



Annual Comprehensive Financial Report

For Fiscal Year Ended September 30, 2022

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 management.

Town of Fairview, Texas
Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2022

As Prepared by the
Finance Department



Town of Fairview, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022
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Introductory Section





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

March 25, 2023

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 Annual Comprehensive Financial Report (Annual Report) for the fiscal year ending September 30, 2022. 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 of 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, 2022 issued by Weaver, L.L.P. The independent auditors' report is located in the beginning of the financial section of the Annual Report.

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 Annual Comprehensive Financial Report 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 Annual Report 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 Annual Comprehensive Financial Report 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 10,580. The Town is empowered to levy a property tax on both real and personal property located within its boundaries.

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 2022 that had increased to 15%. In fiscal year

2017 the Villages were acquired by Lincoln Properties. They have since renamed the development; Fairview Town Center (Center). The company continues to invest in 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 continued to increase, both in the commercial area with the addition of a Salad and Go, Swig Drinks, and the construction of a 100,000 square foot office building, along with a continued growth in the residential property tax base. The tax base in fiscal year 2022 grew by 7.07%. The average market value for a home in Fairview in 2022 was \$722,630.

COVID-19 Pandemic revenues- The Town received the second tranche of the American Rescue Plan Act (ARPA) funds. The Town is in the process of evaluating the use of the ARPA funds for capital projects that comply with federal guidelines.

The economy remains strong in Fairview. The Fairview unemployment rate for September 2022 was 3.2%, compared to 4.2% 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. Many of the financial policies were updated in 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 several 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 60% of General Fund appropriations.

The Town retains strong bond ratings with the most recent affirmation in November 2022 by Standard and Poor's rating of AA+ and a 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. With the emphasis on several major initiatives including drainage issues, the update and 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 future land use planning. The Town will update the strategic plan again in early 2023.

Current Planning Projects

Over the past several 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 Town's impact fees for water, sewer and roadways were updated in early 2022.

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

Project planning that is underway includes the preliminary design and right of way mapping for Fairview Parkway and Frisco Road. The Town received approval of an Economic Development Administration (EDA) grant to construct the Frisco Road project.

Another completed planning effort 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.

In November of 2021 the Town Council approved an updated Master Park and Trail plan for the Town. Included in the plan was an implementation schedule for projects that is now included in the Town's capital plan.

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 reconstruction of a section of east Stacy Road from Thompson Springs to Orr Road. This project was completed in FY 2020.
2. Reconstruction of the overpass at US 75 and Ridgeview. This project is underway and is anticipated to be completed in 2024.
3. Widening and reconstruction of SH – 5 from north of FM-1378 to Stacy Road. This project is being planned by TxDOT.
4. Construction of a water ground storage and pump station facility for additional water capacity for the Town. This project was completed in FY 2020.
5. Construction of a trail in the CPDD extending from Fairview Parkway to Highway 5. Collin County and an area developer are participating in the funding for construction of the trail that was initiated in FY19. This project was also completed in FY 2020.
6. The relocation and reconstruction of Frisco Road from US75 to FM-1378. This project has received grant funding approval from the EDA. The contract for construction of the project was approved in early 2023 and should be completed in 2024.
7. The reconstruction of Hart Road, a collector road serving Puster Elementary school. This project is currently being planned and designed.
8. A major drainage project in the Fox Glen neighborhood is under design for construction in 2023.

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. Prior to fiscal year 2019, increases from NTMWD were on average, 10%. Entering the 2019 fiscal year, NTMWD changed their pricing structure reducing the increases to the Town. In FY2021 and again in FY2022 NTMWD elected to not increase in water rates due to the effects of the pandemic. The Town did experience a 10% increase in wastewater rates for FY2022. Due to increased operating and processing costs, NTMWD increased water rates by 13.16% and wastewater rates by over 20% for fiscal year 2023.

Acknowledgements

The preparation of the annual comprehensive 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.

Respectively submitted,



Julio Couch
Town Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Fairview
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

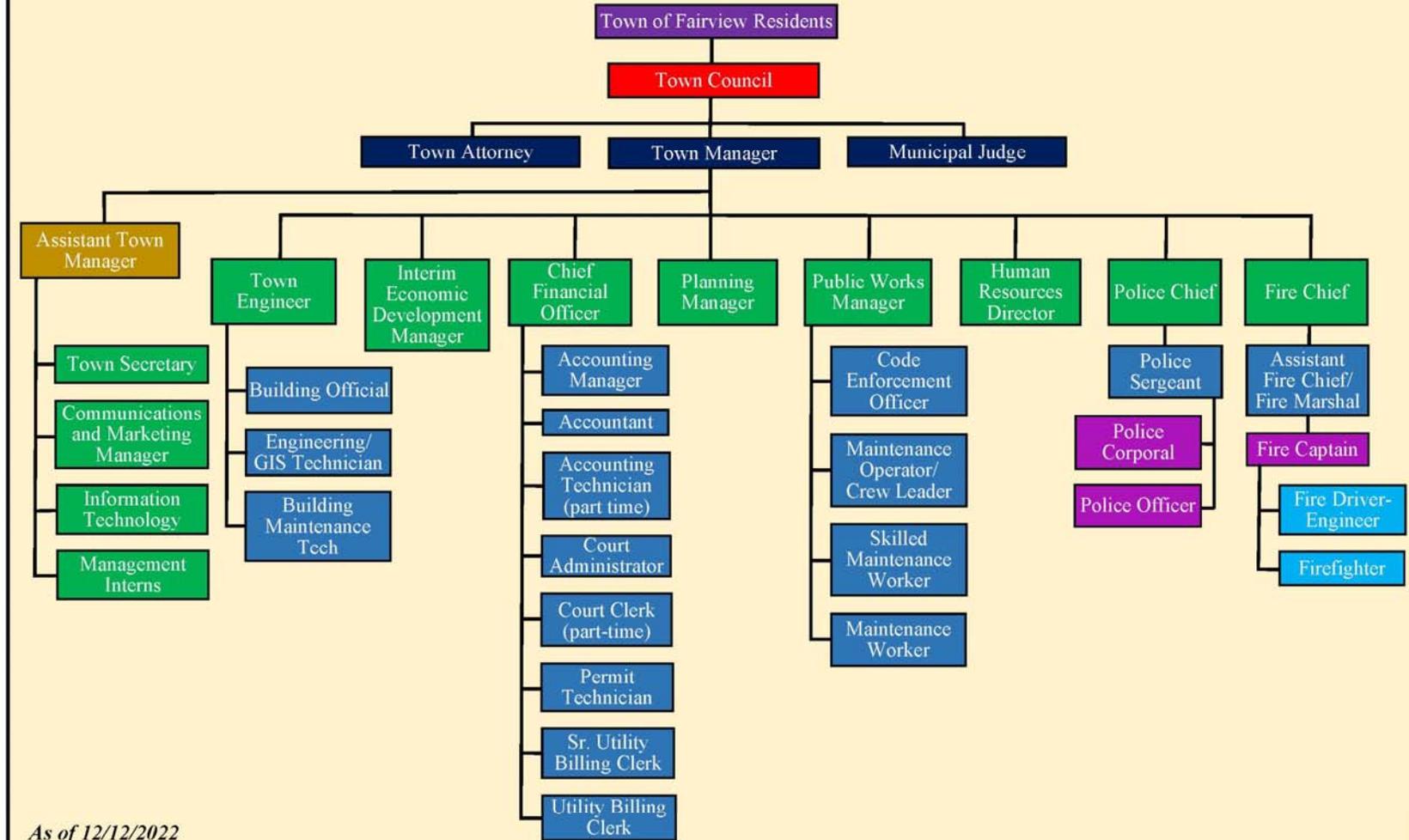
September 30, 2021

Christopher P. Morrill

Executive Director/CEO



Town of Fairview Organizational Chart



As of 12/12/2022

Town of Fairview, Texas
List of Principal Officials
September 30, 2022

| | |
|------------------------|-------------------------------|
| Henry Lessner | Mayor |
| Ricardo Doi..... | Mayor Pro Tem & Seat 3 |
| Rich Connelly | Councilmember - Seat 1 |
| Gregg Custer | Councilmember - Seat 2 |
| Larry Little..... | Councilmember – Seat 4 |
| Ken Logsdon | Councilmember - Seat 5 |
| John Hubbard..... | Councilmember - Seat 6 |
| Julie Couch | Town Manager |
| Adam Wilbourn..... | Assistant to the Town Manager |
| Tenitrus Bethel | Town Secretary |
| James Chancellor | Town Engineer |
| Granver Tolliver | Police Chief |
| Jeff Bell | Fire Chief |
| Aron Holmgren..... | Public Works Manager |
| Steven Ventura | Chief Financial Officer |
| Israel Roberts | Planning 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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Weaver and Tidwell, L.L.P.
1406 Wilson Road, Suite 100 / Conroe, Texas 77304
Main: 936.756.8127

CPAs AND ADVISORS | WEAVER.COM

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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

Supplementary 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 combining and individual fund financial and schedules, 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 were 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.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023 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 solely 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 the effectiveness of 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.

Conroe, Texas
March 29, 2023



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, 2022. 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 \$49,032,519.
- The government's total net position increased by \$4,055,987. This was due to a net increase in revenues over expenses in 2022, mostly from the business-type activities where operating income exceeded \$3.4 million due to increases in water sales due to the hot, dry summer.
- As of the close of the current fiscal year, the Town of Fairview's governmental funds reported combined ending fund balances of \$13,513,347, an increase of \$394,840 in comparison with the prior year.
- The \$5,898,992 unassigned fund balance in the General Fund represents 60% of the total General Fund expenditures.
- The Town's long-term liabilities decreased by \$3,317,137 (-10.0%) during the current fiscal year. This was due to continued payments on long-term liabilities during 2022.

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 eight 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, the capital projects fund, and the relief 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 two types of proprietary funds: enterprise funds and an internal service fund. 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.

The Town started the internal service fund (a vehicle replacement fund) in fiscal year 2019 to fund the purchase of fleet vehicles for the Town. Because these services predominately benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Town maintains three individual enterprise funds. 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 27-29 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 \$49,032,519 as of September 30, 2022. Analyzing the net position of the governmental and business-type activities separately, governmental activities' net position was \$30,548,474 while business-type activities' net position was \$18,484,045.

The largest portion of the Town's net position, \$30,188,089, or 61.6%, 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, \$7,771,129, or 15.8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$11,073,301, reflects restrictions and commitments exceeding net position. More details about these balances are found below.

Table 1
Condensed Statement of Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|--------------------------------|---------------|---------------------------------|---------------|---------------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and Other Assets | \$ 17,371,644 | \$ 15,504,488 | \$ 10,716,532 | \$ 7,106,837 | \$ 28,088,176 | \$ 22,611,325 |
| Capital Assets | 38,828,642 | 39,328,165 | 17,624,709 | 18,344,696 | 56,453,351 | 57,672,861 |
| Total Assets | 56,200,286 | 54,832,653 | 28,341,241 | 25,451,533 | 84,541,527 | 80,284,186 |
| Deferred Outflows | 680,102 | 668,840 | 144,997 | 181,456 | 825,099 | 850,296 |
| Current liabilities | 3,237,150 | 1,864,482 | 418,820 | 651,259 | 3,655,970 | 2,515,741 |
| Noncurrent liabilities | 22,394,280 | 24,729,452 | 7,606,995 | 8,588,960 | 30,001,275 | 33,318,412 |
| Total liabilities | 25,631,430 | 26,593,934 | 8,025,815 | 9,240,219 | 33,657,245 | 35,834,153 |
| Deferred Inflows | 700,484 | 294,077 | 1,976,378 | 29,720 | 2,676,862 | 323,797 |
| Net position: | | | | | | |
| Net investment in capital assets | 19,946,823 | 18,542,695 | 10,241,266 | 10,130,467 | 30,188,089 | 28,673,162 |
| Restricted | 6,617,433 | 5,741,040 | 1,153,696 | 946,923 | 7,771,129 | 6,687,963 |
| Unrestricted | 3,984,218 | 4,329,747 | 7,089,083 | 5,285,660 | 11,073,301 | 9,615,407 |
| Total net position | \$ 30,548,474 | \$ 28,613,482 | \$ 18,484,045 | \$ 16,363,050 | \$ 49,032,519 | \$ 44,976,532 |

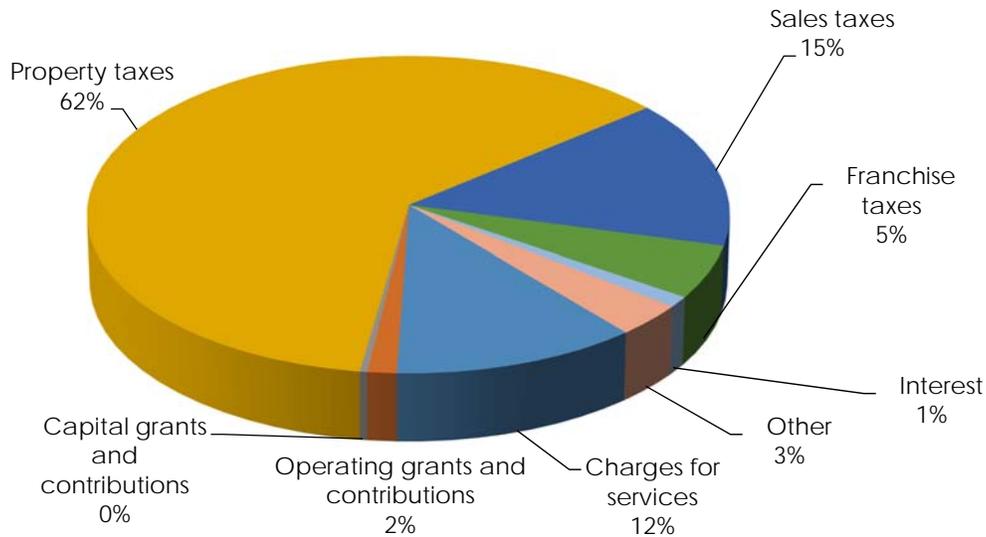
The following table (Table 2) provides a summary of the Town's operations for the year ended September 30, 2022. Governmental activities increased the Town's net position by \$1,934,992 while business-type activities increased the Town's net position by \$2,120,995, resulting in a \$4,055,987 increase in total net position. The key elements of this increase are as shown as follows:

Table 2
Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for Services | \$ 1,504,805 | \$ 1,546,236 | \$ 10,903,985 | \$ 8,703,293 | \$ 12,408,790 | \$ 10,249,529 |
| Operating Grants and Contributions | 178,056 | 779,935 | - | - | 178,056 | 779,935 |
| Capital Grants and Contributions | 44,884 | 119,692 | - | - | 44,884 | 119,692 |
| General revenues: | | | | | | |
| Property Taxes | 7,945,463 | 7,387,304 | - | - | 7,945,463 | 7,387,304 |
| Sales Taxes | 1,948,849 | 1,737,651 | - | - | 1,948,849 | 1,737,651 |
| Franchise Taxes | 690,790 | 619,416 | - | - | 690,790 | 619,416 |
| Other Taxes | 308,688 | 244,450 | - | - | 308,688 | 244,450 |
| Investment Income | 139,520 | 52,180 | 13,043 | 2,801 | 152,563 | 54,981 |
| Miscellaneous | 120,969 | 100,285 | - | - | 120,969 | 100,285 |
| Total Revenues | 12,882,024 | 12,587,149 | 10,917,028 | 8,706,094 | 23,799,052 | 21,293,243 |
| Expenses: | | | | | | |
| General Government | 2,546,447 | 2,463,599 | - | - | 2,546,447 | 2,463,599 |
| Public Safety | 6,977,315 | 6,805,751 | - | - | 6,977,315 | 6,805,751 |
| Public Works | 1,273,914 | 1,201,088 | - | - | 1,273,914 | 1,201,088 |
| Inspections | 234,315 | 224,421 | - | - | 234,315 | 224,421 |
| Municipal Court | 181,403 | 169,412 | - | - | 181,403 | 169,412 |
| Parks and Recreation | 286,927 | 349,422 | - | - | 286,927 | 349,422 |
| Interest on Long-Term Debt | 561,357 | 614,730 | - | - | 561,357 | 614,730 |
| Water and Sewer Services | - | - | 6,530,602 | 6,291,052 | 6,530,602 | 6,291,052 |
| Stormwater Services | - | - | 271,170 | 254,041 | 271,170 | 254,041 |
| Solid Waste Services | - | - | 879,615 | 841,128 | 879,615 | 841,128 |
| Total expenses | 12,061,678 | 11,828,423 | 7,681,387 | 7,386,221 | 19,743,065 | 19,214,644 |
| Increase (decrease) in Net Position | | | | | | |
| Before Transfers | 820,346 | 758,726 | 3,235,641 | 1,319,873 | 4,055,987 | 2,078,599 |
| Transfers | 1,114,646 | 752,900 | (1,114,646) | (752,900) | - | - |
| Change in Net Position | 1,934,992 | 1,511,626 | 2,120,995 | 566,973 | 4,055,987 | 2,078,599 |
| Net Position at beginning of year | 28,613,482 | 27,101,856 | 16,363,050 | 15,796,077 | 44,976,532 | 42,897,933 |
| Net Position, End of Year | \$ 30,548,474 | \$ 28,613,482 | \$ 18,484,045 | \$ 16,363,050 | \$ 49,032,519 | \$ 44,976,532 |

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

Revenues by Source Governmental Activities



Revenues for the Town's governmental activities increased by \$294,875 or 2.3%. Major components of the decrease are as follows:

Program revenues:

- Governmental activities program revenues decreased in FY 2021-2022 by \$718,118.
- Charges for services decreased by \$41,431 or 2.7% from the previous year.
 - Roadway impact fees decreased by \$39,564, while engineering and development fees increased \$34,431 due to an increase in engineering fee collection.
 - Permits decreased \$133,905 from the previous year due to decreased construction.
 - Capital grants and contributions decreased \$74,808 due to a decrease in new project development.

General revenues:

- The majority of the increase in property taxes can be attributed to the 17% increase in net taxable property assessed valuation in fiscal year 2022 of \$2,623,532,822 compared to previous year of \$2,239,727,765.
- Due to the increase in net taxable property assessed valuations in fiscal year 2022, property taxes increased \$558,159 or 7.6% compared to the previous year.
- Sales tax revenue increased by \$211,198 or 12.2% from the previous year.
- Franchise fee revenue increased by \$71,374 or 11.5% from the previous year.

Overall, expenses for governmental activities increased by \$233,255 or 2.0%. Components of the individual expense increases and decreases are explained as follows:

General Government:

- General government expenses increased by \$82,848 or 3.4% from the previous fiscal year primarily due to an increase in general expenses.
 - In the administration department, expenses increased by \$20,542 or 3.4% due to an increase in general and administrative, and purchased services.
 - The accounting department costs increased by \$18,572 or 3.0% primarily due to an increase in general and administrative services.
 - Town secretary expenses increased \$16,300 or 12% due to an increase in materials and supplies and purchased services.
 - Planning and zoning costs increased by \$8,444 or 5.6% due to an increase in material and supplies and purchased services.

Public Safety:

- Police department expenses decreased for fiscal year 2022 by \$6,594 or 0.30% due to a net decrease in operational expenses:
 - Purchased services increased by \$19,949 due to an increase in dispatch fees.
 - Materials and Supplies decreased by \$20,783 due to a decrease in Police materials and supplies.
- Fire department costs increased by \$369,982 or 10.3% compared to the previous fiscal year primarily due to increased personnel costs and operational expenses related to equipment and fees.
 - Purchased services increased by \$22,206 and materials and supplies increased by \$45,670.

Public Works:

- Public works department costs increased by \$72,826 or 6.1% primarily due to an increase in street/road maintenance.

Inspections:

- There was an increase of \$9,894 or 4.4% in the Inspections department primarily due to an increase in purchased services.

Municipal Court:

- Municipal court expenses increased by \$11,991 or 7.1% from the prior year due to personnel expenses.

Parks and Recreation:

- Parks and recreation expenses decreased by \$62,495 or 17.9% from the previous fiscal year. This decrease was primarily due to a vacancy in the department.

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 \$2,210,934 or 25.4%. Major components of the individual decreases/increases are as follows:

Water and Sewer Fund:

- Charges for Services increased by \$2,111,603 or 28.1% due to an increase in water sales.
- Water Department:
 - The water department expenses increased \$282,782 or 7.2% due to the increased cost of purchased services and the cost of water.
- 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 decreased by \$24,912 or 2.7%.

Solid Waste Fund:

- Trash and recycling collection services increased revenues in FY2022 by \$75,016 or 9% compared to the previous fiscal year.
- Trash and recycling expenses increased in fiscal year 2022 by \$38,487 or 4.6% compared to fiscal year 2021 primarily due to increased fees, and additional users on the system.

Storm water Fund:

- In fiscal year 2022, revenues increased \$14,073 or 4% over the previous fiscal year, while the expenses increased \$56,857 or 17.5% due to an increase in Drainage 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 \$13,513,347, an increase of \$394,840 in comparison with the prior year. Of this total amount, 46.1%, or \$5,891,495, 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 – \$38,332 and capital – \$942,663; 2) restricted for: a) for capital projects – \$4,110,477, b) to pay debt service – \$439,601, c) for court – \$239,282, d) for fire use – \$71,126, or e) for development (tax increment reinvestment zone and hotel/motel) – \$1,779,871; 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 \$5,898,992, while total fund balance was \$5,937,824. 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 60% of total general fund expenditures, while total fund balance represents 63% of that same amount. Fund balance in the General Fund decreased by \$206,152 due to higher expenditures in general government and public safety.

The Debt Service Fund has a total fund balance of \$439,601, all of which is restricted for the payment of debt service. The Debt Service fund balance increased by \$52,920 or 13.7%. The Debt service fund had an increase in tax revenue of \$17,122 and a decrease of \$28,619 in expenditures.

The Capital Projects Fund provides information on capital projects and had an ending fund balance of \$5,053,140. The Capital Projects Fund balance increased by \$15,973 or 0.3% primarily due to internal transfers for capital projects.

The Relief Fund, which holds proceeds from the American Recovery Plan Act (ARPA), had a fund deficit of \$7,497. Funds from the ARPA grant remains classified as unearned revenue and will be recognized as qualifying expenses are made.

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 \$2,096,643, due to an increase in revenues. The net position of the solid waste fund increased by \$30,579 due to a net increase in revenues. The net position of the storm water fund decreased by \$6,227 due to an increase in street and drainage repair and maintenance expenses.

General Fund Budgetary Highlights

During the year, revenues exceeded budget estimates by \$320,807 and expenditures exceeded budget by \$140,816. The budget had called for a \$386,143 decrease in fund balance. However, actual fund balance increased by \$206,152. While property tax, sales tax, franchise fees, mixed beverage tax, charges for services, permits, fines, intergovernmental revenues and miscellaneous income all exceeded budget, some expenditures also exceeded budget, creating a net decrease to fund balance. Those expenditures exceeding budgeted appropriations is disclosed in the notes to the budgetary comparison schedule.

Capital Assets. The Town's investment in capital assets, for its governmental and business-type activities as of September 30, 2022, amount to \$56,453,351 (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 68.8% of the capital assets are governmental and 31.2% are business-type activities.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 5,204,969 | \$ 5,204,969 | \$ 113,384 | \$ 113,384 | \$ 5,318,353 | \$ 5,318,353 |
| Construction in Progress | 911,898 | 7,575,646 | - | - | 911,898 | 7,575,646 |
| Buildings | 14,398,805 | 7,282,021 | 119,184 | 105,362 | 14,517,989 | 7,387,383 |
| Infrastructure | 16,226,580 | 17,055,462 | - | - | 16,226,580 | 17,055,462 |
| Utility Plant | - | - | 17,223,915 | 17,932,562 | 17,223,915 | 17,932,562 |
| Machinery and Equipment | 2,086,390 | 2,210,067 | 168,226 | 193,388 | 2,254,616 | 2,403,455 |
| Total | \$ 38,828,642 | \$ 39,328,165 | \$ 17,624,709 | \$ 18,344,696 | \$ 56,453,351 | \$ 57,672,861 |

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

- The Public Works department purchased a truck and an excavator (\$88,641).
- The Police department purchased vehicle and safety equipment (\$30,113).
- The Fire department purchased various equipment items (\$83,394).

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 \$25,535,000. 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 | |
|-----------------------------------|-------------------------|----------------------|--------------------------|---------------------|--------------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Gross bonded debt: | | | | | | |
| General obligation | \$ 12,183,442 | \$ 13,133,469 | \$ 1,611,558 | \$ 2,301,531 | \$ 13,795,000 | \$ 15,435,000 |
| Certificates of obligation | 6,385,000 | 6,885,000 | 5,355,000 | 5,445,000 | 11,740,000 | 12,330,000 |
| Total bonded debt | 18,568,442 | 20,018,469 | 6,966,558 | 7,746,531 | 25,535,000 | 27,765,000 |
| Other long-term debt: | | | | | | |
| Unamortized premiums | 2,032,929 | 2,258,022 | 460,326 | 550,271 | 2,493,255 | 2,808,293 |
| Net pension liability | 414,043 | 950,518 | 89,099 | 183,274 | 503,142 | 1,133,792 |
| Net OPEB liability | 104,284 | 97,315 | 18,307 | 17,084 | 122,591 | 114,399 |
| Compensated absences | 780,770 | 779,776 | 72,705 | 91,800 | 853,475 | 871,576 |
| Financed purchase | 493,812 | 625,352 | - | - | 493,812 | 625,352 |
| Total other long-term debt | 3,825,838 | 4,710,983 | 640,437 | 842,429 | 4,466,275 | 5,553,412 |
| Total | \$ 22,394,280 | \$ 24,729,452 | \$ 7,606,995 | \$ 8,588,960 | \$ 30,001,275 | \$ 33,318,412 |

The Town retains strong bond ratings with the most recent affirmation in November 2022 by Standard and Poor's rating of AA+ and 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 46-48 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Fairview is located in one of the fastest growing areas in the state and in Collin County, Texas. With this growth, there are additional 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 remains to provide the highest level of service at the greatest value. Part of this philosophy and commitment to taxpayer's money includes a decreased tax rate to \$0.321577 per \$100 of assessed valuation and maintaining or exceeding appropriate fund balances and reserves as required by the Town's financial policies.

- **Infrastructure**
 - Continue the improvement of roadways within the Town
 - Replacement of older water lines in the Town
 - Drainage improvements in older subdivisions

- **Community Development & Economic Development**
 - Continuation of concept planning for CPDD
 - Evaluation of economic & community development programs
 - Continuation of marketing plan

- **Customer Focus/Citizen Communication**
 - Continue upgrade of the Town and EDC website for improved citizen communication

- **Fiscal Responsibility**
 - Implementation of the 10-year capital plan with additions of equipment and infrastructure
 - Continue to grow the TIF fund to assist in financing capital projects

- **Public Safety**
 - Addition of police & fire equipment to expand capabilities
 - Add Fire Department personnel and no longer have part-time Fire Fighters

The fiscal year 2022-2023 budget includes a reduced property tax rate from prior year; the tax rate is \$0.321577 per \$100 valuation. Maintenance and operations tax rate is \$0.238407 while the debt (interest and sinking) rate is \$0.083170.

For fiscal year 2023, the General Fund revenues are budgeted to increase over the previous fiscal year. General revenues for property taxes are budgeted with a 11% increase, while sales taxes are budgeted at \$1,900,000, a \$48,849 decrease from FY2022 actuals. The fiscal year 2023 operating expenditures budget increased by 0.8% or \$81,371, from fiscal year 2022 actuals. Major increases in operational costs are in Public Safety departments.

For fiscal year 2023, water rates increased by 13.16%, while sewer rates increased by 20.27%-a pass through increase from NTMWD. Republic Services serves as the provider for the Town's solid waste services, the rates for fiscal year 2023 increased by 3.5%-as provided by the contract signed in 2022.

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, Texas 75069

Basic Financial Statements



Town of Fairview, Texas
Statement of Net Position
September 30, 2022

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|----------------------|-------------------------|--------------------------|
| | Governmental Activities | Business-type Activities | Total | Economic Development | Community Development |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 16,447,294 | \$ 6,965,408 | \$ 23,412,702 | \$ 1,579,907 | \$ 1,535,932 |
| Restricted cash and cash equivalents | - | 142,312 | 142,312 | - | - |
| Receivables (Net of allowance for uncollectibles): | | | | | |
| Accounts receivable | - | 1,690,575 | 1,690,575 | - | - |
| Property taxes | 217,056 | - | 217,056 | - | - |
| Sales taxes | 323,506 | - | 323,506 | 156,077 | 156,077 |
| Franchise taxes | 201,244 | - | 201,244 | - | - |
| Other | 181,359 | - | 181,359 | - | - |
| Leases | - | 1,918,922 | 1,918,922 | - | - |
| Internal balances | 685 | (685) | - | - | - |
| Prepaid | 500 | - | 500 | - | - |
| Nondepreciable capital assets | 6,116,867 | 113,384 | 6,230,251 | - | - |
| Depreciable capital assets, net | 32,711,775 | 17,511,325 | 50,223,100 | - | - |
| TOTAL ASSETS | 56,200,286 | 28,341,241 | 84,541,527 | 1,735,984 | 1,692,009 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred loss on refunding | 23,237 | 43,441 | 66,678 | - | - |
| Deferred outflows - pensions | 632,164 | 97,221 | 729,385 | - | - |
| Deferred outflows - OPEB | 24,701 | 4,335 | 29,036 | - | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 680,102 | 144,997 | 825,099 | - | - |
| LIABILITIES | | | | | |
| Accounts payable | 600,229 | 213,708 | 813,937 | 231,261 | 232,668 |
| Accrued wages payable | 199,338 | 30,387 | 229,725 | - | - |
| Accrued interest payable | 96,932 | 32,413 | 129,345 | - | - |
| Customer deposits | 75,163 | 142,312 | 217,475 | - | - |
| Unearned revenue | 2,265,488 | - | 2,265,488 | - | - |
| Non-current liabilities: | | | | | |
| Due within one year | 2,351,128 | 617,108 | 2,968,236 | - | - |
| Due in more than one year | 20,043,152 | 6,989,887 | 27,033,039 | - | - |
| TOTAL LIABILITIES | 25,631,430 | 8,025,815 | 33,657,245 | 231,261 | 232,668 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows - pensions | 678,591 | 97,220 | 775,811 | - | - |
| Deferred inflows - OPEB | 21,893 | 3,843 | 25,736 | - | - |
| Deferred inflows - leases | - | 1,875,315 | 1,875,315 | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 700,484 | 1,976,378 | 2,676,862 | - | - |
| NET POSITION | | | | | |
| Net investment in capital assets | 19,946,823 | 10,241,266 | 30,188,089 | - | - |
| Restricted: | | | | | |
| Debt service | 416,677 | - | 416,677 | - | - |
| Capital | 4,110,477 | 1,153,696 | 5,264,173 | - | - |
| Court | 239,282 | - | 239,282 | - | - |
| Fire | 71,126 | - | 71,126 | - | - |
| Development | 1,779,871 | - | 1,779,871 | - | - |
| Unrestricted | 3,984,218 | 7,089,083 | 11,073,301 | 1,504,723 | 1,459,341 |
| TOTAL NET POSITION | \$ 30,548,474 | \$ 18,484,045 | \$ 49,032,519 | \$ 1,504,723 | \$ 1,459,341 |

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, 2022

| | Expenses | Program Revenues | | |
|-----------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Functions/Programs: | | | | |
| Governmental activities: | | | | |
| General government | \$ 2,546,447 | \$ 497,377 | \$ 4,400 | \$ - |
| Public safety | 6,977,315 | 467,057 | 73,656 | - |
| Public works | 1,273,914 | 528,202 | 100,000 | 44,884 |
| Inspections | 234,315 | - | - | - |
| Municipal court | 181,403 | - | - | - |
| Parks and recreation | 286,927 | 12,169 | - | - |
| Interest and fiscal charges | 561,357 | - | - | - |
| Total governmental activities | <u>12,061,678</u> | <u>1,504,805</u> | <u>178,056</u> | <u>44,884</u> |
| Business-type activities: | | | | |
| Water and sewer | 6,530,602 | 9,626,786 | - | - |
| Storm water | 271,170 | 367,005 | - | - |
| Solid waste | 879,615 | 910,194 | - | - |
| Total business-type activities | <u>7,681,387</u> | <u>10,903,985</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 19,743,065</u> | <u>\$ 12,408,790</u> | <u>\$ 178,056</u> | <u>\$ 44,884</u> |
| Component units: | | | | |
| Economic Development Corporation | \$ 882,542 | \$ - | \$ - | \$ - |
| Community Development Corporation | 867,231 | - | - | - |
| Total component units | <u>\$ 1,749,773</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

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 |
| \$ (2,044,670) | \$ - | \$ (2,044,670) | \$ - | \$ - |
| (6,436,602) | - | (6,436,602) | - | - |
| (600,828) | - | (600,828) | - | - |
| (234,315) | - | (234,315) | - | - |
| (181,403) | - | (181,403) | - | - |
| (274,758) | - | (274,758) | - | - |
| (561,357) | - | (561,357) | - | - |
| <u>(10,333,933)</u> | <u>-</u> | <u>(10,333,933)</u> | <u>-</u> | <u>-</u> |
| - | 3,096,184 | 3,096,184 | - | - |
| - | 95,835 | 95,835 | - | - |
| - | 30,579 | 30,579 | - | - |
| <u>-</u> | <u>3,222,598</u> | <u>3,222,598</u> | <u>-</u> | <u>-</u> |
| <u>\$ (10,333,933)</u> | <u>\$ 3,222,598</u> | <u>\$ (7,111,335)</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ (882,542) | \$ - |
| - | - | - | - | (867,231) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (882,542)</u> | <u>\$ (867,231)</u> |
| \$ 7,945,463 | - | 7,945,463 | - | - |
| 1,948,849 | - | 1,948,849 | 974,424 | 974,424 |
| 690,790 | - | 690,790 | - | - |
| 308,688 | - | 308,688 | - | - |
| 139,520 | 13,043 | 152,563 | 11,344 | 11,330 |
| 120,969 | - | 120,969 | - | - |
| 1,114,646 | (1,114,646) | - | - | - |
| <u>12,268,925</u> | <u>(1,101,603)</u> | <u>11,167,322</u> | <u>985,768</u> | <u>985,754</u> |
| 1,934,992 | 2,120,995 | 4,055,987 | 103,226 | 118,523 |
| <u>28,613,482</u> | <u>16,363,050</u> | <u>44,976,532</u> | <u>1,401,497</u> | <u>1,340,818</u> |
| <u>\$ 30,548,474</u> | <u>\$ 18,484,045</u> | <u>\$ 49,032,519</u> | <u>\$ 1,504,723</u> | <u>\$ 1,459,341</u> |



Town of Fairview, Texas
Balance Sheet
Governmental Funds
September 30, 2022

| | General Fund | Debt Service | Capital Projects | Relief | Non-major Governmental Funds | Total |
|---|-----------------|-----------------|---------------------|--------------|------------------------------------|---------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 5,925,607 | \$ 439,601 | \$ 5,139,235 | \$ 2,257,991 | \$ 2,070,073 | \$ 15,832,507 |
| Receivables, net of allowance | | | | | | |
| Property taxes | 143,048 | 74,008 | - | - | - | 217,056 |
| Sales taxes | 323,506 | - | - | - | - | 323,506 |
| Franchise taxes | 201,244 | - | - | - | - | 201,244 |
| Other | 161,153 | - | - | - | 20,206 | 181,359 |
| Due from other funds | 685 | - | - | - | - | 685 |
| Prepaid items | 500 | - | - | - | - | 500 |
| Total assets | \$ 6,755,743 | \$ 513,609 | \$ 5,139,235 | \$ 2,257,991 | \$ 2,090,279 | \$ 16,756,857 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 326,318 | \$ - | \$ 86,095 | \$ - | \$ - | \$ 412,413 |
| Accrued wages payable | 199,338 | - | - | - | - | 199,338 |
| Customer deposits | 75,163 | - | - | - | - | 75,163 |
| Unearned revenue | - | - | - | 2,265,488 | - | 2,265,488 |
| Total liabilities | 600,819 | - | 86,095 | 2,265,488 | - | 2,952,402 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenues - property taxes | 143,048 | 74,008 | - | - | - | 217,056 |
| Unavailable revenues - fees | 74,052 | - | - | - | - | 74,052 |
| Total deferred inflows of resources | 217,100 | 74,008 | - | - | - | 291,108 |
| FUND BALANCES | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | 500 | - | - | - | - | 500 |
| Restricted: | | | | | | |
| Court | - | - | - | - | 239,282 | 239,282 |
| Fire | - | - | - | - | 71,126 | 71,126 |
| Development | - | - | - | - | 1,779,871 | 1,779,871 |
| Debt service | - | 439,601 | - | - | - | 439,601 |
| Capital | - | - | 4,110,477 | - | - | 4,110,477 |
| Assigned: | | | | | | |
| Capital | - | - | 942,663 | - | - | 942,663 |
| Technology | 38,332 | - | - | - | - | 38,332 |
| Unassigned | 5,898,992 | - | - | (7,497) | - | 5,891,495 |
| Total fund balances | 5,937,824 | 439,601 | 5,053,140 | (7,497) | 2,090,279 | 13,513,347 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 6,755,743 | \$ 513,609 | \$ 5,139,235 | \$ 2,257,991 | \$ 2,090,279 | \$ 16,756,857 |

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, 2022

| | |
|--|----------------------|
| Total governmental fund balances | \$ 13,513,347 |
| 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. This amount does not include \$269,946 reported in the internal service fund. | 38,558,696 |
| Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid. | (96,932) |
| Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements. | 291,108 |
| 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. | 23,237 |
| Deferred outflows of resources, \$656,865, and deferred inflows of resources (\$700,484) related to the Town's net pension and OPEB liabilities, combined, result in an increase in net position in the government-wide financial statements. This is the net amount of the deferred outflows and inflows. | (43,619) |
| Premium on bond issuance for governmental activities debt is recorded as a liability and amortized over the life of the debt in the government-wide financial statements. | (2,032,929) |
| Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds financial statements. | (780,770) |
| 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. | (19,580,581) |
| Internal service funds are used by management to charge the costs of vehicle replacement to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. | 696,917 |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 30,548,474</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, 2022

| | General Fund | Debt Service | Capital Projects | Relief | Non-major Governmental Funds | Total |
|--|---------------------|-------------------|---------------------|-------------------|------------------------------------|----------------------|
| Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property | \$ 5,134,533 | \$ 2,249,922 | \$ - | \$ - | \$ 495,982 | \$ 7,880,437 |
| Sales | 1,948,849 | - | - | - | - | 1,948,849 |
| Franchise | 690,790 | - | - | - | - | 690,790 |
| Other | 102,851 | - | - | 4,000 | 205,837 | 312,688 |
| Charges for services | 392,305 | - | - | - | - | 392,305 |
| Permits | 428,595 | - | - | - | - | 428,595 |
| Fines and forfeitures | 383,413 | - | - | - | 39,138 | 422,551 |
| Intergovernmental | 34,100 | 100,000 | - | - | - | 134,100 |
| Interest income | 123,395 | - | 16,125 | - | - | 139,520 |
| Miscellaneous revenues | 160,452 | - | - | - | 39,956 | 200,408 |
| Street impact fees | - | - | 144,210 | - | - | 144,210 |
| Park fees | - | - | 44,884 | - | - | 44,884 |
| Total revenues | <u>9,399,283</u> | <u>2,349,922</u> | <u>205,219</u> | <u>4,000</u> | <u>780,913</u> | <u>12,739,337</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 2,319,451 | - | 17,950 | - | - | 2,337,401 |
| Public safety | 6,448,285 | - | - | 4,000 | 18,154 | 6,470,439 |
| Public works | 511,503 | - | 40,289 | - | - | 551,792 |
| Inspections | 237,130 | - | - | - | - | 237,130 |
| Municipal court | 184,674 | - | - | - | - | 184,674 |
| Parks and recreation | 142,792 | - | - | - | - | 142,792 |
| Development | - | - | - | - | 18,160 | 18,160 |
| Debt service: | | | | | | |
| Principal retirement | - | 1,560,827 | - | - | - | 1,560,827 |
| Interest and fiscal charges | - | 811,175 | - | - | - | 811,175 |
| Capital outlay | - | - | 903,507 | - | - | 903,507 |
| Total expenditures | <u>9,843,835</u> | <u>2,372,002</u> | <u>961,746</u> | <u>4,000</u> | <u>36,314</u> | <u>13,217,897</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(444,552)</u> | <u>(22,080)</u> | <u>(756,527)</u> | <u>-</u> | <u>744,599</u> | <u>(478,560)</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | 910,900 | 75,000 | 772,500 | - | - | 1,758,400 |
| Transfers out | (672,500) | - | - | - | (212,500) | (885,000) |
| Total other financing sources (uses) | <u>238,400</u> | <u>75,000</u> | <u>772,500</u> | <u>-</u> | <u>(212,500)</u> | <u>873,400</u> |
| Net change in fund balances | (206,152) | 52,920 | 15,973 | - | 532,099 | 394,840 |
| Fund balance at beginning of year | <u>6,143,976</u> | <u>386,681</u> | <u>5,037,167</u> | <u>(7,497)</u> | <u>1,558,180</u> | <u>13,118,507</u> |
| Fund balance, end of year | <u>\$ 5,937,824</u> | <u>\$ 439,601</u> | <u>\$ 5,053,140</u> | <u>\$ (7,497)</u> | <u>\$ 2,090,279</u> | <u>\$ 13,513,347</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, 2022

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ 394,840 |
| 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. | 65,026 |
| 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. This does not include \$289,096 recorded in the internal service fund. | 903,507 |
| 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. This does not include \$127,234 recorded in the internal service fund. | (1,564,892) |
| 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. | (3,806) |
| 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. | 138,167 |
| 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. | 1,581,567 |
| 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. | 225,093 |
| 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. | (994) |
| 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. | 7,791 |
| Internal service funds are used by management to charge the costs of vehicle replacement to individual funds. The net expenses of certain activities of internal service funds are reported within governmental activities. | 188,693 |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ 1,934,992 |

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, 2022

| | Business-type Activities | | | | Governmental |
|--|--------------------------|----------------|----------------|---------------|--------------------------|
| | Enterprise funds | | | Total | Activities |
| | Water and Sewer | Solid Waste | Storm Water | | Internal Service Fund |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 5,963,006 | \$ 68,520 | \$ 933,882 | \$ 6,965,408 | \$ 614,787 |
| Restricted cash and cash equivalents | 142,312 | - | - | 142,312 | - |
| Receivables (net of allowance for uncollectibles) | 3,435,428 | 128,381 | 45,688 | 3,609,497 | - |
| Total current assets | 9,540,746 | 196,901 | 979,570 | 10,717,217 | 614,787 |
| Noncurrent assets: | | | | | |
| Nondepreciable capital assets | 113,384 | - | - | 113,384 | - |
| Depreciable capital assets, net | 17,426,077 | - | 85,248 | 17,511,325 | 269,946 |
| Total noncurrent assets | 17,539,461 | - | 85,248 | 17,624,709 | 269,946 |
| Total assets | 27,080,207 | 196,901 | 1,064,818 | 28,341,926 | 884,733 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred loss on refunding | 43,441 | - | - | 43,441 | - |
| Deferred outflows - pensions | 76,156 | - | 21,065 | 97,221 | - |
| Deferred outflows - OPEB | 3,426 | - | 909 | 4,335 | - |
| Total deferred outflows of resources | 123,023 | - | 21,974 | 144,997 | - |
| Total assets and deferred outflows of resources | \$ 27,203,230 | \$ 196,901 | \$ 1,086,792 | \$ 28,486,923 | \$ 884,733 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 138,067 | \$ 71,397 | \$ 4,244 | \$ 213,708 | \$ 187,816 |
| Accrued wages payable | 27,677 | - | 2,710 | 30,387 | - |
| Due to other funds | 569 | - | 116 | 685 | - |
| Compensated absences - current portion | 64,338 | - | 8,367 | 72,705 | - |
| Accrued interest payable | 32,413 | - | - | 32,413 | - |
| Customer deposits | 142,312 | - | - | 142,312 | - |
| Current portion of long-term debt | 544,403 | - | - | 544,403 | - |
| Total current liabilities | 949,779 | 71,397 | 15,437 | 1,036,613 | 187,816 |
| Non-current liabilities: | | | | | |
| Net pension liability | 68,852 | - | 20,247 | 89,099 | - |
| Net OPEB liability | 14,457 | - | 3,850 | 18,307 | - |
| Long-term debt | 6,882,481 | - | - | 6,882,481 | - |
| Total noncurrent liabilities | 6,965,790 | - | 24,097 | 6,989,887 | - |
| Total liabilities | 7,915,569 | 71,397 | 39,534 | 8,026,500 | 187,816 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows - pensions | 76,796 | - | 20,424 | 97,220 | - |
| Deferred inflows - OPEB | 3,036 | - | 807 | 3,843 | - |
| Deferred inflows - leases | 1,875,315 | - | - | 1,875,315 | - |
| Total deferred inflows of resources | 1,955,147 | - | 21,231 | 1,976,378 | - |
| Net position: | | | | | |
| Net investment in capital assets | 10,156,018 | - | 85,248 | 10,241,266 | - |
| Restricted for: | | | | | |
| Capital projects | 1,153,696 | - | - | 1,153,696 | - |
| Unrestricted | 6,022,800 | 125,504 | 940,779 | 7,089,083 | 696,917 |
| Total net position | 17,332,514 | 125,504 | 1,026,027 | 18,484,045 | 696,917 |
| Total liabilities, deferred inflows of resources and net position | \$ 27,203,230 | \$ 196,901 | \$ 1,086,792 | \$ 28,486,923 | \$ 884,733 |

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, 2022

| | Business-type Activities Enterprise funds | | | Total | Governmental- Activities |
|---|--|----------------|----------------|---------------|-----------------------------|
| | Water and Sewer | Solid Waste | Storm Water | | Internal Service Fund |
| Operating revenues: | | | | | |
| Charges for services | \$ 9,626,786 | \$ 910,194 | \$ 367,005 | \$ 10,903,985 | \$ 77,661 |
| Total operating revenues | 9,626,786 | 910,194 | 367,005 | 10,903,985 | 77,661 |
| Operating expenses: | | | | | |
| Water purchases | 2,931,496 | - | - | 2,931,496 | - |
| Personnel services | 993,841 | - | 144,170 | 1,138,011 | - |
| Repairs and maintenance | 142,112 | - | 114,454 | 256,566 | - |
| Operations | 1,468,047 | 879,615 | 7,058 | 2,354,720 | 2,980 |
| Depreciation | 773,253 | - | 5,488 | 778,741 | 127,234 |
| Total operating expenses | 6,308,749 | 879,615 | 271,170 | 7,459,534 | 130,214 |
| Operating income (loss) | 3,318,037 | 30,579 | 95,835 | 3,444,451 | (52,553) |
| Non-operating revenues (expenses): | | | | | |
| Interest income | 4,005 | - | 9,038 | 13,043 | - |
| Interest expense | (182,749) | - | - | (182,749) | - |
| Bond issuance costs | (39,104) | - | - | (39,104) | - |
| Total non-operating revenue (expenses) | (217,848) | - | 9,038 | (208,810) | - |
| Income (loss) before transfers | 3,100,189 | 30,579 | 104,873 | 3,235,641 | (52,553) |
| Transfers | | | | | |
| Transfers in | 78,754 | - | - | 78,754 | 300,000 |
| Transfers out | (1,082,300) | - | (111,100) | (1,193,400) | (58,754) |
| Total transfers | (1,003,546) | - | (111,100) | (1,114,646) | 241,246 |
| Change in net position | 2,096,643 | 30,579 | (6,227) | 2,120,995 | 188,693 |
| Net position at beginning of year | 15,235,871 | 94,925 | 1,032,254 | 16,363,050 | 508,224 |
| Net position, end of year | \$ 17,332,514 | \$ 125,504 | \$ 1,026,027 | \$ 18,484,045 | \$ 696,917 |

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, 2022

| | Business-type Activities Enterprise Funds | | | Governmental- Activities | |
|---|--|----------------|----------------|-----------------------------|--------------------------|
| | Water and Sewer | Solid Waste | Storm Water | Total | Internal Service Fund |
| Cash flow from operating activities: | | | | | |
| Receipts from customers and users | \$ 9,342,438 | \$ 892,954 | \$ 362,802 | \$ 10,598,194 | \$ 77,661 |
| Payments to suppliers for goods and services | (4,839,276) | (879,615) | (141,589) | (5,860,480) | 184,836 |
| Payments to employees for services | (956,048) | - | (132,360) | (1,088,408) | - |
| Net cash provided by operating activities | 3,547,114 | 13,339 | 88,853 | 3,649,306 | 262,497 |
| Cash flow from noncapital financing activities: | | | | | |
| Transfers from other funds | 78,754 | - | - | 78,754 | 300,000 |
| Transfers to other funds | (1,082,300) | - | (111,100) | (1,193,400) | (58,754) |
| Net cash provided by (used in) noncapital financing activities | (1,003,546) | - | (111,100) | (1,114,646) | 241,246 |
| Cash flow from capital financing activities: | | | | | |
| Acquisition of capital assets | (58,754) | - | - | (58,754) | (289,096) |
| Principal paid on capital debt | (779,973) | - | - | (779,973) | - |
| Interest paid on capital debt | (275,578) | - | - | (275,578) | - |
| Net cash used in capital financing activities | (1,114,305) | - | - | (1,114,305) | (289,096) |
| Cash flow from investing activities: | | | | | |
| Interest revenue | 4,005 | - | 9,038 | 13,043 | - |
| Net cash provided by investing activities | 4,005 | - | 9,038 | 13,043 | - |
| Net increase (decrease) in cash and cash equivalents | 1,433,268 | 13,339 | (13,209) | 1,433,398 | 214,647 |
| Cash and cash equivalents, beginning of year | 4,672,050 | 55,181 | 947,091 | 5,674,322 | 400,140 |
| Cash and cash equivalents, end of the year | \$ 6,105,318 | \$ 68,520 | \$ 933,882 | \$ 7,107,720 | \$ 614,787 |
| Reconciliation to statement of net position | | | | | |
| Cash and cash equivalents | \$ 5,963,006 | \$ 68,520 | \$ 933,882 | \$ 6,965,408 | \$ 614,787 |
| Restricted cash and cash equivalents | 142,312 | - | - | 142,312 | - |
| | \$ 6,105,318 | \$ 68,520 | \$ 933,882 | \$ 7,107,720 | \$ 614,787 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | |
| Operating income (loss) | \$ 3,318,037 | \$ 30,579 | \$ 95,835 | \$ 3,444,451 | (52,553) |
| Adjustments to reconcile operating income (loss) to Net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 773,253 | - | 5,488 | 778,741 | 127,234 |
| Effects of changes in assets and liabilities: | | | | | |
| Accounts receivable | (275,227) | (21,552) | (4,203) | (300,982) | - |
| Accounts payable | (225,796) | 4,312 | 2,713 | (218,771) | 187,816 |
| Accrued wages | 1,582 | - | (3,245) | (1,663) | - |
| Compensated absences | (16,460) | - | (2,635) | (19,095) | - |
| Customer and escrow deposits | (9,121) | - | - | (9,121) | - |
| Net pension liability and OPEB obligation | (19,154) | - | (5,100) | (24,254) | - |
| Net cash provided by operating activities | \$ 3,547,114 | \$ 13,339 | \$ 88,853 | \$ 3,649,306 | \$ 262,497 |

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, deferred inflows and outflows of resources, 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 and OPEB liabilities 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. Since the TIRZ board is substantively the same as the governing body of the Town and the TIRZ provides services entirely to the primary government and exclusively benefits the Town, 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, the capital projects fund, and the relief 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. 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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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.

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.
- d) The **Relief Fund** accounts for the funds received from Collin County under the CARES Act and American Rescue Plan Act.

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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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

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, and deferred inflows and outflows of resources 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.

The Town also maintains one internal service fund (vehicle replacement fund). The **Internal Service Fund** is used to account for the financing of vehicles provided by one department to other departments of the Town, generally on a cost-reimbursement basis.

E. 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.

F. 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.

G. 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

H. 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.

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 40 |
| System Infrastructure | 30 - 40 |
| Equipment | 5 - 10 |
| Vehicles | 5 |

I. 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.

J. 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.

K. 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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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.

L. 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*.

M. Leases

The Town is a lessor for noncancellable leases of property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Town recorded lease revenue, including interest, of \$216,945 during the fiscal year ended September 30, 2022.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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 assets 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 as a reduction of the applicable pension or OPEB liability in the following fiscal year) and differences between projected and actual investment earnings (deferred and amortized over a closed five year period), as well as changes in assumptions on the OPEB plan and differences between expected and actual economic experience on pension assets (which are deferred and amortized over the estimated average remaining service lives of the employees in the plan).

Deferred inflows of resources represent the acquisition of net assets 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 and OPEB (similar to the deferred outflows described above) on the government-wide statement of net position and unavailable tax revenues and fees at the fund level. In addition, reported on both the government-wide and fund level financial statements, there is a deferred inflow related to leases. This amount is initially an offset to lease receivable recorded at lease commencement, and subsequently, recognized as revenue over the life of the lease term.

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.

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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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: 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, liabilities, deferred inflows and outflows of resources. 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, 2022 through March 29, 2023, the date the financial statements were available to be 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.

At year end, the carrying amount of the Town's deposits (including those of the component units) was \$12,450,205 and the bank balance was \$12,714,045. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Town of Fairview, Texas

Notes to the Basic Financial Statements

Cash and investments as of September 30, 2022 consist of and are classified in the accompanying financial statements as follows:

| | |
|--------------------------------------|----------------------|
| Primary government: | |
| Cash and cash equivalents | \$ 23,412,702 |
| Restricted cash and cash equivalents | 142,312 |
| Component units: | |
| Cash and cash equivalents | 3,115,839 |
| Total cash and investments | <u>\$ 26,670,853</u> |
| Cash on hand | \$ 1,100 |
| Carrying amount of deposits | 12,450,205 |
| Carrying amount of investments | 14,219,548 |
| Total cash and investments | <u>\$ 26,670,853</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.

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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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, 2022 | 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 | \$ 13,496,184 | \$ - | \$ - | \$ - | 25 days | AAAm | AAAm |
| LoneStar | 723,364 | - | - | - | 89 days | AAA | AAA |
| Investment Pools Total | <u>\$ 14,219,548</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 a 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.

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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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 above 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, 2022 the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

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 2022 levy was based was \$2,208,088,538. 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, 2022 was \$0.345580 per \$100 of assessed valuation. Current tax collections for the year ended September 30, 2022 were approximately 99% of the tax levy.

Town of Fairview, Texas
Notes to the Basic Financial Statements

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, 2022 are as follows:

| | Governmental Funds | | | |
|-----------------------|--------------------|--------------|----------------|------------|
| | General | Debt Service | Nonmajor Funds | Total |
| Property taxes | \$ 143,048 | \$ 74,008 | \$ - | \$ 217,056 |
| Sales taxes | 323,506 | - | - | 323,506 |
| Franchise taxes | 201,244 | - | - | 201,244 |
| Hotel/motel taxes | - | - | 17,166 | 17,166 |
| Other | 244,049 | - | 2,972 | 247,021 |
| Gross receivables | 911,847 | 74,008 | 20,138 | 1,005,993 |
| Less: allowances | (82,896) | - | 68 | (82,828) |
| Net total receivables | \$ 828,951 | \$ 74,008 | \$ 20,206 | \$ 923,165 |

| | Enterprise Funds | | | |
|-------------------|------------------|-------------|-------------|--------------|
| | Water and Sewer | Solid Waste | Storm Water | Total |
| Utility bills | \$ 1,516,506 | \$ 128,381 | \$ 45,688 | \$ 1,690,575 |
| Leases | 1,918,922 | - | - | 1,918,922 |
| Total receivables | \$ 3,435,428 | \$ 128,381 | \$ 45,688 | \$ 3,609,497 |

| | Component Units | | |
|-------------------|-----------------|------------|------------|
| | EDC | CDC | Total |
| Sales taxes | \$ 156,077 | \$ 156,077 | \$ 312,154 |
| Total receivables | \$ 156,077 | \$ 156,077 | \$ 312,154 |

Leases receivable – The Town has entered into multiple lease agreements as lessor. The leases allow the right-to-use cell sites to other organizations over the term of the lease. The Town receives annual or monthly payments at the interest rate stated or implied within the leases. The interest rates for these leases are 2.99%. The Town has \$1,918,922 remaining in lease receivables and \$1,875,316 remaining in deferred inflows as of September 30, 2022.

| | Interest Rates | Receivable at Commencement | Lease Term in Years | Ending Balance |
|------------------------------------|----------------|----------------------------|---------------------|----------------|
| Water and sewer fund Cell sites | 2.99% | \$ 2,048,239 | 10-25 | \$ 1,918,922 |

Town of Fairview, Texas
Notes to the Basic Financial Statements

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2022 was as follows:

| | Beginning Balance | Increases | Decreases | Adjustments/ Transfers | Ending Balance |
|--|----------------------|---------------------|------------------|---------------------------|----------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 5,204,969 | \$ - | \$ - | \$ - | \$ 5,204,969 |
| Construction in progress | 7,575,646 | 903,507 | - | (7,567,255) | 911,898 |
| Total capital assets, not being depreciated | <u>12,780,615</u> | <u>903,507</u> | <u>-</u> | <u>(7,567,255)</u> | <u>6,116,867</u> |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 23,515,035 | - | - | - | 23,515,035 |
| Buildings and improvements | 10,557,886 | - | - | 7,567,255 | 18,125,141 |
| Furniture and equipment | 4,876,332 | 130,147 | (114,167) | (58,754) | 4,833,558 |
| Vehicles | 1,366,554 | 217,703 | (126,829) | - | 1,457,428 |
| Total capital assets being depreciated | <u>40,315,807</u> | <u>347,850</u> | <u>(240,996)</u> | <u>7,508,501</u> | <u>47,931,162</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | 6,459,572 | 828,882 | - | - | 7,288,454 |
| Buildings and improvements | 3,275,865 | 450,471 | - | - | 3,726,336 |
| Furniture and equipment | 2,735,710 | 288,398 | (114,167) | - | 2,909,941 |
| Vehicles | 1,297,110 | 124,375 | (126,829) | - | 1,294,656 |
| Total accumulated depreciation | <u>13,768,257</u> | <u>1,692,126</u> | <u>(240,996)</u> | <u>-</u> | <u>15,219,387</u> |
| Total capital assets being depreciated, net | <u>26,547,550</u> | <u>(1,344,276)</u> | <u>-</u> | <u>7,508,501</u> | <u>32,711,775</u> |
| Governmental activities capital assets, net | <u>\$ 39,328,165</u> | <u>\$ (440,769)</u> | <u>\$ -</u> | <u>\$ (58,754)</u> | <u>\$ 38,828,642</u> |
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 113,384 | \$ - | \$ - | \$ - | \$ 113,384 |
| Construction in progress | - | - | - | - | - |
| Total capital assets, not being depreciated | <u>113,384</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>113,384</u> |
| Capital assets being depreciated: | | | | | |
| Utility Plant | 26,193,390 | - | (11,508) | - | 26,181,882 |
| Buildings and improvements | 203,323 | - | - | - | 203,323 |
| Furniture and equipment | 614,220 | - | - | 58,754 | 672,974 |
| Vehicles | 212,387 | - | (57,976) | - | 154,411 |
| Total capital assets being depreciated | <u>27,223,320</u> | <u>-</u> | <u>(69,484)</u> | <u>58,754</u> | <u>27,212,590</u> |
| Less accumulated depreciation for: | | | | | |
| Utility Plant | 8,260,828 | 708,647 | (11,508) | - | 8,957,967 |
| Buildings and improvements | 97,961 | 13,618 | - | - | 111,579 |
| Furniture and equipment | 422,010 | 47,508 | - | - | 469,518 |
| Vehicles | 211,209 | 8,968 | (57,976) | - | 162,201 |
| Total accumulated depreciation | <u>8,992,008</u> | <u>778,741</u> | <u>(69,484)</u> | <u>-</u> | <u>9,701,265</u> |
| Total capital assets being depreciated, net | <u>18,231,312</u> | <u>(778,741)</u> | <u>-</u> | <u>58,754</u> | <u>17,511,325</u> |
| Business-type activities capital assets, net | <u>\$ 18,344,696</u> | <u>\$ (778,741)</u> | <u>\$ -</u> | <u>\$ 58,754</u> | <u>\$ 17,624,709</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 | \$ 230,439 |
| Public safety | 581,587 |
| Public works | 732,814 |
| Parks and recreation | 147,286 |
| | <u>\$ 1,692,126</u> |
| Business-type activities: | |
| Water and Sewer | \$ 773,253 |
| Stormwater | 5,488 |
| | <u>\$ 778,741</u> |

Note 6. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2022 is as follows:

| | |
|----------------------|---------------------|
| | <u>Due to</u> |
| | <u>General Fund</u> |
| <u>Due from</u> | |
| Storm Water Fund | \$ 116 |
| Water and Sewer Fund | 569 |
| | <u>\$ 685</u> |

The General Fund receivable is related to expenses paid by the General Fund, but reimbursed by the associated funds. All interfund balances are considered short-term and will be repaid within the year.

Transfers between funds during the year were as follows:

| <u>Transfer Out</u> | <u>Transfer In</u> | <u>Amount</u> | <u>Purpose</u> |
|-----------------------------|-----------------------|---------------------|--|
| Storm Water Fund | General Fund | \$ 3,500 | To fund information technology expenses |
| Water and Sewer Fund | General Fund | 47,300 | To fund information technology expenses |
| Non-major Governmental Fund | General Fund | 12,500 | To fund information technology expenses |
| Storm Water Fund | General Fund | 37,600 | Cost allocation for administrative costs |
| General Fund | Capital Projects Fund | 522,500 | To fund capital, street, and park projects |
| Water and Sewer Fund | Capital Projects Fund | 250,000 | To fund capital, street, and park projects |
| Non-major Governmental Fund | General Fund | 15,000 | Cost allocation for court operations |
| Non-major Governmental Fund | General Fund | 110,000 | 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 | 685,000 | Cost allocation for administrative costs |
| Non-major Governmental Fund | Debt Service Fund | 75,000 | To subsidize the debt service payments |
| Storm Water Fund | Internal Service Fund | 50,000 | Set up Vehicle Replacement Fund |
| General Fund | Internal Service Fund | 150,000 | Set up Vehicle Replacement Fund |
| Water and Sewer Fund | Internal Service Fund | 100,000 | Set up Vehicle Replacement Fund |
| | | <u>\$ 2,078,400</u> | |

Transfers out of the Internal Service fund include \$58,754 of equipment from the Vehicle and Equipment Replacement fund to the Water and Sewer fund.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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.

Note 7. Long-Term Debt

The Town issues general obligation bonds and certificates of obligation and revenue bonds, as well as financed purchases, 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, 2022:

| | Beginning Balance | Additions | Retired or Refunded | Ending Balance | Amount Due within One year |
|----------------------------------|----------------------|-------------------|------------------------|----------------------|----------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 13,133,469 | \$ - | \$ (950,027) | \$ 12,183,442 | \$ 990,597 |
| Certificates of obligation | 6,885,000 | - | (500,000) | 6,385,000 | 510,000 |
| Unamortized bond premium | 2,258,022 | - | (225,093) | 2,032,929 | - |
| Net pension liability | 950,518 | - | (536,475) | 414,043 | - |
| Net OPEB liability | 97,315 | 6,969 | - | 104,284 | - |
| Compensated absences | 779,776 | 780,770 | (779,776) | 780,770 | 780,770 |
| Financed purchases | 625,352 | - | (131,540) | 493,812 | 69,761 |
| | <u>24,729,452</u> | <u>787,739</u> | <u>(3,122,911)</u> | <u>22,394,280</u> | <u>2,351,128</u> |
| Business-type activities: | | | | | |
| General obligation bonds | 2,301,531 | - | (689,973) | 1,611,558 | 324,403 |
| Certificates of obligation | 5,445,000 | - | (90,000) | 5,355,000 | 220,000 |
| Unamortized bond premium | 550,271 | - | (89,945) | 460,326 | - |
| Net pension liability | 183,274 | - | (94,175) | 89,099 | - |
| Net OPEB liability | 17,084 | 1,223 | - | 18,307 | - |
| Compensated absences | 91,800 | 72,705 | (91,800) | 72,705 | 72,705 |
| | <u>8,588,960</u> | <u>73,928</u> | <u>(1,055,893)</u> | <u>7,606,995</u> | <u>617,108</u> |
| Total Primary Government | <u>\$ 33,318,412</u> | <u>\$ 861,667</u> | <u>\$ (4,178,804)</u> | <u>\$ 30,001,275</u> | <u>\$ 2,968,236</u> |

For the governmental activities, the net pension liability and the other post-employment benefit liability are generally liquidated by the General Fund.

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, 2022.

| <u>Governmental Activities:</u> Purpose | Original Amount | Year of Issue | Final Maturity | Interest Rates | Balance 9/30/2022 |
|---|--------------------|------------------|-------------------|-------------------|----------------------|
| General Obligation Bonds: | | | | | |
| Refunding | \$ 658,172 | 2013 | 2025 | 2.00% - 3.00% | \$ 175,763 |
| Refunding | 1,161,898 | 2016 | 2027 | 2.00% - 4.00% | 831,092 |
| Refunding & improvements | 12,768,662 | 2020 | 2050 | 2.375% - 5.00% | 11,176,587 |
| Total General Obligation Bonds | | | | | <u>12,183,442</u> |
| Certificates of Obligation: | | | | | |
| Improvements | 3,565,000 | 2013 | 2028 | 2.00% - 4.00% | 1,620,000 |
| Improvements | 5,840,000 | 2016 | 2036 | 2.00% - 4.00% | 4,765,000 |
| Total Certificates of Obligation | | | | | <u>6,385,000</u> |
| Total Governmental Activities Debt | | | | | <u>\$ 18,568,442</u> |
| | | | | | |
| <u>Business-Type Activities:</u> Purpose | Original Amount | Year of Issue | Final Maturity | Interest Rates | Balance 9/30/2022 |
| General Obligation Bonds: | | | | | |
| Improvements | \$ 2,325,000 | 2012 | 2022 | 2.09% | \$ - |
| Improvements | 1,101,828 | 2013 | 2025 | 2.00% - 3.00% | 294,237 |
| Improvements | 1,683,102 | 2016 | 2027 | 2.00% - 4.00% | 1,203,908 |
| Refunding | 321,338 | 2020 | 2023 | 5.00% | 113,413 |
| Total General Obligation Bonds | | | | | <u>1,611,558</u> |
| Certificates of Obligation: | | | | | |
| Improvements | 5,570,000 | 2019 | 2039 | 3.00% - 5.00% | 5,355,000 |
| Total Certificates of Obligation | | | | | <u>5,355,000</u> |
| Total Business-Type Activities Debt | | | | | <u>\$ 6,966,558</u> |

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-Type Activities | | |
|-------------------------------------|-------------------------|---------------------|----------------------|--------------------------|---------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | \$ 1,500,597 | \$ 731,324 | \$ 2,231,921 | \$ 544,403 | \$ 249,095 | \$ 793,498 |
| 2024 | 1,468,648 | 676,018 | 2,144,666 | 651,353 | 228,951 | 880,304 |
| 2025 | 1,466,637 | 618,391 | 2,085,028 | 573,362 | 208,234 | 781,596 |
| 2026 | 1,512,368 | 552,184 | 2,064,552 | 562,632 | 183,323 | 745,955 |
| 2027 | 1,515,192 | 482,964 | 1,998,156 | 489,808 | 158,017 | 647,825 |
| 2028-2032 | 4,440,000 | 1,634,081 | 6,074,081 | 1,525,000 | 551,700 | 2,076,700 |
| 2033-2037 | 2,695,000 | 899,256 | 3,594,256 | 1,815,000 | 260,325 | 2,075,325 |
| 2038-2042 | 1,340,000 | 488,306 | 1,828,306 | 805,000 | 24,375 | 829,375 |
| 2043-2047 | 1,575,000 | 246,406 | 1,821,406 | - | - | - |
| 2048-2050 | 1,055,000 | 37,941 | 1,092,941 | - | - | - |
| Total | <u>\$ 18,568,442</u> | <u>\$ 6,366,871</u> | <u>\$ 24,935,313</u> | <u>\$ 6,966,558</u> | <u>\$ 1,864,020</u> | <u>\$ 8,830,578</u> |

Town of Fairview, Texas

Notes to the Basic Financial Statements

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. All compensated absences are considered to be current portions of long-term obligations, as the Town expects them to be used within the next year, even though the unused vacation and sick pay balances can continue to be rolled forward year to year, based on Town policies.

Financed Purchases

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 expired June 1, 2022. Payments were \$67,238 annually and carried an effective interest rate of 2.08%.

On April 2, 2019, the Town entered into an agreement with BB&T to purchase a firetruck. The agreement is for an approximate 10 year term and expires February 15, 2029. Payments are \$84,495 annually and carry an effective interest rate of 3.09%.

The assets under a financed purchase arrangement at September 30, 2022 are as follows:

| | Governmental Activities |
|--------------------------------|----------------------------|
| Asset: | |
| Equipment | \$ 723,532 |
| Less: accumulated depreciation | (144,706) |
| Total | \$ 578,826 |

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

| Fiscal Year Ending | Governmental Activities | | |
|-----------------------|-------------------------|-----------|------------|
| | Principal | Interest | Total |
| 2023 | \$ 69,761 | \$ 14,734 | \$ 84,495 |
| 2024 | 71,933 | 12,562 | 84,495 |
| 2025 | 74,173 | 10,322 | 84,495 |
| 2026 | 76,483 | 8,012 | 84,495 |
| 2027 | 78,864 | 5,631 | 84,495 |
| Thereafter | 122,598 | 3,818 | 126,416 |
| Total | \$ 493,812 | \$ 55,079 | \$ 548,891 |

Town of Fairview, Texas
Notes to the Basic Financial Statements

Note 8. Pension Plan

A. Plan Description

The Town participates as one of 901 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 annual comprehensive financial report (ACFR) 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 payment 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.

Employees covered by benefit terms

At December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 9 |
| Inactive employees entitled to but not yet receiving benefits | 43 |
| Active employees | 75 |
| Total | <u>127</u> |

C. Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching ratios are either 1:1 (1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), 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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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 11.21% and 11.22% in calendar years 2021 and 2022, respectively. The Town's contributions to TMRS for the year ended September 30, 2022, were \$673,969, and were equal to the required contributions.

D. Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.5% per year |
| Overall payroll growth | 2.75% 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 are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement 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. 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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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 in fiscal year 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|----------------------------------|-------------------|---|
| Global public equity | 35.0% | 7.55% |
| Core fixed income | 6.0% | 2.00% |
| Non-core fixed income | 20.0% | 5.68% |
| Other public and private markets | 12.0% | 7.22% |
| Real estate | 12.0% | 6.85% |
| Hedge funds | 5.0% | 5.35% |
| Private equity | 10.0% | 10.00% |
| Total | 100.0% | |

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.

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.

Town of Fairview, Texas
Notes to the Basic Financial Statements

Changes in the Net Pension Liability

| | Total Pension Liability (a) | Increase (Decrease) Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|--------------------------------------|---|--|
| Balance at December 31, 2020 | \$ 12,589,860 | \$ 11,456,068 | \$ 1,133,792 |
| Changes for the year: | | | |
| Service cost | 974,380 | - | 974,380 |
| Interest | 880,289 | - | 880,289 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experience | 83,225 | - | 83,225 |
| Changes of assumptions | - | - | - |
| Contributions - employer | - | 658,922 | (658,922) |
| Contributions - employee | - | 416,402 | (416,402) |
| Net investment income | - | 1,500,080 | (1,500,080) |
| Benefit payments, including refunds of employee contributions | (71,470) | (71,470) | - |
| Administrative expense | - | (6,910) | 6,910 |
| Other changes | - | 50 | (50) |
| Net Changes | 1,866,424 | 2,497,074 | (630,650) |
| Balance at December 31, 2021 | \$ 14,456,284 | \$ 13,953,142 | \$ 503,142 |

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 | \$2,847,481 | \$503,142 | (\$1,403,178) |

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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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

For the year ended September 30, 2022, the Town recognized pension expense of \$487,189. At September 30, 2022, 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 | \$ 202,996 | \$ (11,522) |
| Changes in actuarial assumptions | 35,723 | - |
| Difference between projected and actual investment earnings | - | (764,289) |
| Contributions subsequent to the measurement date | 490,666 | - |
| Total | <u>\$ 729,385</u> | <u>\$ (775,811)</u> |

The \$490,666 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will reduce the net pension liability during the year ending September 30, 2023. 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, | |
|------------------------------------|---------------------|
| 2023 | \$ (107,186) |
| 2024 | (235,467) |
| 2025 | (105,513) |
| 2026 | (106,564) |
| 2027 | 14,570 |
| Thereafter | 3,068 |
| | <u>\$ (537,092)</u> |

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 members, 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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|-------|
| Inactive employees currently receiving benefits | 5 |
| Inactive employees entitled to but not yet receiving benefits | 3 |
| Active employees | 75 |
| | <hr/> |
| | 83 |

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 0.02% in calendar year 2021 and 0.02% in calendar year 2022. The Town's contributions to the SDBF for the year ended September 30, 2022 were \$1,206, and were equal to the required contributions.

D. Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Town of Fairview, Texas
Notes to the Basic Financial Statements

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

| | |
|--|-----------------------------------|
| Inflation | 2.5% per year |
| Salary increases | 3.5% to 11.5% including inflation |
| Discount rate | 1.84% |
| Retiree's share of benefit-related costs | \$0 |

The discount rate was based on the Fidelity Index "20-Year Municipal GO AA Index" rate as of December 31, 2021. All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

F. Changes in Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance at December 31, 2020 | \$ 114,399 |
| Changes for the year | |
| Service Cost | 16,656 |
| Interest on Total OPEB Liability | 2,443 |
| Changes of Benefit terms | - |
| Differences between expected and actual experience | (13,098) |
| Changes in assumptions or other inputs | 3,381 |
| Benefit payments | (1,190) |
| Net changes | 8,192 |
| Balance at December 31, 2021 | \$ 122,591 |

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

The following presents the total OPEB liability of the Town, calculated using the discount rate of 1.84%, 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 (0.84%) or 1 percentage-point higher (2.84%) than the current rate:

| | 1% Decrease (0.84%) | Current Discount Rate (1.84%) | 1% Increase (2.84%) |
|----------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability | \$ 147,270 | \$ 122,591 | \$ 102,567 |

Town of Fairview, Texas

Notes to the Basic Financial Statements

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

For the year ended September 30, 2022, the Town recognized pension expense of \$19,552. At September 30, 2022, the Town reported deferred outflows of resources related to OPEB from the following sources.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ - | \$ (22,987) |
| Changes in actuarial assumptions | 28,161 | (2,749) |
| Contributions subsequent to the measurement date | 875 | - |
| | <u>\$ 29,036</u> | <u>\$ (25,736)</u> |

The \$875 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, 2023. 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 | |
|----------------------|-----------------|
| 2023 | \$ 453 |
| 2024 | 453 |
| 2025 | 453 |
| 2026 | 453 |
| 2027 | 400 |
| Thereafter | 213 |
| | <u>\$ 2,425</u> |

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.

Town of Fairview, Texas

Notes to the Basic Financial Statements

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, 2022, the Town rebated \$148,767 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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 5,078,565 | \$ 5,129,000 | \$ 5,134,533 | \$ 5,533 |
| Sales taxes | 1,580,000 | 1,900,000 | 1,948,849 | 48,849 |
| Franchise taxes | 610,000 | 651,000 | 690,790 | 39,790 |
| Mixed beverage taxes | 75,000 | 90,000 | 102,851 | 12,851 |
| Charges for services | 276,000 | 340,100 | 392,305 | 52,205 |
| Permits | 338,600 | 337,276 | 428,595 | 91,319 |
| Fines and forfeitures | 372,700 | 374,100 | 383,413 | 9,313 |
| Intergovernmental | 325,400 | 30,400 | 34,100 | 3,700 |
| Interest Income | 25,000 | 70,000 | 123,395 | 53,395 |
| Miscellaneous | 83,000 | 156,600 | 160,452 | 3,852 |
| | <u>8,764,265</u> | <u>9,078,476</u> | <u>9,399,283</u> | <u>320,807</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,228,824 | 2,336,265 | 2,319,451 | 16,814 |
| Public safety | 5,971,816 | 6,260,505 | 6,448,285 | (187,780) |
| Public works | 763,099 | 522,623 | 511,503 | 11,120 |
| Inspections | 234,461 | 227,449 | 237,130 | (9,681) |
| Municipal court | 169,603 | 181,464 | 184,674 | (3,210) |
| Parks and recreation | 192,199 | 145,813 | 142,792 | 3,021 |
| Capital outlay | 44,100 | 28,900 | - | 28,900 |
| | <u>9,604,102</u> | <u>9,703,019</u> | <u>9,843,835</u> | <u>(140,816)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(839,837)</u> | <u>(624,543)</u> | <u>(444,552)</u> | <u>179,991</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 913,400 | 910,900 | 910,900 | - |
| Transfers out | - | (672,500) | (672,500) | - |
| Total other financing sources (uses) | <u>913,400</u> | <u>238,400</u> | <u>238,400</u> | <u>-</u> |
| Net change in fund balance | 73,563 | (386,143) | (206,152) | 179,991 |
| Fund balance at beginning of year | <u>6,143,976</u> | <u>6,143,976</u> | <u>6,143,976</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 6,217,539</u> | <u>\$ 5,757,833</u> | <u>\$ 5,937,824</u> | <u>\$ 179,991</u> |

Town of Fairview, Texas

Notes to the Budgetary Comparison Schedule
For the Fiscal Year Ended September 30, 2022

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.

B. Budgetary Variances

General Fund expenditures exceeded appropriations during fiscal year 2022 as follows:

- Public Safety (\$187,780)
- Inspections (\$9,681)
- Municipal Court (\$3,210)

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 | | | | | | | |
|--|-------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total pension liability: | | | | | | | | |
| Service cost | \$ 974,380 | \$ 954,970 | \$ 857,552 | \$ 809,957 | \$ 775,570 | \$ 654,747 | \$ 591,290 | \$ 503,147 |
| Interest (on the Total Pension Liability) | 880,289 | 763,028 | 651,556 | 560,442 | 479,376 | 413,636 | 362,744 | 304,442 |
| Changes of benefit terms | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience | 83,225 | 81,931 | 112,214 | 48,823 | 1,978 | (83,513) | (107,256) | 38,408 |
| Change in assumptions | - | - | 66,968 | - | - | - | 143,787 | - |
| Benefit payments, including refunds of employee contributions | (71,470) | (73,411) | (97,700) | (88,670) | (57,621) | (85,073) | (67,750) | (46,631) |
| Net change in total pension liability | 1,866,424 | 1,726,518 | 1,590,590 | 1,330,552 | 1,199,303 | 899,797 | 922,815 | 799,366 |
| Total pension liability - beginning | 12,589,860 | 10,863,342 | 9,272,752 | 7,942,200 | 6,742,897 | 5,843,100 | 4,920,285 | 4,120,919 |
| Total pension liability - ending (a) | 14,456,284 | 12,589,860 | 10,863,342 | 9,272,752 | 7,942,200 | 6,742,897 | 5,843,100 | 4,920,285 |
| Plan fiduciary net position: | | | | | | | | |
| Contributions - employer | 658,922 | 625,229 | 556,731 | 537,652 | 512,655 | 385,302 | 339,813 | 276,717 |
| Contributions - employee | 416,402 | 406,370 | 365,582 | 347,834 | 340,274 | 281,871 | 263,130 | 233,376 |
| Net investment income | 1,500,080 | 743,786 | 1,201,361 | (215,203) | 776,920 | 318,080 | 6,143 | 200,316 |
| Benefit payments, including refunds of employee contributions | (71,470) | (73,411) | (97,700) | (88,670) | (57,621) | (85,073) | (67,750) | (46,631) |
| Administrative expense | (6,910) | (4,793) | (6,761) | (4,147) | (4,019) | (3,586) | (3,739) | (2,090) |
| Other | 50 | (187) | (203) | (215) | (202) | (194) | (185) | (172) |
| Net change in plan fiduciary net position | 2,497,074 | 1,696,994 | 2,019,010 | 577,251 | 1,568,007 | 896,400 | 537,412 | 661,516 |
| Plan fiduciary net position - beginning | 11,456,068 | 9,759,074 | 7,740,064 | 7,162,813 | 5,594,806 | 4,698,406 | 4,160,994 | 3,499,478 |
| Plan fiduciary net position - ending (b) | 13,953,142 | 11,456,068 | 9,759,074 | 7,740,064 | 7,162,813 | 5,594,806 | 4,698,406 | 4,160,994 |
| Net pension liability - ending (a) - (b) | \$ 503,142 | \$ 1,133,792 | \$ 1,104,268 | \$ 1,532,688 | \$ 779,387 | \$ 1,148,091 | \$ 1,144,694 | \$ 759,291 |
| Plan fiduciary net position as a percentage of total pension liability | 96.52% | 90.99% | 89.83% | 83.47% | 90.19% | 82.97% | 80.41% | 84.57% |
| Covered payroll | \$ 5,948,598 | \$ 5,805,289 | \$ 5,222,606 | \$ 4,969,059 | \$ 4,740,656 | \$ 4,026,734 | \$ 3,758,998 | \$ 3,333,941 |
| Net pension liability as a percentage of covered payroll | 8.46% | 19.53% | 21.14% | 30.84% | 16.44% | 28.51% | 30.45% | 22.77% |

Note: Only eight 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 | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 673,969 | \$ 654,163 | \$ 598,869 | \$ 561,809 | \$ 535,533 | \$ 508,156 | \$ 385,928 | \$ 330,951 |
| Contributions in relation of the actuarially determined contribution | 673,969 | 654,163 | 598,869 | 561,809 | 535,533 | 508,156 | 385,928 | 330,951 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 6,012,654 | \$ 5,873,515 | \$ 5,487,954 | \$ 5,174,388 | \$ 4,904,537 | \$ 4,613,774 | \$ 4,026,859 | \$ 3,680,512 |
| Contributions as a percentage of covered payroll | 11.21% | 11.14% | 10.91% | 10.86% | 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 eight 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 Measurement Years

(Unaudited)

| | Measurement year | | | | |
|---|------------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Total OPEB Liability: | | | | | |
| Changes for the year | | | | | |
| Service Cost | \$ 16,656 | \$ 13,934 | \$ 9,401 | \$ 9,937 | \$ 8,533 |
| Interest on Total OPEB Liability | 2,443 | 2,578 | 2,641 | 2,346 | 2,072 |
| Changes of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | (13,098) | (3,912) | (5,984) | (6,594) | - |
| Changes in assumptions or other inputs | 3,381 | 15,293 | 14,806 | (4,613) | 5,252 |
| Benefit payments | (1,190) | (581) | (522) | (497) | (473) |
| Net change in total OPEB liability | 8,192 | 27,312 | 20,342 | 579 | 15,384 |
| Total OPEB Liability - beginning | 114,399 | 87,087 | 66,745 | 66,166 | 50,782 |
| Total OPEB Liability - ending | \$ 122,591 | \$ 114,399 | \$ 87,087 | \$ 66,745 | \$ 66,166 |
| | | | | | |
| Covered-employee payroll | \$ 5,948,598 | \$ 5,805,289 | \$ 5,222,606 | \$ 4,969,059 | \$ 4,740,656 |
| | | | | | |
| Total OPEB Liability as a percentage of covered-employee payroll | 2.06% | 1.97% | 1.67% | 1.34% | 1.40% |

Note: Only five years 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.

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

| | Fiscal Year | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Actuarially determined contribution | \$ 1,206 | \$ 1,017 | \$ 549 | \$ 517 | \$ 490 |
| Contributions in relation to the actuarially determined contribution | (1,206) | (1,017) | (549) | (517) | (490) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered-employee payroll | \$ 6,012,654 | \$ 5,873,515 | \$ 5,487,954 | \$ 5,174,388 | \$ 4,904,537 |
| Contributions as a percentage of covered-employee payroll | 0.02% | 0.02% | 0.01% | 0.01% | 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 five years 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 the Texas Municipal Retirement System
Required Supplementary Information
For the Fiscal Year Ended September 30, 2022

1. Pension Plan

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 | 24 years (longest amortization ladder) |
| Asset Valuation Method | 10 Year smoothed market; 12% soft corridor |
| Inflation | 2.50% |
| Salary Increases | 3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014 – 2018. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis scale UMP. |

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 Fund

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, 2022

| | <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 | \$ 239,282 | \$ 68,086 | \$ 1,572,283 | \$ 190,422 | \$ 2,070,073 |
| Other receivables | - | 3,040 | - | 17,166 | 20,206 |
| Total assets | <u>\$ 239,282</u> | <u>\$ 71,126</u> | <u>\$ 1,572,283</u> | <u>\$ 207,588</u> | <u>\$ 2,090,279</u> |
| FUND BALANCES | | | | | |
| Fund balances: | | | | | |
| Restricted | | | | | |
| Fire | - | 71,126 | - | - | 71,126 |
| Court | 239,282 | - | - | - | 239,282 |
| Development | - | - | 1,572,283 | 207,588 | 1,779,871 |
| Total fund balances | <u>\$ 239,282</u> | <u>\$ 71,126</u> | <u>\$ 1,572,283</u> | <u>\$ 207,588</u> | <u>\$ 2,090,279</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, 2022

| | Court | Fire Donations | Tax Increment Reinvestment Zone | Hotel/Motel | Total Non-major Governmental Funds |
|--|-------------------|-------------------|--|-------------------|--|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ - | \$ - | \$ 495,982 | \$ - | \$ 495,982 |
| Other | - | - | - | 205,837 | 205,837 |
| Fines and forfeitures | 39,138 | - | - | - | 39,138 |
| Miscellaneous | - | 39,956 | - | - | 39,956 |
| Total revenues | <u>39,138</u> | <u>39,956</u> | <u>495,982</u> | <u>205,837</u> | <u>780,913</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public safety | - | 18,154 | - | - | 18,154 |
| Development | - | - | - | 18,160 | 18,160 |
| Total expenditures | <u>-</u> | <u>18,154</u> | <u>-</u> | <u>18,160</u> | <u>36,314</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>39,138</u> | <u>21,802</u> | <u>495,982</u> | <u>187,677</u> | <u>744,599</u> |
| Other financing sources (uses): | | | | | |
| Transfers out | <u>(27,500)</u> | <u>-</u> | <u>(75,000)</u> | <u>(110,000)</u> | <u>(212,500)</u> |
| Total other financing sources (uses) | <u>(27,500)</u> | <u>-</u> | <u>(75,000)</u> | <u>(110,000)</u> | <u>(212,500)</u> |
| Net change in fund balance | 11,638 | 21,802 | 420,982 | 77,677 | 532,099 |
| Fund balance at beginning of year | <u>227,644</u> | <u>49,324</u> | <u>1,151,301</u> | <u>129,911</u> | <u>1,558,180</u> |
| Fund balance, end of year | <u>\$ 239,282</u> | <u>\$ 71,126</u> | <u>\$ 1,572,283</u> | <u>\$ 207,588</u> | <u>\$ 2,090,279</u> |

Statistical Section



Town of Fairview, Texas

Statistical Section

Table of Contents

Statistical Section

This part of the Town of Fairview's annual comprehensive 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.

| Contents | Table #s |
|--|-----------------|
| 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 provides. | E-1 to E-3 |

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

Town of Fairview, Texas

Net Position by Component

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

| | Fiscal Year | | | |
|--|------------------|------------------|------------------|------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 9,946 | \$ 8,831 | \$ 8,453 | \$ 10,294 |
| Restricted | 507 | 763 | 964 | 1,122 |
| Unrestricted | 3,954 | 4,314 | 5,212 | 5,105 |
| Total governmental activities net position | \$ 14,407 | \$ 13,908 | \$ 14,629 | \$ 16,521 |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 6,482 | \$ 6,895 | \$ 7,130 | \$ 7,701 |
| Restricted | - | 428 | 433 | 182 |
| Unrestricted | 6,345 | 4,779 | 4,416 | 4,419 |
| Total business-type activities net position | \$ 12,827 | \$ 12,102 | \$ 11,979 | \$ 12,302 |
| Primary government | | | | |
| Net investment in capital assets | \$ 16,428 | \$ 15,726 | \$ 15,583 | \$ 17,995 |
| Restricted | 507 | 1,191 | 1,397 | 1,304 |
| Unrestricted | 10,299 | 9,093 | 9,628 | 9,524 |
| Total primary governmental net position | \$ 27,234 | \$ 26,010 | \$ 26,608 | \$ 28,823 |

Source: Annual Comprehensive Financial Report

Table A-1

| Fiscal Year | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|--|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| \$ 12,253 | \$ 14,073 | \$ 17,537 | \$ 19,886 | \$ 18,543 | \$ 19,947 | |
| 3,336 | 3,448 | 3,623 | 11,967 | 5,741 | 6,617 | |
| 2,975 | 4,642 | 3,775 | (4,751) | 4,329 | 3,984 | |
| <u>\$ 18,564</u> | <u>\$ 22,163</u> | <u>\$ 24,935</u> | <u>\$ 27,102</u> | <u>\$ 28,613</u> | <u>\$ 30,548</u> | |
| | | | | | | |
| \$ 8,335 | \$ 9,139 | \$ 10,746 | \$ 13,359 | \$ 10,130 | \$ 10,241 | |
| 92 | 328 | 419 | 631 | 947 | 1,154 | |
| 4,251 | 4,656 | 3,202 | 1,806 | 5,286 | 7,089 | |
| <u>\$ 12,678</u> | <u>\$ 14,123</u> | <u>\$ 14,367</u> | <u>\$ 15,796</u> | <u>\$ 16,363</u> | <u>\$ 18,484</u> | |
| | | | | | | |
| \$ 20,588 | \$ 23,212 | \$ 28,283 | \$ 33,245 | \$ 28,673 | \$ 30,188 | |
| 3,428 | 3,776 | 4,042 | 12,598 | 6,688 | 7,771 | |
| 7,226 | 9,298 | 6,977 | (2,945) | 9,615 | 11,073 | |
| <u>\$ 31,242</u> | <u>\$ 36,286</u> | <u>\$ 39,302</u> | <u>\$ 42,898</u> | <u>\$ 44,976</u> | <u>\$ 49,032</u> | |

Town of Fairview, Texas

Changes in Net Position

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

| | Fiscal Year | | | |
|---|-------------|-----------|-----------|-----------|
| | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 2,746 | \$ 2,789 | \$ 2,156 | \$ 2,863 |
| Public safety | 3,631 | 3,955 | 4,354 | 4,625 |
| Municipal court | 129 | 159 | 182 | 173 |
| Public works | 567 | 1,202 | 574 | 660 |
| Parks and recreation | 99 | 162 | 156 | 221 |
| Inspections | 100 | 103 | 96 | 204 |
| Interest and fiscal charges | 698 | 778 | 674 | 728 |
| Total governmental activities expenses | 7,970 | 9,148 | 8,192 | 9,474 |
| Business-type activities: | | | | |
| Water and sewer | 4,195 | 4,211 | 4,584 | 4,824 |
| Solid waste | - | 615 | 581 | 616 |
| Stormwater | - | 195 | 357 | 316 |
| Total business-type activities expenses | 4,195 | 5,021 | 5,522 | 5,756 |
| Total primary government expenses | \$ 12,165 | \$ 14,169 | \$ 13,714 | \$ 15,230 |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for Services: | | | | |
| General government | \$ 295 | \$ 297 | \$ 376 | \$ 450 |
| Public safety | 302 | 388 | 436 | 424 |
| Public works | 291 | 290 | 272 | 695 |
| Parks and recreation | 11 | 48 | 49 | 49 |
| Non-departmental | 432 | - | - | - |
| Debt service | 239 | 241 | 243 | 243 |
| Operating grants and contributions | 107 | 230 | 52 | 55 |
| Capital grants and contributions | - | 77 | 243 | 1,786 |
| Total governmental activities program revenues | 1,677 | 1,571 | 1,671 | 3,702 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 4,157 | 3,742 | 4,904 | 5,053 |
| Solid waste | - | 607 | 616 | 625 |
| Stormwater | - | 295 | 301 | 308 |
| Capital grants and contributions | - | - | - | - |
| Total business-type activities program revenues | 4,157 | 4,644 | 5,821 | 5,986 |
| Total primary government program revenues | \$ 5,834 | \$ 6,215 | \$ 7,492 | \$ 9,688 |

Source: Annual Comprehensive Financial Report

Table A-2 (Continued)

| | | Fiscal Year | | | | | | | | | |
|----|--------|-------------|--------|------|--------|------|--------|----|--------|----|--------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | | | |
| \$ | 2,945 | \$ | 3,309 | \$ | 2,842 | \$ | 2,433 | \$ | 2,464 | \$ | 2,547 |
| | 5,314 | | 5,442 | | 6,091 | | 6,460 | | 6,806 | | 6,977 |
| | 189 | | 182 | | 180 | | 186 | | 169 | | 182 |
| | 913 | | 790 | | 957 | | 1,344 | | 1,201 | | 1,274 |
| | 267 | | 264 | | 287 | | 329 | | 349 | | 287 |
| | 138 | | 183 | | 224 | | 217 | | 224 | | 234 |
| | 704 | | 593 | | 575 | | 547 | | 615 | | 561 |
| | 10,470 | | 10,763 | | 11,156 | | 11,516 | | 11,828 | | 12,062 |
| | 5,044 | | 5,423 | | 5,884 | | 5,861 | | 6,291 | | 6,531 |
| | 659 | | 686 | | 754 | | 766 | | 841 | | 879 |
| | 224 | | 248 | | 416 | | 309 | | 252 | | 271 |
| | 5,927 | | 6,357 | | 7,054 | | 6,936 | | 7,384 | | 7,681 |
| \$ | 16,397 | \$ | 17,120 | \$ | 18,210 | \$ | 18,452 | \$ | 19,212 | \$ | 19,743 |
| \$ | 433 | \$ | 399 | \$ | 460 | \$ | 552 | \$ | 607 | \$ | 497 |
| | 448 | | 419 | | 414 | | 427 | | 425 | | 467 |
| | 641 | | 574 | | 650 | | 437 | | 502 | | 528 |
| | 49 | | 48 | | 49 | | 12 | | 12 | | 12 |
| | - | | - | | - | | - | | - | | - |
| | 77 | | - | | - | | - | | - | | - |
| | 58 | | 119 | | 459 | | 1,049 | | 780 | | 178 |
| | 1,264 | | 3,073 | | 1,200 | | 848 | | 120 | | 45 |
| | 2,970 | | 4,632 | | 3,232 | | 3,325 | | 2,446 | | 1,727 |
| | 5,557 | | 7,221 | | 6,834 | | 7,741 | | 7,515 | | 9,627 |
| | 673 | | 710 | | 737 | | 811 | | 835 | | 910 |
| | 319 | | 331 | | 324 | | 343 | | 353 | | 367 |
| | 110 | | - | | - | | - | | - | | - |
| | 6,659 | | 8,262 | | 7,895 | | 8,895 | | 8,703 | | 10,904 |
| \$ | 9,629 | \$ | 12,894 | \$ | 11,127 | \$ | 12,220 | \$ | 11,149 | \$ | 12,631 |

Town of Fairview, Texas

Changes in Net Position – Continued

Last Ten Fiscal Years (Unaudited)

(Accrual Basis of Accounting) – Amounts Expressed in Thousands

| | Fiscal Year | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Net (Expenses) Revenue | | | | |
| Governmental activities | \$ (6,293) | \$ (7,577) | \$ (6,521) | \$ (5,772) |
| Business-type activities | (38) | (377) | 299 | 230 |
| Total primary government | \$ (6,331) | \$ (7,954) | \$ (6,222) | \$ (5,542) |
| General Revenues and other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 4,279 | \$ 4,509 | \$ 4,886 | \$ 5,297 |
| Sales taxes | 1,448 | 1,453 | 1,519 | 1,626 |
| Franchise taxes | 563 | 649 | 669 | 647 |
| Mixed beverage taxes | 69 | 77 | 77 | 83 |
| Unrestricted investment earnings | 19 | 23 | 25 | 32 |
| Miscellaneous | 162 | 16 | 63 | 70 |
| Transfers | (262) | 349 | 354 | (91) |
| Total governmental activities | 6,278 | 7,076 | 7,593 | 7,664 |
| Business-type activities: | | | | |
| Unrestricted investment earnings | 3 | 1 | - | 1 |
| Transfers | 262 | (349) | (354) | 91 |
| Total business-type activities | 265 | (348) | (354) | 92 |
| Total primary government | \$ 6,543 | \$ 6,728 | \$ 7,239 | \$ 7,756 |
| Change in Net Position | | | | |
| Governmental activities | \$ (15) | \$ (501) | \$ 1,072 | \$ 1,892 |
| Business-type activities | 227 | (725) | (55) | 322 |
| Total primary government | \$ 212 | \$ (1,226) | \$ 1,017 | \$ 2,214 |

Source: Annual Comprehensive Financial Report

Table A-2 (Concluded)

| | | Fiscal Year | | | | | | | | | |
|-------|---------|-------------|---------|------|---------|------|---------|----|---------|----|----------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | | | |
| \$ | (7,500) | \$ | (6,131) | \$ | (7,924) | \$ | (8,191) | \$ | (9,382) | \$ | (10,335) |
| | 732 | | 1,905 | | 841 | | 1,959 | | 1,319 | | 3,223 |
| \$ | (6,768) | \$ | (4,226) | \$ | (7,083) | \$ | (6,232) | \$ | (8,063) | \$ | (7,112) |
| <hr/> | | | | | | | | | | | |
| \$ | 5,811 | \$ | 6,484 | \$ | 6,929 | \$ | 7,137 | \$ | 7,387 | \$ | 7,945 |
| | 1,577 | | 1,552 | | 1,666 | | 1,562 | | 1,738 | | 1,949 |
| | 657 | | 684 | | 687 | | 633 | | 619 | | 691 |
| | 73 | | 220 | | 284 | | 192 | | 244 | | 309 |
| | 66 | | 210 | | 307 | | 124 | | 52 | | 140 |
| | 1,000 | | 161 | | 171 | | 123 | | 100 | | 121 |
| | 359 | | 462 | | 653 | | 586 | | 753 | | 1,115 |
| | 9,543 | | 9,773 | | 10,697 | | 10,357 | | 10,893 | | 12,270 |
| <hr/> | | | | | | | | | | | |
| | 4 | | 8 | | 56 | | 57 | | 2 | | 13 |
| | (359) | | (462) | | (653) | | (586) | | (753) | | (1,115) |
| | (355) | | (454) | | (597) | | (529) | | (751) | | (1,102) |
| \$ | 9,188 | \$ | 9,319 | \$ | 10,100 | \$ | 9,828 | \$ | 10,142 | \$ | 11,168 |
| <hr/> | | | | | | | | | | | |
| \$ | 2,043 | \$ | 3,642 | \$ | 2,773 | \$ | 2,166 | \$ | 1,511 | \$ | 1,935 |
| | 377 | | 1,451 | | 244 | | 1,430 | | 568 | | 2,121 |
| \$ | 2,420 | \$ | 5,093 | \$ | 3,017 | \$ | 3,596 | \$ | 2,079 | \$ | 4,056 |

Town of Fairview, Texas

Fund Balances, Governmental Funds

Last Ten Fiscal Years (Unaudited)

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

| | Fiscal Year | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Fund | | | | | |
| Nonspendable | \$ - | \$ 1 | \$ 3 | \$ 5 | \$ 1 |
| Assigned | - | 78 | 63 | 96 | 223 |
| Unassigned | 4,158 | 3,878 | 4,056 | 4,913 | 4,783 |
| Total general fund | \$ 4,158 | \$ 3,957 | \$ 4,122 | \$ 5,014 | \$ 5,007 |
| All Other Governmental Funds | | | | | |
| Restricted | \$ 1,736 | \$ 2,425 | \$ 1,712 | \$ 5,595 | \$ 3,378 |
| Assigned | 66 | 726 | 1,379 | 914 | 1,952 |
| Unassigned | - | - | - | - | - |
| Total all other governmental funds | \$ 1,802 | \$ 3,151 | \$ 3,091 | \$ 6,509 | \$ 5,330 |

Source: Annual Comprehensive Financial Report

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 | | | |
|--|-------------|----------|----------|----------|
| | 2013 | 2014 | 2015 | 2016 |
| REVENUES | | | | |
| Taxes | \$ 6,386 | \$ 6,622 | \$ 7,116 | \$ 7,686 |
| Licenses and permits | 295 | 269 | 368 | 433 |
| Intergovernmental revenue and grants | 75 | 258 | 86 | 272 |
| Charges for services | 904 | 289 | 391 | 529 |
| Fines and forfeitures | 301 | 388 | 436 | 424 |
| Interest earnings | 19 | 23 | 25 | 32 |
| Other revenue | 70 | 242 | 97 | 615 |
| Miscellaneous | 194 | 138 | 192 | 200 |
| Total revenues | 8,244 | 8,229 | 8,711 | 10,191 |
| EXPENDITURES | | | | |
| General government | 2,491 | 2,167 | 1,801 | 2,496 |
| Public safety | 3,248 | 3,576 | 3,962 | 4,168 |
| Public works | 207 | 1,168 | 231 | 258 |
| Parks and recreation | 89 | 97 | 91 | 151 |
| Inspections | 98 | 103 | 96 | 202 |
| Municipal court | 127 | 159 | 181 | 171 |
| Economic development | - | - | - | - |
| Capital outlay | 3,130 | 2,129 | 1,239 | 3,022 |
| Debt service | | | | |
| Principal retirement | 785 | 1,032 | 1,041 | 1,149 |
| Interest and fiscal charges | 655 | 793 | 697 | 826 |
| Total expenditures | 10,830 | 11,224 | 9,339 | 12,443 |
| Excess (deficiency) of revenues over (under) expenditures | (2,586) | (2,995) | (628) | (2,252) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from bonds | - | 4,223 | - | 7,002 |
| Proceeds from sale of capital assets | - | 4 | 74 | - |
| Payment to refunded bond escrow agent | - | (687) | - | (1,264) |
| Proceeds from capital lease obligation | - | - | 380 | - |
| Premium (cost) on bonds issued | - | 253 | - | 915 |
| Transfer from other funds | 905 | 839 | 1,043 | 1,069 |
| Transfer to other funds | (1,167) | (489) | (690) | (1,160) |
| Total other financing sources (uses) | (262) | 4,143 | 807 | 6,562 |
| NET CHANGE IN FUND BALANCES | \$ (2,848) | \$ 1,148 | \$ 179 | \$ 4,310 |
| Debt service as a percentage of noncapital expenditures | 23.0% | 20.1% | 21.5% | 21.0% |

Source: Annual Comprehensive Financial Report

Table A-4

| | | Fiscal Year | | | | | | | | | |
|----|---------|-------------|--------|------|---------|------|---------|----|---------|----|--------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | | | | |
| \$ | 8,029 | \$ | 8,843 | \$ | 9,645 | \$ | 9,528 | \$ | 9,958 | \$ | 10,829 |
| | 402 | | 372 | | 420 | | 531 | | 563 | | 429 |
| | 22 | | 83 | | 1,598 | | 1,297 | | 738 | | 138 |
| | 482 | | 399 | | 350 | | 261 | | 336 | | 392 |
| | 448 | | 419 | | 395 | | 426 | | 425 | | 423 |
| | 66 | | 210 | | 307 | | 124 | | 52 | | 140 |
| | 608 | | 175 | | 340 | | 683 | | 303 | | 189 |
| | 363 | | 3,312 | | 340 | | 191 | | 192 | | 200 |
| | 10,420 | | 13,813 | | 13,395 | | 13,041 | | 12,567 | | 12,740 |
| | 2,185 | | 2,212 | | 2,452 | | 2,026 | | 2,151 | | 2,337 |
| | 4,774 | | 5,125 | | 5,549 | | 5,952 | | 6,429 | | 6,481 |
| | 785 | | 389 | | 502 | | 636 | | 503 | | 552 |
| | 176 | | 173 | | 185 | | 180 | | 202 | | 143 |
| | 134 | | 185 | | 221 | | 216 | | 225 | | 237 |
| | 185 | | 184 | | 177 | | 185 | | 170 | | 185 |
| | - | | - | | 10 | | 17 | | 8 | | 8 |
| | 2,324 | | 2,478 | | 4,947 | | 2,203 | | 5,911 | | 904 |
| | 3,682 | | 1,281 | | 1,468 | | 1,569 | | 1,517 | | 1,560 |
| | 797 | | 707 | | 672 | | 707 | | 883 | | 811 |
| | 15,042 | | 12,734 | | 16,183 | | 13,691 | | 17,999 | | 13,218 |
| | (4,622) | | 1,079 | | (2,788) | | (650) | | (5,432) | | (478) |
| | - | | - | | - | | 12,768 | | - | | - |
| | 2,762 | | 125 | | - | | 140 | | - | | - |
| | - | | - | | - | | (7,155) | | - | | - |
| | 316 | | - | | 724 | | - | | - | | - |
| | - | | - | | - | | 2,047 | | - | | - |
| | 3,308 | | 1,232 | | 1,060 | | 1,030 | | 1,262 | | 1,758 |
| | (2,949) | | (771) | | (567) | | (594) | | (729) | | (885) |
| | 3,437 | | 586 | | 1,217 | | 8,236 | | 533 | | 873 |
| \$ | (1,185) | \$ | 1,665 | \$ | (1,571) | \$ | 7,586 | \$ | (4,899) | \$ | 395 |
| | 35.2% | | 19.4% | | 19.0% | | 19.8% | | 19.9% | | 19.3% |

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 | | | |
| 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 |
| 2019 | 2018 | 2,199,818,981 | 57,240,785 | 312,146,964 | 1,944,912,802 | 0.349709 |
| 2020 | 2019 | 2,296,530,762 | 61,295,343 | 325,554,050 | 2,032,272,055 | 0.347156 |
| 2021 | 2020 | 2,346,368,240 | 59,493,790 | 316,543,396 | 2,089,318,634 | 0.347156 |
| 2022 | 2021 | 2,529,205,530 | 54,735,454 | 344,213,219 | 2,239,727,765 | 0.345580 |

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 ^a | | | Total Direct and Overlapping Rates |
|-------------|-------------------|-------------------|-----------------|-------------------------------------|----------------|---------------|------------------------------------|
| | Operating Rate | Debt Service Rate | Total Town Rate | Lovejoy Independent School District | Collin College | Collin County | |
| 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 |
| 2019 | 0.227424 | 0.122285 | 0.349709 | 1.670000 | 0.081222 | 0.180785 | 2.281716 |
| 2020 | 0.230180 | 0.116976 | 0.347156 | 1.568350 | 0.081222 | 0.174951 | 2.171679 |
| 2021 | 0.240342 | 0.106814 | 0.347156 | 1.554700 | 0.081222 | 0.172531 | 2.155609 |
| 2022 | 0.245536 | 0.100044 | 0.345580 | 1.505000 | 0.081222 | 0.168087 | 2.099889 |

^a 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 Nine Years Ago (Unaudited)

Table B-3

FY 2021-2022
(2021 Certified Tax Roll)

| Taxpayer | Taxable Assessed Value | Percentage of Total Town Taxable Assessed Value |
|-------------------------------------|---------------------------|--|
| TX Sorrel Apartments LLC | \$ 55,000,000 | 2.46% |
| Lantower Management Services LP | 49,416,450 | 2.21% |
| Carrington Fairview Partners LLC | 41,000,000 | 1.83% |
| Village FV LTD | 32,408,288 | 1.45% |
| CRP-GREP Overture Fairview Owner LP | 30,888,150 | 1.38% |
| IVT Shoppes at Fairview LLC | 22,628,107 | 1.01% |
| Lantower Management Services LP | 15,086,550 | 0.67% |
| Fairview Office LLC | 14,800,000 | 0.66% |
| Dillard's Properties Inc | 10,600,000 | 0.47% |
| DVD Fitness LLC | 9,677,425 | 0.43% |
| Total | \$ 281,504,970 | 12.57% |
| Total Assessed Valuation | \$ 2,239,727,765 | 100.00% |

FY 2012-2013
(2012 Certified Tax Roll)

| Taxpayer | Taxable Assessed Value | Percentage of Total Town Taxable Assessed Value |
|-----------------------------------|---------------------------|--|
| The Village at Fairview, LP | \$ 56,050,871 | 4.65% |
| Fairfield Fairview, LLP | 30,500,000 | 2.53% |
| Carrington Fairview Partners, LLC | 26,516,600 | 2.20% |
| Macy's Retail Holdings, Inc. | 14,455,087 | 1.20% |
| Dillard's Properties, Inc. | 13,877,925 | 1.15% |
| Fairfield Cortona Lofts, LP | 10,054,978 | 0.83% |
| JC Penney Properties, Inc. | 8,555,075 | 0.71% |
| Dillard Texas Central, LLC | 7,567,171 | 0.63% |
| PR Fairview WFM Landlord, LLC | 7,174,453 | 0.60% |
| PF Fairview Land TRS, LLC | 6,984,176 | 0.58% |
| Total | \$ 181,736,336 | 15.08% |
| Total Assessed Valuation | \$ 1,204,423,017 | 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 | 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 |
| 2013 | 4,290,409 | 4,285,020 | 99.87% | 21,698 | 4,306,718 | 100.38% |
| 2014 | 4,466,998 | 4,431,527 | 99.21% | 27,546 | 4,459,073 | 99.82% |
| 2015 | 4,808,574 | 4,781,860 | 99.44% | 26,543 | 4,808,403 | 100.00% |
| 2016 | 5,185,376 | 5,155,710 | 99.43% | 28,494 | 5,184,204 | 99.98% |
| 2017 | 5,538,329 | 5,677,241 | 102.51% | - | 5,677,241 | 102.51% |
| 2018 | 6,294,311 | 6,322,106 | 100.44% | 33,198 | 6,355,304 | 100.97% |
| 2019 | 6,685,205 | 6,753,483 | 101.02% | 179,859 | 6,933,342 | 103.71% |
| 2020 | 6,948,781 | 7,036,991 | 101.27% | 22,190 | 7,059,181 | 101.59% |
| 2021 | 7,243,088 | 7,200,282 | 99.41% | 58,329 | 7,258,611 | 100.21% |
| 2022 | 7,630,713 | 7,682,567 | 100.68% | 71,476 | 7,754,043 | 101.62% |

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 Ended Sept 30, | Total Collected | 1.00% City | % of Ad Valorem Tax Levy | (\$) Equivalent of Ad Valorem Tax Rate | 0.50% 4A EDC | 0.50% 4B CDC |
|----------------------------------|--------------------|---------------|--------------------------------|---|-----------------|-----------------|
| 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 | 28.47% | 0.10249 | 788,445 | 788,445 |
| 2018 | 3,069,724 | 1,534,862 | 24.66% | 0.08878 | 776,064 | 776,064 |
| 2019 | 3,332,644 | 1,666,322 | 24.93% | 0.08717 | 833,161 | 833,161 |
| 2020 | 3,124,350 | 1,562,175 | 22.48% | 0.07804 | 781,087 | 781,087 |
| 2021 | 3,475,302 | 1,737,651 | 23.99% | 0.08328 | 868,825 | 868,825 |
| 2022 | 3,897,696 | 1,948,848 | 25.54% | 0.08826 | 974,424 | 974,424 |

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 | Financed Purchases | General Obligation Bonds ^a | Notes | Financed Purchases | | | |
| | 2013 | 16,990 | - | - | 8,715 | - | | | |
| 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 |
| 2019 | 17,807 | - | 960 | 9,850 | - | - | 28,617 | 5.00% | 2,978 |
| 2020 | 23,906 | - | 756 | 9,156 | - | - | 33,818 | 5.59% | 3,461 |
| 2021 | 22,276 | - | 625 | 8,297 | - | - | 31,198 | 4.86% | 3,008 |
| 2022 | 20,601 | - | 494 | 7,426 | - | - | 28,521 | 3.68% | 2,696 |

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

^a Includes General Obligation Bonds and Certificates of Obligation Bonds

^b See 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

| Fiscal Year | General Obligation Bonds | Less: Available Debt Service Funds | Net General Bonded Debt | Percentage of Actual Taxable Value of Property ^a | Per Capita ^b |
|-------------|--------------------------------|--|----------------------------|--|-------------------------|
| 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 |
| 2019 | 27,657 | 395 | 27,262 | 1.40% | 2,837 |
| 2020 | 33,062 | 317 | 32,745 | 1.61% | 3,352 |
| 2021 | 30,573 | 353 | 30,220 | 1.45% | 2,914 |
| 2022 | 28,027 | 417 | 27,610 | 1.23% | 2,610 |

Note: 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.

^c This does not include Certificates of Obligations from Business-Type Activities.

See Table C-1 for Business-Type Activities revenue based ratios.

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. | 09/30/22 | \$ 146,105 | 67.36% | \$ 98,414 |
| Collin College | 09/30/22 | 498,565 | 1.31% | 6,509 |
| Collin County | 09/30/22 | 543,645 | 1.33% | 7,232 |
| Subtotal, overlapping debt | | 1,188,315 | | 112,155 |
| Town of Fairview Direct Debt ^a | 09/30/22 | 21,095 | 100.00% | 21,095 |
| Total direct and overlapping debt | | | | \$ 133,250 |
| Ratio of direct and overlapping debt principal to taxable values ^b | | | | 5.95% |
| Ratio of direct and overlapping debt principal to actual market values ^b | | | | 5.16% |

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 | | | | | | | | | |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Debt limit | \$ 137,330 | \$ 123,964 | \$ 133,538 | \$ 164,278 | \$ 190,303 | \$ 176,850 | \$ 194,491 | \$ 203,227 | \$ 208,932 | \$ 223,973 |
| Total net debt applicable to limit | 25,321 | 27,314 | 25,729 | 30,643 | 31,012 | 19,310 | 18,349 | 24,282 | 22,548 | 20,678 |
| Legal debt margin | \$ 112,009 | \$ 96,650 | \$ 107,809 | \$ 133,635 | \$ 159,291 | \$ 157,540 | \$ 176,142 | \$ 178,945 | \$ 186,384 | \$ 203,295 |
| Total net debt applicable to the limit as a percentage of debt limit | 18.44% | 22.03% | 19.27% | 18.65% | 16.30% | 10.92% | 9.43% | 11.95% | 10.79% | 9.23% |

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 2022

| | |
|--|--------------------------|
| Assessed value | \$ 2,239,728 |
| Debt limit (10% of total assessed value) | <u>223,973</u> |
| Debt applicable to limit: | |
| General obligation bonds | 21,095 |
| Less: amounts set aside for repayment of general obligation debt | <u>(417)</u> |
| Total net debt applicable to limit | <u>20,678</u> |
| Legal debt margin | <u>\$ 203,295</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 |
| 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 |
| 2019 | 6,890 | 5,195 | 1,695 | 695 | 2.44 |
| 2020 | 7,798 | 5,094 | 2,704 | 753 | 3.59 |
| 2021 | 7,517 | 5,289 | 2,228 | 780 | 2.86 |
| 2022 | 9,631 | 5,535 | 4,095 | 544 | 7.52 |

Note: ^a Includes operating and non-operating revenues.

^b Includes operating expenses minus depreciation.

^c Includes 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 |
|-------------|--------------------------------|--------------------|---|-------------------|-----------------------------|-----------------------------|
| 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% |
| 2019 | 9,610 | 571,958 | 59,517 | 49.0 | 1,251 | 3.0% |
| 2020 | 9,770 | 604,646 | 61,888 | 49.0 | 1,484 | 6.4% |
| 2021 | 10,372 | 641,902 | 61,888 | 48.0 | 1,404 | 5.1% |
| 2022 | 10,580 | 775,927 | 73,339 | 49.0 | 1,320 | 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

| 2022 | | |
|---|--------------|---|
| Employer | Employees | Percentage of Total City Employment |
| Whole Foods | 200 | 10.99% |
| JC Penney | 120 | 6.59% |
| Dillard's | 103 | 5.66% |
| Macy's | 70 | 3.85% |
| Heritage Ranch | 80 | 4.40% |
| Boomer Jacks Grill & Bar | 80 | 4.40% |
| Town of Fairview | 79 | 4.34% |
| iPic | 70 | 3.85% |
| Glorias | 61 | 3.35% |
| Old Navy | 40 | 2.20% |
| Total | 903 | 49.62% |
| Total Fairview Daytime Employees | 1,820 | |

| 2013 | | |
|---|--------------|---|
| Employer | Employees | Percentage of Total City Employment |
| Whole Foods | 176 | 10.35% |
| Dillard's | 125 | 7.35% |
| JC Penney | 110 | 6.47% |
| Macy's | 104 | 6.12% |
| Heritage Ranch | 85 | 5.00% |
| M. Christopher Homes | 70 | 4.12% |
| Splitsville | 55 | 3.24% |
| Glorias | 53 | 3.12% |
| Town of Fairview | 52 | 3.06% |
| iPic | 50 | 2.94% |
| Total | 880 | 51.77% |
| Total Fairview Daytime Employees | 1,700 | |

Source: Top ten employers and employee count provided by
Fairview Economic Development Corporation.
2013 information from FY 2013 Annual Comprehensive Financial Report.

Town of Fairview, Texas

Table E-1

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

| Function/Program | Fiscal Year | | | | | | | | | |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General government | 13 | 13 | 13.5 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 | 14.5 | 15.0 |
| Public safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 15 | 15 | 17.0 | 17.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 20.0 |
| Fire ^a | 11 | 13 | 19.0 | 20.0 | 22.0 | 25.0 | 25.0 | 25.0 | 25.0 | 27.0 |
| Streets | 2 | 2 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Parks and recreation | 1 | 1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Water | 8 | 9 | 8.0 | 11.0 | 12.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 |
| Sewer | 2 | 1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Total | 52.0 | 54.0 | 61.5 | 66.5 | 70.5 | 74.5 | 74.5 | 74.5 | 74.5 | 79.0 |

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)

| Function/Program | Fiscal Year | | | |
|--|-------------|---------|---------|---------|
| | 2013 | 2014 | 2015 | 2016 |
| Public Safety | | | | |
| Police | | | | |
| Number of police stations | 1 | 1 | 1 | 1 |
| Number of patrol units | 10 | 10 | 11 | 10 |
| Physical arrests | 111 | 132 | 132 | 97 |
| Service calls | 4,793 | 8,793 | 8,856 | 8,315 |
| Citations | 2,826 | 4,055 | 3,849 | 3,881 |
| Fire | | | | |
| Number of fire stations | 2 | 2 | 2 | 2 |
| Number of calls answered | 766 | 725 | 821 | 903 |
| Inspections | 476 | 548 | 449 | 424 |
| Highway and Streets | | | | |
| Streets (miles) | 44.49 | 44.49 | 44.90 | 45.04 |
| Street reconstruction (miles) | 0.68 | 0.00 | 0.00 | 0.37 |
| Street resurfacing (miles) | 2.03 | 0.00 | 0.00 | 0.98 |
| Cultural and Recreational | | | | |
| Parks and recreation | | | | |
| Park acreage | 216.8 | 216.8 | 216.8 | 244.8 |
| Number of parks | 9 | 9 | 9 | 9 |
| Water and Sewer | | | | |
| Water | | | | |
| Number of new water connections | 67 | 56 | 40 | 62 |
| Number of water main breaks | 11 | 8 | 15 | 12 |
| Average daily water consumption ^a | 1,980 | 1,964 | 2,115 | 2,808 |
| Water main (miles) | 75.72 | 76.65 | 75.30 | 76.61 |
| Fire hydrants | 702 | 730 | 731 | 789 |
| Maximum daily capacity ^a | 7.3 MGD | 7.3 MGD | 7.3 MGD | 7.3 MGD |
| Sewer | | | | |
| Sanitary sewer (miles) | 26.48 | 25.94 | 22.20 | 22.62 |

Source: Town Departments

Notes: ^a Stated in thousands of gallons

Table E-2

| Fiscal Year | | | | | |
|-------------|--------|--------|-------|-------|-------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 12 | 12 | 12 | 12 | 12 | 14 |
| 123 | 84 | 111 | 59 | 54 | 55 |
| 8,277 | 8,969 | 8,241 | 7,265 | 7,239 | 7,537 |
| 3,986 | 3,128 | 3,552 | 3,597 | 3,265 | 2,897 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 977 | 1,136 | 1,156 | 1,098 | 1,465 | 1,453 |
| 507 | 567 | 600 | 305 | 242 | 165 |
| 45.94 | 50.49 | 50.56 | 50.56 | 60.00 | 49.60 |
| 0.00 | 1.33 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1.03 | 0.00 | 0.70 | 0.83 | 1.00 | 0.75 |
| 272.7 | 272.7 | 272.7 | 272.7 | 272.7 | 272.7 |
| 10 | 10 | 10 | 10 | 10 | 10 |
| 98 | 85 | 103 | 89 | 123 | 84 |
| 7 | 5 | 7 | 9 | 12 | 6 |
| 2,109 | 2 | 2,226 | 2,328 | 2,193 | 2,822 |
| 83.78 | 84.82 | 85.10 | 85.10 | 89.03 | 89.60 |
| 819 | 820 | 847 | 847 | 874 | 828 |
| 7.3 MGD | 7.3MGD | 7.3MGD | 12MGD | 12MGD | 12MGD |
| 27.13 | 26.21 | 26.09 | 26.09 | 26.09 | 30.30 |

Town of Fairview, Texas

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

Table E-3

| FUNCTION | Fiscal Year | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 10 | 10 | 10 | 10 | 12 | 12 | 12 | 12 | 12 | 14 |
| Fire stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Highway and Streets | | | | | | | | | | |
| Streets (miles) | 44.49 | 44.49 | 44.90 | 45.04 | 45.94 | 50.49 | 50.56 | 50.56 | 60 | 49.6 |
| Culture & Recreation | | | | | | | | | | |
| Parks acreage | 216.8 | 216.8 | 216.8 | 244.8 | 272.7 | 272.7 | 272.7 | 272.7 | 272.7 | 272.7 |
| Parks | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Water | | | | | | | | | | |
| Water mains (miles) | 75.72 | 76.65 | 75.30 | 76.61 | 83.78 | 84.82 | 85.1 | 85.1 | 89.03 | 89.6 |
| Fire hydrants | 702 | 730 | 731 | 789 | 819 | 820 | 847 | 847 | 874 | 828 |
| Maximum daily capacity (thousands of gallons) | 7.3MGD | 7.3MGD | 7.3MGD | 7.3MGD | 7.3MGD | 7.3MGD | 7.3MGD | 12MGD | 12MGD | 12MGD |
| Sewer | | | | | | | | | | |
| Sanitary sewers (miles) | 26.48 | 25.94 | 22.20 | 22.62 | 27.13 | 26.21 | 26.09 | 26.09 | 26.09 | 30.3 |

Source: Various Government Departments