

	Measurement year 2017
Total OPEB Liability:	
Changes for the year	
Service Cost	\$ 8,533
Interest on Total OPEB Liability	2,072
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	5,252
Benefit payments	(473)
Net change in total OPEB liability	15,384
Total OPEB Liability - beginning	50,782
Total OPEB Liability - ending	<u>\$ 66,166</u>
Covered payroll	\$ 4,740,656
Total OPEB Liability as a percentage of covered payroll	1.40%

Note: Only one year of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplemental Death Benefit Fund (SDBF) is considered to be an unfunded OPEB Plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Changes in assumptions: The initial discount rate for the 12/31/16 measurement was 3.81%. The discount rate for the 12/31/17 measurement was 3.31% which caused an actuarial gain.

Town of Fairview, Texas
Texas Municipal Retirement System
Schedule of OPEB Contributions
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year 2018
Actuarially determined contribution	\$ 490
Contributions in relation to the actuarially determined contribution	<u>(490)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 4,904,537
Contributions as a percentage of covered payroll	0.01%

Note: GASB #75, paragraph 57 requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only one year of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

Town of Fairview, Texas

Notes to Texas Municipal Retirement System Required Supplementary Information

For the Fiscal Year Ended September 30, 2018

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31 each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other information:

There were no benefit changes during the year.

Combining and Individual Fund Financial Statements and Schedules



Listing of Non-Major Governmental Funds

Special Revenue Funds

Court Fund – Accounts for fines and forfeitures assessed which are restricted for court technology and security disbursements.

Fire Donations Fund – Accounts for funds provided by private donors or donations from the \$1 fire donation selection on each utility customer's monthly bill to assist in the purchase of fire department equipment and related expenses.

Tax Increment Reinvestment Zone – Accounts for property taxes on improvements in the Town's Tax Increment Reinvestment Zone Number One. These funds may only be used for capital improvements within the zone.

Hotel/Motel Fund – Accounts for hotel/motel taxes from the Town's two hotels. These funds may only be used for development costs within the town.

Town of Fairview, Texas
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2018

	<u>Court</u>	<u>Fire Donations</u>	<u>Tax Increment Reinvestment Zone</u>	<u>Hotel/Motel</u>	<u>Total Non-major Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 207,728	\$ 41,091	\$ 182,240	\$ -	\$ 431,059
Other receivable	-	2,807	-	14,210	17,017
Total assets	<u>\$ 207,728</u>	<u>\$ 43,898</u>	<u>\$ 182,240</u>	<u>\$ 14,210</u>	<u>\$ 448,076</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to (from) other funds	-	-	-	6,264	6,264
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,264</u>	<u>6,264</u>
Fund balances:					
Restricted					
Fire	-	43,898	-	-	43,898
Court	207,728	-	-	-	207,728
Development	-	-	182,240	7,946	190,186
Total fund balance	<u>207,728</u>	<u>43,898</u>	<u>182,240</u>	<u>7,946</u>	<u>441,812</u>
Total liabilities and fund balances	<u>\$ 207,728</u>	<u>\$ 43,898</u>	<u>\$ 182,240</u>	<u>\$ 14,210</u>	<u>\$ 448,076</u>

Town of Fairview, Texas

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Non-Major Governmental Funds
For the Fiscal Year Ended September 30, 2018

	Court	Fire Donations	Tax Increment Reinvestment Zone	Hotel/Motel	Total Non-major Governmental Funds
Revenues:					
Taxes:					
Property taxes	\$ -	\$ -	\$ 137,853	\$ -	\$ 137,853
Other	-	-	-	148,370	148,370
Fines and forfeitures	21,880	-	-	-	21,880
Miscellaneous	-	36,083	-	-	36,083
Total revenues	<u>21,880</u>	<u>36,083</u>	<u>137,853</u>	<u>148,370</u>	<u>344,186</u>
Expenditures:					
Current:					
Municipal court	5,996	-	-	-	5,996
Public safety	-	9,289	-	-	9,289
Development	-	-	-	10,424	10,424
Capital outlay	-	25,160	-	-	25,160
Total expenditures	<u>5,996</u>	<u>34,449</u>	<u>-</u>	<u>10,424</u>	<u>50,869</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,884</u>	<u>1,634</u>	<u>137,853</u>	<u>137,946</u>	<u>293,317</u>
Other financing sources (uses):					
Transfers out	-	-	-	(130,000)	(130,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,000)</u>	<u>(130,000)</u>
Net change in fund balance	15,884	1,634	137,853	7,946	163,317
Fund balance at beginning of year	191,844	42,264	44,387	-	278,495
Fund balance, end of year	<u>\$ 207,728</u>	<u>\$ 43,898</u>	<u>\$ 182,240</u>	<u>\$ 7,946</u>	<u>\$ 441,812</u>



Statistical Section



Town of Fairview, Texas

Statistical Section

Table of Contents

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, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Table #s</u>
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	A-1 to A-4
Revenue Capacity These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.	B-1 to B-5
Debt Capacity These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	C-1 to C-5
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	D-1 to D-2
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town	E-1 to E-3

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

Town of Fairview, Texas

Net Position by Component

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 6,330	\$ 7,104	\$ 8,608	\$ 9,526
Restricted	1,810	2,118	2,805	2,478
Unrestricted	5,217	5,907	4,598	4,567
Total governmental activities net position	<u>\$ 13,357</u>	<u>\$ 15,129</u>	<u>\$ 16,011</u>	<u>\$ 16,571</u>
Business-type activities				
Net investment in capital assets	\$ 1,239	\$ 4,228	\$ 4,885	\$ 5,112
Restricted	2,413	147	-	-
Unrestricted	5,974	5,952	7,075	7,574
Total business-type activities net position	<u>\$ 9,626</u>	<u>\$ 10,327</u>	<u>\$ 11,960</u>	<u>\$ 12,686</u>
Primary government				
Net investment in capital assets	\$ 7,569	\$ 11,332	\$ 13,493	\$ 14,638
Restricted	4,223	2,265	2,805	2,478
Unrestricted	11,191	11,859	11,673	12,141
Total primary governmental net position	<u>\$ 22,983</u>	<u>\$ 25,456</u>	<u>\$ 27,971</u>	<u>\$ 29,257</u>

Source: Comprehensive Annual Financial Report

Table A-1

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 9,946	\$ 8,831	\$ 8,453	\$ 10,294	\$ 12,253	\$ 14,073
507	763	964	1,122	3,336	3,448
3,954	4,314	5,212	5,105	2,975	4,642
<u>\$ 14,407</u>	<u>\$ 13,908</u>	<u>\$ 14,629</u>	<u>\$ 16,521</u>	<u>\$ 18,564</u>	<u>\$ 22,163</u>
\$ 6,482	\$ 6,895	\$ 7,130	\$ 7,701	\$ 8,335	\$ 9,139
-	428	433	182	92	328
6,345	4,779	4,416	4,419	4,251	4,656
<u>\$ 12,827</u>	<u>\$ 12,102</u>	<u>\$ 11,979</u>	<u>\$ 12,302</u>	<u>\$ 12,678</u>	<u>\$ 14,123</u>
\$ 16,428	\$ 15,726	\$ 15,583	\$ 17,995	\$ 20,588	\$ 23,212
507	1,191	1,397	1,304	3,428	3,776
10,299	9,093	9,628	9,524	7,226	9,298
<u>\$ 27,234</u>	<u>\$ 26,010</u>	<u>\$ 26,608</u>	<u>\$ 28,823</u>	<u>\$ 31,242</u>	<u>\$ 36,286</u>

Town of Fairview, Texas

Changes in Net Position

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 1,660	\$ 1,452	\$ 1,870	\$ 1,404
Public safety	1,980	2,626	3,235	3,520
Municipal court	119	124	132	127
Public works	1,072	886	1,097	1,213
Parks and recreation	82	77	84	84
Inspections	-	-	-	-
Economic development	16	-	-	-
Interest and fiscal charges	435	464	531	505
Total governmental activities expenses	<u>5,364</u>	<u>5,629</u>	<u>6,949</u>	<u>6,853</u>
Business-type activities:				
Water and sewer	3,022	3,102	3,212	3,837
Solid waste	-	-	-	-
Stormwater	-	-	-	-
Total business-type activities expenses	<u>3,022</u>	<u>3,102</u>	<u>3,212</u>	<u>3,837</u>
Total primary government expenses	<u>\$ 8,386</u>	<u>\$ 8,731</u>	<u>\$ 10,161</u>	<u>\$ 10,690</u>
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 592	\$ 298	\$ 88	\$ 100
Public safety	244	323	338	267
Public works	546	1,052	1,226	985
Parks and recreation	4	-	-	-
Non-departmental	-	-	-	-
Debt service	-	-	-	-
Operating grants and contributions	47	55	85	153
Capital grants and contributions	71	74	65	176
Total governmental activities program revenues	<u>1,504</u>	<u>1,802</u>	<u>1,802</u>	<u>1,681</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,128	3,205	4,110	4,015
Solid waste	-	-	-	-
Stormwater	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>3,128</u>	<u>3,205</u>	<u>4,110</u>	<u>4,015</u>
Total primary government program revenues	<u>\$ 4,632</u>	<u>\$ 5,007</u>	<u>\$ 5,912</u>	<u>\$ 5,696</u>

Source: Comprehensive Annual Financial Report

Table A-2 (Continued)

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	2,746	\$	2,789	\$	2,156	\$	2,863	\$	2,945	\$	3,309
	3,631		3,955		4,354		4,625		5,314		5,442
	129		159		182		173		189		182
	567		1,202		574		660		913		790
	99		162		156		221		267		264
	100		103		96		204		138		183
	-		-		-		-		-		-
	698		778		674		728		704		593
	7,970		9,148		8,192		9,474		10,470		10,763
	4,195		4,211		4,584		4,824		5,044		5,423
	-		615		581		616		659		686
	-		195		357		316		224		248
	4,195		5,021		5,522		5,756		5,927		6,357
\$	12,165	\$	14,169	\$	13,714	\$	15,230	\$	16,397	\$	17,120
\$	295	\$	297	\$	376	\$	450	\$	433	\$	399
	302		388		436		424		448		419
	291		290		272		695		641		574
	11		48		49		49		49		48
	432		-		-		-		-		-
	239		241		243		243		77		-
	107		230		52		55		58		119
	-		77		243		1,786		1,264		3,073
	1,677		1,571		1,671		3,702		2,970		4,632
	4,157		3,742		4,904		5,053		5,557		7,221
	-		607		616		625		673		710
	-		295		301		308		319		331
	-		-		-		-		110		-
	4,157		4,644		5,821		5,986		6,659		8,262
\$	5,834	\$	6,215	\$	7,492	\$	9,688	\$	9,629	\$	12,894

Town of Fairview, Texas

Changes in Net Position – Continued

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year			
	2009	2010	2011	2012
Net (Expenses) Revenue				
Governmental activities	\$ (3,860)	\$ (3,827)	\$ (5,147)	\$ (5,172)
Business-type activities	106	103	898	178
Total primary government	<u>\$ (3,754)</u>	<u>\$ (3,724)</u>	<u>\$ (4,249)</u>	<u>\$ (4,994)</u>
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 3,554	\$ 3,857	\$ 4,146	\$ 4,282
Sales taxes	924	939	2,608	2,767
Franchise taxes	461	458	605	608
Mixed beverage taxes	-	-	-	67
Unrestricted investment earnings	227	36	31	25
Miscellaneous	103	91	179	93
Gains on sale of assets	-	313	-	-
Transfers	(86)	(586)	(741)	(518)
Total governmental activities	<u>5,183</u>	<u>5,108</u>	<u>6,828</u>	<u>7,324</u>
Business-type activities:				
Unrestricted investment earnings	52	12	3	3
Transfers	86	587	741	518
Total business-type activities	<u>138</u>	<u>599</u>	<u>744</u>	<u>521</u>
Total primary government	<u>\$ 5,321</u>	<u>\$ 5,707</u>	<u>\$ 7,572</u>	<u>\$ 7,845</u>
Change in Net Position				
Governmental activities	\$ 1,356	\$ (39)	\$ 1,656	\$ 1,031
Business-type activities	241	1,497	922	483
Total primary government	<u>\$ 1,597</u>	<u>\$ 1,458</u>	<u>\$ 2,578</u>	<u>\$ 1,514</u>

Source: Comprehensive Annual Financial Report

Table A-2 (Concluded)

Fiscal Year						
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
\$ (6,293)	\$ (7,577)	\$ (6,521)	\$ (5,772)	\$ (7,500)	\$ (6,131)	
(38)	(377)	299	230	732	1,905	
\$ (6,331)	\$ (7,954)	\$ (6,222)	\$ (5,542)	\$ (6,768)	\$ (4,226)	
\$ 4,279	\$ 4,509	\$ 4,886	\$ 5,297	\$ 5,811	\$ 6,484	
1,448	1,453	1,519	1,626	1,577	1,552	
563	649	669	647	657	684	
69	77	77	83	73	220	
19	23	25	32	66	210	
162	16	63	70	1,000	161	
-	-	-	-	-	-	
(262)	349	354	(91)	359	462	
6,278	7,076	7,593	7,664	9,543	9,773	
3	1	-	1	4	8	
262	(349)	(354)	91	(359)	(462)	
265	(348)	(354)	92	(355)	(454)	
\$ 6,543	\$ 6,728	\$ 7,239	\$ 7,756	\$ 9,188	\$ 9,319	
\$ (1,299)	\$ 555	\$ 1,821	\$ 1,892	\$ 2,043	\$ 3,642	
(112)	(49)	(124)	322	377	1,451	
\$ (1,411)	\$ 506	\$ 1,697	\$ 2,214	\$ 2,420	\$ 5,093	

Town of Fairview, Texas

Fund Balances, Governmental Funds

Last Ten Fiscal Years (Unaudited)

(Modified Accrual Basis of Accounting) – Amounts Expressed in Thousands

	Fiscal Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-	-
Unassigned	5,084	6,065	4,628	4,198	4,158
Total general fund	<u>\$ 5,084</u>	<u>\$ 6,065</u>	<u>\$ 4,628</u>	<u>\$ 4,198</u>	<u>\$ 4,158</u>
All Other Governmental Funds					
Restricted	\$ 7,666	\$ 302	\$ 430	\$ 4,457	\$ 1,736
Assigned	-	-	-	-	66
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 7,666</u>	<u>\$ 302</u>	<u>\$ 430</u>	<u>\$ 4,457</u>	<u>\$ 1,802</u>

Source: Comprehensive Annual Financial Report

Table A-3

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
\$	1	\$	3	\$	5
	78		63		96
	3,878		4,056		4,913
<hr/>					
\$	3,957	\$	4,122	\$	5,014
<hr/>					
\$	2,425	\$	1,712	\$	5,595
	726		1,379		914
	-		-		-
<hr/>					
\$	3,151	\$	3,091	\$	6,509
<hr/>					
				\$	3,378
					1,952
					-
<hr/>					
				\$	3,440
					3,441
					-
<hr/>					
				\$	6,881

Town of Fairview, Texas

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years (Unaudited)

(Modified Accrual Basis of Accounting) – Amounts Expressed in Thousand

	Fiscal Year			
	2009	2010	2011	2012
REVENUES				
Taxes	\$ 4,910	\$ 5,254	\$ 6,055	\$ 6,308
Licenses and permits	532	527	726	417
Intergovernmental revenue and grants	119	52	54	133
Charges for services	560	824	588	668
Fines and forfeitures	244	323	338	267
Interest earnings	227	39	33	25
Other revenue	50	77	95	196
Miscellaneous	104	91	179	126
Total revenues	<u>6,746</u>	<u>7,187</u>	<u>8,068</u>	<u>8,140</u>
EXPENDITURES				
General government	1,116	1,011	1,681	1,184
Public safety	1,852	2,379	2,945	3,235
Public works	1,041	695	687	770
Parks and recreation	66	60	70	75
Inspections	427	413	129	108
Municipal court	119	125	131	127
Economic development	16	30	-	-
Capital outlay	4,157	7,867	4,965	2,132
Debt service				
Principal retirement	769	519	579	597
Interest and fiscal charges	421	439	574	525
Total expenditures	<u>9,984</u>	<u>13,538</u>	<u>11,761</u>	<u>8,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,238)</u>	<u>(6,351)</u>	<u>(3,693)</u>	<u>(613)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds	3,324	-	3,100	4,730
Proceeds from sale of capital assets	-	332	-	-
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from capital lease obligation	-	-	-	-
Premium (cost) on bonds issued	-	-	71	(94)
Transfer from other funds	600	696	2,047	1,199
Transfer to other funds	(686)	(1,283)	(2,788)	(1,744)
Total other financing sources (uses)	<u>3,238</u>	<u>(255)</u>	<u>2,430</u>	<u>4,091</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ (6,606)</u>	<u>\$ (1,263)</u>	<u>\$ 3,478</u>
Debt service as a percentage of noncapital expenditures	13.5%	20.3%	20.4%	20.4%

Source: Comprehensive Annual Financial Report

Table A-4

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 6,386	\$ 6,622	\$ 7,116	\$ 7,686	\$ 8,029	\$ 8,843	
295	269	368	433	402	372	
75	258	86	272	22	83	
904	289	391	529	482	399	
301	388	436	424	448	419	
19	23	25	32	66	210	
70	242	97	615	608	175	
194	138	192	200	363	3,312	
8,244	8,229	8,711	10,191	10,420	13,813	
2,491	2,167	1,801	2,496	2,185	2,212	
3,248	3,576	3,962	4,168	4,774	5,125	
207	1,168	231	258	785	389	
89	97	91	151	176	173	
98	103	96	202	134	185	
127	159	181	171	185	184	
-	-	-	-	-	-	
3,130	2,129	1,239	3,022	2,324	2,478	
785	1,032	1,041	1,149	3,682	1,281	
655	793	697	826	797	707	
10,830	11,224	9,339	12,443	15,042	12,734	
(2,586)	(2,995)	(628)	(2,252)	(4,622)	1,079	
-	4,223	-	7,002	-	-	
-	4	74	-	2,762	125	
-	(687)	-	(1,264)	-	-	
-	-	380	-	316	-	
-	253	-	915	-	-	
905	839	1,043	1,069	3,308	1,232	
(1,167)	(489)	(690)	(1,160)	(2,949)	(771)	
(262)	4,143	807	6,562	3,437	586	
\$ (2,848)	\$ 1,148	\$ 179	\$ 4,310	\$ (1,185)	\$ 1,665	
23.0%	20.1%	21.5%	21.0%	35.2%	19.4%	

Town of Fairview, Texas
 Appraised Value of Property
 Last Ten Fiscal Years (Unaudited)

Table B-1

Fiscal Year	Tax Year	Market Valuation			Less: Tax-Exempt Property, Productivity Loss, and Value Caps	Total Taxable Assessed Value	Total Direct Tax Rate
		Real Property	Personal Property				
2009	2008	1,107,409,693	7,916,547	150,738,039	964,588,201	0.365000	
2010	2009	1,211,614,266	8,838,553	166,323,319	1,054,129,500	0.365000	
2011	2010	1,282,635,299	22,576,547	173,400,355	1,131,811,491	0.365000	
2012	2011	1,310,018,060	49,458,016	174,547,123	1,184,928,953	0.360000	
2013	2012	1,339,593,650	50,432,177	185,602,810	1,204,423,017	0.360000	
2014	2013	1,396,288,609	47,135,219	198,868,444	1,244,555,384	0.360000	
2015	2014	1,525,690,616	44,701,224	229,755,027	1,340,636,813	0.359999	
2016	2015	1,680,650,568	41,697,451	281,645,477	1,440,702,542	0.359999	
2017	2016	1,848,561,560	54,464,236	315,382,802	1,587,642,994	0.359999	
2018	2017	2,021,168,624	56,972,758	309,645,998	1,768,495,384	0.359999	

Source: Collin Central Appraisal District

Town of Fairview, Texas

Table B-2

Direct and Overlapping Property Tax Rates (Per \$100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Town Direct Rates			Overlapping Rates ^o			Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Town Rate	Lovejoy Independent School District	Collin College	Collin County	
2009	0.159478	0.205522	0.365000	1.515000	0.086500	0.242500	2.209000
2010	0.174010	0.190990	0.365000	1.535000	0.086300	0.242500	2.228800
2011	0.176163	0.188837	0.365000	1.535000	0.086300	0.240000	2.226300
2012	0.183263	0.176737	0.360000	1.535000	0.086300	0.240000	2.221300
2013	0.199606	0.160394	0.360000	1.535000	0.086300	0.240000	2.221300
2014	0.216291	0.143709	0.360000	1.535000	0.083600	0.237500	2.216100
2015	0.221733	0.138266	0.359999	1.560000	0.081960	0.235000	2.236959
2016	0.225858	0.134141	0.359999	1.560000	0.081960	0.225000	2.226959
2017	0.227856	0.132143	0.359999	1.670000	0.081222	0.208395	2.319616
2018	0.231409	0.128590	0.359999	1.670000	0.079810	0.192246	2.302055

^o Overlapping rates are those of local and county governments that apply to property owners within the Town of Fairview. A typical property tax bill would consist of the Town, School District, College District and County taxes.

Source: Town of Fairview, Lovejoy ISD, Collin College and Collin County

Note: Tax rates are applied on each \$100 of assessed value and are levied on 100% of assessed value.

Town of Fairview, Texas
Principal Property Tax Payers
Current Year and Ten Years Ago (Unaudited)

Table B-3

FY 2017-2018
(2017 Certified Tax Roll)

Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Village FV LTD	\$ 54,100,000	3.06%
Cortona Gardens Multifamily Dallas LP	38,356,990	2.17%
Azure Fairview LP	36,696,141	2.07%
Carrington Fairview Partners LLC	30,514,520	1.73%
Cortona Lofts Multifamily Dallas LP	14,368,019	0.81%
Macys Retail Holdings Inc	13,081,077	0.74%
Dillard's Properties Inc	12,000,000	0.68%
Toll Dallas TX LLC	9,999,776	0.57%
CRP-GREP Overture Fairview Owner LP	8,326,721	0.47%
JC Penney Properties, Inc.	8,239,171	0.47%
Total	\$ 225,682,415	12.76%
Total Assessed Valuation	\$ 1,768,495,384	100.00%

FY 2007-2008
(2007 Certified Tax Roll)

Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Village at Fairview LP	\$ 34,604,885	3.96%
Tranquility Farms LP	4,440,000	0.51%
VP Associates LTD	3,969,084	0.45%
Fairviw Cypress Crossing LTD	3,525,000	0.40%
Lee Chong Y & Chung J	2,700,000	0.31%
Bayless Jon W & Rebecca L	2,486,268	0.28%
Weekley Homes LP	2,316,662	0.26%
Village Fairview LP	2,242,273	0.26%
Homeowners Assoc. of Heritage Ranch Inc	2,232,534	0.26%
Grand Homes 2002 LP	2,136,474	0.24%
Total	\$ 60,653,180	6.93%
Total Assessed Valuation	\$ 874,932,914	100.00%

Source: Collin Central Appraisal District

Note: Property is assessed as of January 1 and certified to the town by July 25 for taxable values

Town of Fairview, Texas
Property Tax Levies And Collections
Last Ten Fiscal Years (Unaudited)

Table B-4

Fiscal Year	Levy Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2009	2008	3,590,715	3,524,764	98.16%	-	3,524,764	98.16%
2010	2009	3,923,243	3,859,866	98.38%	8,297	3,868,163	98.60%
2011	2010	4,106,262	4,092,313	99.66%	22,470	4,114,783	100.21%
2012	2011	4,253,982	4,231,752	99.48%	22,152	4,253,904	100.00%
2013	2012	4,290,409	4,285,020	99.87%	21,698	4,306,718	100.38%
2014	2013	4,466,998	4,431,527	99.21%	27,546	4,459,073	99.82%
2015	2014	4,808,574	4,781,860	99.44%	26,543	4,808,403	100.00%
2016	2015	5,185,376	5,155,710	99.43%	28,494	5,184,204	99.98%
2017	2016	5,715,499	5,677,241	99.33%	22,307	5,699,548	99.72%
2018	2017	6,365,557	6,301,300	98.99%	26,398	6,327,698	99.41%

Source: Collin Central Appraisal District

Town of Fairview, Texas

Table B-5

General Government Tax Revenues by Source

Last Ten Fiscal Years (Unaudited) – Amounts Expressed in Thousands

Fiscal Year			% of	(\$)		
Ended	Total	1.00%	Ad Valorem	of Ad Valorem	0.50%	0.50%
<u>Sept 30</u>	<u>Collected</u>	<u>City</u>	<u>Tax Levy</u>	<u>Tax Rate</u>	<u>4A EDC</u>	<u>4B CDC</u>
2009	980,185	490,093	13.65%	0.04982	245,046	245,046
2010	1,850,016	925,008	23.58%	0.08606	462,504	462,504
2011	2,538,014	1,269,007	30.90%	0.11280	634,504	634,504
2012	2,767,151	1,383,576	32.52%	0.11709	691,788	691,788
2013	2,896,796	1,448,398	33.76%	0.12153	724,199	724,199
2014	2,906,820	1,453,410	33.88%	0.12195	726,705	726,705
2015	3,038,075	1,519,038	31.59%	0.11372	759,519	759,519
2016	3,252,461	1,626,231	31.36%	0.11290	813,115	813,115
2017	3,138,188	1,569,094	27.45%	0.09883	784,547	784,547
2018	3,069,724	1,534,862	24.11%	0.08680	767,431	767,431

Source: Texas Comptroller of Public Affairs Website (<http://www.window.state.tx.us/taxinfo/sales>)

Town of Fairview, Texas

Ratio of Outstanding Bonded Debt By Type
Last Ten Fiscal Years (Unaudited) – Amounts Expressed in Thousands

Table C-1

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ^b	Per Capita ^b
	General Obligation Bonds ^a	Notes	Capital Leases	General Obligation Bonds ^a	Notes	Capital Leases			
	2009	11,557	-	83	11,378	-			
2010	11,106	-	15	10,739	-	-	21,860	6.31%	3,016
2011	13,631	-	10	10,079	-	-	23,720	6.52%	3,117
2012	17,770	-	5	9,456	-	-	27,231	7.20%	3,441
2013	16,990	-	-	8,715	-	-	25,705	6.71%	3,205
2014	19,734	-	-	7,963	-	-	27,697	6.98%	3,333
2015	18,662	-	380	7,159	-	-	26,201	6.51%	3,112
2016	24,153	-	304	6,307	-	-	30,764	6.59%	3,473
2017	20,442	-	546	5,378	-	-	26,366	5.44%	2,894
2018	19,197	-	409	4,427	-	-	24,033	4.58%	2,538

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

^aIncludes General Obligation Bonds and Certificates of Obligation Bonds

^bSee Table D-1 for personal income and population data.

Town of Fairview, Texas

Table C-2

Ratio of Net General Bonded Debt to Assessed Value
 And Net Value Bonded Per Capita
 Last Ten Fiscal Years (Unaudited) – Amounts Expressed in Thousands

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Available Debt Service Funds</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property^a</u>	<u>Per Capita^b</u>
2009	22,935	404	22,531	2.34%	3,156
2010	21,845	377	21,468	2.04%	2,962
2011	23,710	365	23,345	2.06%	3,067
2012	27,226	381	26,845	2.27%	3,392
2013	25,705	384	25,321	2.10%	3,157
2014	27,697	383	27,314	2.19%	3,287
2015	25,821	504	25,317	1.89%	3,007
2016	30,460	176	30,284	2.10%	3,419
2017	25,820	247	25,573	1.61%	2,807
2018	23,624	296	23,328	1.32%	2,463

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

^a See Table B-1 for property value data.

^b See Table D-1 for population data.

Town of Fairview, Texas

Direct and Overlapping Debt

Last Ten Years (Unaudited) – Amounts Expressed in Thousands

Table C-3

Governmental Unit	As of	Bonded Debt Principal	Percentage of Debt Applicable to Area ^d	Town of Fairview Share of Overlapping Debt ^c
Debt repaid with property taxes				
Lovejoy I.S.D.	09/30/18	\$ 162,011	68.05%	\$ 110,244
Collin College	09/30/18	14,510	1.38%	200
Collin County	09/30/18	<u>352,380</u>	<u>1.42%</u>	<u>5,011</u>
Subtotal, overlapping debt		\$ 528,901		<u>115,455</u>
Town of Fairview Direct Debt^a	09/30/18	\$ 19,197	100.00%	<u>19,606</u>
Total direct and overlapping debt				<u>\$ 135,061</u>
Ratio of direct and overlapping debt principal to taxable values ^b				8.51%
Ratio of direct and overlapping debt principal to actual market values ^b				7.10%

Source: Municipal Advisory Council of Texas

Notes: ^a Includes Governmental Activities debt

^b See Table B-1 for property value data.

^c 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 the residents and businesses of the Town of Fairview, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

^d The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed value that is within the government's boundaries and dividing it by the total taxable assessed value.

Town of Fairview, Texas

Legal Debt Margin Information

Last Ten Years (Unaudited) – Amounts Expressed in Thousands

Table C-4

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 113,000	\$ 121,581	\$ 127,416	\$ 130,625	\$ 137,330	\$ 123,964	\$ 133,538	\$ 164,278	\$ 190,303	\$ 176,850
Total net debt applicable to limit	22,935	21,845	23,710	27,226	25,321	27,314	25,729	30,643	31,012	19,310
Legal debt margin	\$ 90,065	\$ 99,736	\$ 103,706	\$ 103,399	\$ 112,009	\$ 96,649	\$ 107,809	\$ 133,635	\$ 159,291	\$ 157,540
Total net debt applicable to the limit as a percentage of debt	20.30%	17.97%	18.61%	20.84%	18.44%	22.03%	19.27%	18.65%	16.30%	10.92%

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.

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	<u>\$ 1,768,495</u>
Debt limit (10% of total assessed value)	<u>176,850</u>
Debt applicable to limit:	
General obligation bonds	19,606
Less: amounts set aside for repayment of general obligation debt	<u>(296)</u>
Total net debt applicable to limit	<u>19,310</u>
Legal debt margin	<u>\$ 157,540</u>

Town of Fairview, Texas

Table C-5

Pledged-Revenue Coverage

Last Ten Fiscal Years (Unaudited) – Amounts Expressed In Thousands

Water and Sewer System Revenue Bonds

Fiscal Year	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Annual Requirement ^c	Times Coverage
2009	3,866	3,144	722	788	0.92
2010	4,304	3,141	1,163	1,100	1.06
2011	5,134	3,054	2,080	1,098	1.89
2012	4,863	3,765	1,098	970	1.13
2013	4,422	3,870	552	1,065	0.52
2014	3,744	3,392	352	794	0.44
2015	4,904	3,810	1,094	892	1.23
2016	5,054	4,044	1,010	898	1.12
2017	5,560	4,358	1,202	921	1.31
2018	7,229	4,745	2,484	635	3.91

Notes: ^aIncludes operating and non-operating revenues.

^bIncludes operating expenses minus depreciation.

^cIncludes annual debt service requirements for all bonds paid from system revenues

Town of Fairview, Texas
 Demographic and Economic Statistics
 Last Ten Calendar Years (Unaudited)

Table D-1

Fiscal Year	(1) Estimated Population	Personal Income	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate
2009	7,139	341,143	47,784	54.5	1,746	7.6%
2010	7,248	346,338	47,784	54.5	1,830	7.1%
2011	7,611	363,684	47,784	54.5	1,918	7.1%
2012	7,914	378,163	47,784	54.5	1,957	5.7%
2013	8,020	383,228	47,784	54.5	1,457	5.5%
2014	8,310	397,085	47,784	54.5	1,442	4.6%
2015	8,420	402,341	47,784	54.5	1,456	3.5%
2016	8,858	466,967	52,717	54.5	1,432	3.8%
2017	9,110	484,963	53,234	51.5	1,489	3.0%
2018	9,470	524,495	55,094	53.1	1,492	3.2%

(1) North Central Texas Council of Governments (NCTCOG) & US Census Fact Finder

(2) US Census Bureau and US Census Fact Finder

(3) Lovejoy ISD

(4) www.homefacts.com/unemployment/Texas/Collin-County/Fairview.html

Town of Fairview, Texas

Principal Employers

Current Year and Nine Years Ago (Unaudited)

Table D-2

2018

Employer	Employees	Percentage of Total City Employment
JC Penney	203	11.15%
Whole Foods	168	9.23%
Macy's	135	7.42%
Dillard's	112	6.15%
iPic	112	6.15%
Heritage Ranch	81	4.45%
Glorias	75	4.12%
Town of Fairview	75	4.12%
Old Navy	43	2.36%
Wild Salsa	27	1.48%
Total	1,031	56.65%
 Total Fairview Daytime Employees	 1,820	

Source: Top ten employers and employee count provided by Fairview Economic Development Corporation.

Note: The data for nine years ago is not available. Additional years comparison will not be added until ten years are reported.

Town of Fairview, Texas

Table E-1

Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	14	14	13	14	14	13	14	15	15	15
Public safety										
Police:										
Officers	8	10	13	13	14	15	17	17	18	18
Fire a	5	9	10	11	13	13	19	20	22	25
Streets	2	2	2	2	1	2	2	2	2	2
Parks and recreation	1	1	1	1	1	1	1	1	1	1
Water	5	5	5	5	8	9	8	11	12	13
Sewer	1	1	1	1	2	1	1	1	1	1
Total	36	42	45	47	53	54	62	67	71	75

Source: Town Departments

a Full-time equivalent = 1/4 time, 1/2 time and full-time



Town of Fairview, Texas

Operating Indicators by Function/Program Last Ten Fiscal Years (Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public Safety				
Police				
Number of police stations	1	1	1	1
Number of patrol units	9	9	10	10
Physical arrests	38	131	92	108
Service calls	2,318	3,031	3,907	4,032
Citations	2,113	3,007	2,689	2,390
Fire				
Number of fire stations	1	1	1	1
Number of calls answered	570	671	750	750
Inspections	265	548	483	644
Highway and Streets				
Streets (miles)	41.55	42.11	42.11	42.43
Street reconstruction (miles)	1.00	0.00	2.27	0.92
Street resurfacing (miles)	0.00	0.00	0.00	1.54
Cultural and Recreational				
Parks and recreation				
Park acreage	216.8	216.8	216.8	216.8
Number of parks	9	9	9	9
Water and Sewer				
Water				
Number of new water connections	59	63	34	50
Number of water main breaks	0	0	5	6
Average daily water consumption ^a	1,507	2,108	2,108	1,952
Water main (miles)	71.84	74.45	75.13	75.41
Fire hydrants	646	655	669	673
Maximum daily capacity ^a	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD
Sewer				
Sanitary sewer (miles)	24.19	24.75	25.23	25.54

Source: Town Departments

Notes:

^a Stated in thousands of gallons

Table E-2

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1	1	1	1	1	1
10	10	11	10	12	12
111	132	132	97	123	84
4,793	8,793	8,856	8,315	8,277	8,969
2,826	4,055	3,849	3,881	3,986	3,128
2	2	2	2	2	2
766	725	821	903	977	1,136
476	548	449	424	507	567
44.49	44.49	44.90	45.04	45.94	50.49
0.68	0.00	0.00	0.37	0.00	1.33
2.03	0.00	0.00	0.98	1.03	0.00
216.8	216.8	216.8	244.8	272.7	272.7
9	9	9	9	10	10
67	56	40	62	98	85
11	8	15	12	7	5
1,980	1,964	2,115	2,808	2,109	2
75.72	76.65	75.30	76.61	83.78	84.82
702	730	731	789	819	820
7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3MGD
26.48	25.94	22.20	22.62	27.13	26.21

Town of Fairview, Texas

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

Table E-3

FUNCTION	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	10	10	10	10	10	10	12	12
Fire stations	2	2	2	2	2	2	2	2	2	2
Highway and Streets										
Streets (miles)	41.55	42.11	42.11	42.43	44.49	44.49	44.90	45.04	45.94	50.49
Culture & Recreation										
Parks acreage	216.8	216.8	216.8	216.8	216.8	216.8	216.8	244.8	272.7	272.7
Parks	9	9	9	9	9	9	9	10	10	10
Water										
Water mains (miles)	71.84	74.45	75.13	75.41	75.72	76.65	75.30	76.61	83.78	84.82
Fire hydrants	646	655	669	673	702	730	731	789	819	820
Maximum daily capacity (thousands of gallons)	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD
Sewer										
Sanitary sewers (miles)	24.19	24.75	25.23	25.54	26.48	25.94	22.20	22.62	27.13	26.21

Source: Various Government Departments