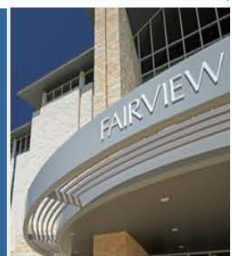
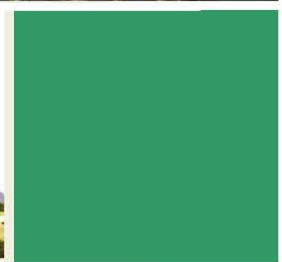




# Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2016

Town of Fairview, Texas



# VISION

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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

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**Fairview is a community that:**

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

**TOWN OF FAIRVIEW, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2016**

**AS PREPARED BY THE  
FINANCE DEPARTMENT**



**TOWN OF FAIRVIEW, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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## **INTRODUCTORY SECTION**







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

March 3, 2017

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

The Town of Fairview Finance Department is pleased to submit the Comprehensive Financial Report (CAFR) for the fiscal year ending September 30, 2016. The Town's Finance Department has prepared the Report and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe that the Town's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. Because the cost internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Also included in this report is an unmodified (clean) opinion on the Town of Fairview's financial statements for the year ended September 30, 2016 issued by Weaver, L.L.P. The independent auditors' report is located in the beginning of the financial section of the CAFR.

### **The Reporting Entity**

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

- Fairview Economic Development Corporation
- Fairview Community Development Corporation

### **The Report**

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

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

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

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

### **Profile of the Government**

The Town of Fairview was incorporated in 1958. The Town is located in Collin County and is approximately 27 miles north of downtown Dallas on US Highway 75. It currently occupies 9.2 square miles and serves a population of approximately 9,000. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limit by annexation, which it has done from time to time.

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

The Town of Fairview provides a full range of services, including police and fire protection, 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. The Town has seen the sales taxes generated each year increase since the Villages opened. In fiscal year 2007 sales taxes represented 7.4% of the General Fund budget. In fiscal year 2016 that had increased to 22.5%. This development has also opened up additional commercial land for development. In fiscal year 2012 the Town entered into a public-private partnership with the Noah’s Corporation to construct a 9,000 square foot conference facility. The Town owns the land and the building and Noah’s operates the facility under a long term lease contract, which generated \$242,539 in revenue for the Town in fiscal year 2016.

Property tax revenues have also seen significant increases both in the commercial area with the construction of the Villages along with a continued strong residential property tax base. The tax base in fiscal year 2016 grew by 7.6%, while the average market value for a home in Fairview was \$424,559.

The economy is very strong in Fairview. The Fairview unemployment rate for September 2016 was 3.8%, compared to 4.9% for Texas and 5.0% nationwide (not seasonally adjusted).

## Financial Policies

The Town Council has adopted and routinely updates the financial policies of the Town. The majority of the financial policies were updated in May of 2012. In November 2013, the Town formally adopted the Governmental Accounting Standards Board (GASB) #54 “Fund Balance Reporting and Governmental Fund Type Definitions” and revised the Town’s fund balance policy. These policies have guided the Town and have resulted in strong fund balances and conservative budgeting practices. The General Fund unassigned fund balance policy sets a goal of 25% of appropriations. The Town has exceeded this level for many years; therefore, the revised policy provides any unassigned fund balance in the General Fund exceeding 50% of budgeted appropriations will be placed in a committed fund to fund future capital or one-time expenditures. The current fund balance is estimated at over 68.4% of General Fund appropriations.

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

## Long Term Planning

The Town Council and staff recognize the need for long range planning. It is the goal of the Town government to provide responsible leadership, services, and infrastructure to achieve a

safe environment and provide for a high quality of life. Below is a discussion of the current planning being undertaken by the Town.

### Strategic Planning

The Town Council meets in a strategic planning retreat generally every 18 – 24 months to outline the goals of the town for the next 18-24 months. Out of the retreat an action plan is developed by staff and approved by Council. This action plan is considered in budget planning and provides direction for both the Council and staff going forward. The most recent update to the plan occurred in 2015 with the emphasis on several major initiatives including the completion of a comprehensive update to the Town's capital improvement plan, the consideration of alternative water sources for the Town, focus on the next steps for implementation of the plans for the commercial district, updating the Town's park and trail plan, and improving the Town's communication tools. The initiatives outlined in that process are underway and the Town will meet in 2017 to update the strategic plan.

### Current Planning Projects

The Town recently completed an update to the comprehensive land use plan for the Town. Included in that plan were a number of initiatives that would move the Town forward in the development of the commercial district including the creation of a Tax Increment Financing (TIF) district; completion of the drainage, water and sewer master planning for the Commercial Planned Development District (CPDD), and planning for the expansion of Fairview Parkway and Frisco Road, two primary roadways within the CPDD. In 2015 the TIF district for the CDPP was established and the Town initiated the planning studies to complete a master drainage plan and updates to the Town's roadway, water and sewer master plans. Along with the updates to the master plans, the impact fees for water, sewer and roadways were updated. The Town is currently underway with the preliminary design and right of mapping Fairview Parkway and Frisco Road. Completion of those efforts are anticipated in 2017. The Town is currently in the process of updating the master park and trail plan with completion planned in 2017.

Additionally, the Town initiated the completion of a long range facilities plan for the future needs of the Town. This plan identifies the amount of building space that should be needed for town functions at full build out. As a result of the completion of the plan the Town initiated the acquisition of land for the future construction of identified Town facilities.

Another planning effort that was completed in 2015 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 2016 the implementation of that plan was initiated with the development of a marketing plan and other tools to further the Town's economic development program.

### Capital Improvement Planning

The Town has maintained and updated a capital plan for facilities and infrastructure. In 2012 the Council approved a three-year plan to reconstruct most of the existing asphalt streets in Town. The first phase was completed in the summer of 2012 with a total expenditure of approximately \$1,500,000. In 2013 the Council authorized the completion of the plan by combining phases 2

and 3 into a single bond issue. In fiscal year 2014 a total of \$3,565,000 in certificates of obligation were issued to fund these improvements. The remaining phases 2 and 3 will be completed in early fiscal year 2017. With several developments under construction, the Town had nearly \$200,000 of street infrastructure contributed to the Town's assets along with 27.8 acres of park land dedicated to the Town for a value of over \$1.1 million. Planning is underway for the construction of additional trails in various areas of Town.

As identified above, one of the primary goals of the update to the strategic plan is the completion of the update of the capital improvement plan, which will include timing, estimated costs and a financing plan for the identified improvements. This updated plan will include needed improvements for the implementation of the Commercial Planned Development District along with other Town needs. The Town completed the first multi-year capital improvement plan which covered a period of ten years. The plan has been implemented in fiscal year 2017 with various projects budgeted.

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

1. The widening of a section of Stacy Road from Highway 5 to FM-1378 from 2 lanes to 4 lanes. This project began in 2016, with completion expected in 2018.
2. Corridor improvements to US 75 including lane widening and ramp adjustments. This project began in 2014 and should be completed in 2017.
3. The reconstruction of a section of east Stacy Road from Thompson Springs to Orr Road is planned with construction to start in summer 2017.
4. Planning for the reconstruction of Fire Station 1, Fire Administration, Public Works and related facilities is currently underway with consideration for a future bond election for construction of those facilities.

### Utilities


The Town of Fairview purchases its water from and has its sewer treated by North Texas Municipal Water District ("NTMWD"). NTMWD has a long range plan for providing treated water to its member and customer cities and each year portions of that plan are implemented along with the rates necessary to fund the plans. In fiscal year 2016 the Town completed a water and sewer rate study that recommended the need for adjustments in the water and sewer rates over the succeeding five years. As a result of that study the Town implemented a 15% rate increase in fiscal year 2017.

### Acknowledgements

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

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

Respectfully submitted,



Julie Couch  
Town Manager



Government Finance Officers Association

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

Presented to

**Town of Fairview  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

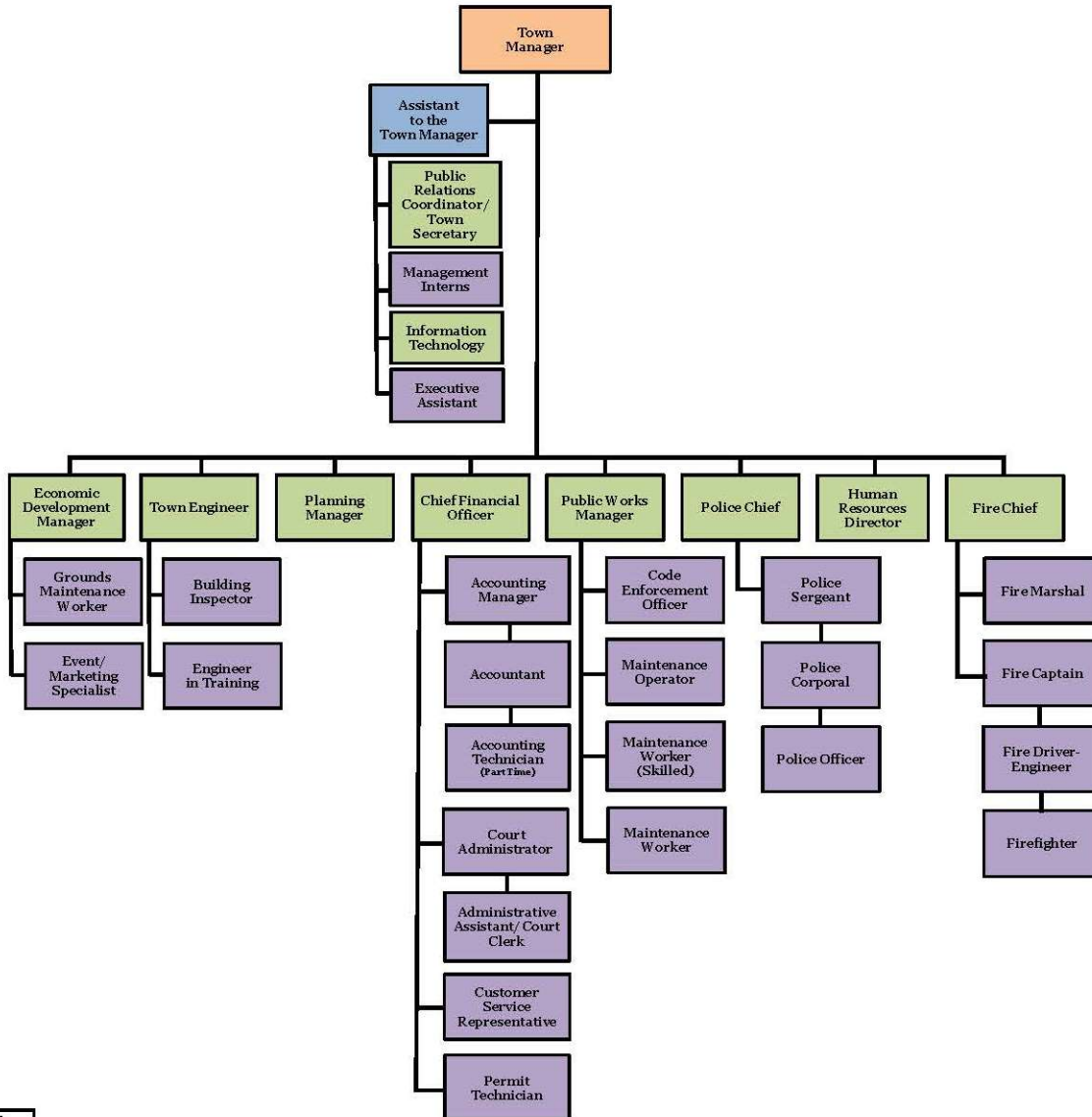
**September 30, 2015**



Executive Director/CEO



## Organizational Chart



FY 16-17



# **TOWN OF FAIRVIEW, TEXAS**

## **Town Officials**

<u><b>Title</b></u>	<u><b>Name</b></u>
Mayor	Darion Culbertson
Mayor Pro Tem & Seat 2	John Adler
Councilmember - Seat 1	Ron Samuels
Councilmember - Seat 3	Frank O'Reilly
Councilmember – Seat 4	Pam Little
Councilmember - Seat 5	Paul Hendricks
Councilmember - Seat 6	Renee Powell
Town Manager	Julie Couch
Assistant to the Town Manager	Adam Wilbourn
Town Secretary	Elizabeth Cappon
Town Engineer	James Chancellor
Economic Development Manager	Ray Dunlap
Police Chief	Granver Tolliver
Fire Chief	Jeff Bell
Public Works Manager	Aron Holmgren
Chief Financial Officer	Jason B. Weeks
Planning Manager	Israel Roberts
Human Resources Director	Judy Webster



## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,  
Town Council, and Town Manager  
Town of Fairview, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Fairview (the Town), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and Texas Municipal Retirement System pension schedules on pages 4-14, 48-49, and 50-52, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, 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 relate 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.

Town of Fairview, TX

Page 3

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 3, 2017







## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2016  
(unaudited)

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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, 2016. 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 \$28,823,036. Of this amount, \$9,524,856 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,214,831. The primary reason for the increase was a \$2,713,516 increase in revenue, while expenses increased \$1,515,514 during 2016.
- As of the close of the current fiscal year, the Town of Fairview's governmental funds reported combined ending fund balances of \$11,522,862, an increase of \$4,310,203 in comparison with the prior year. The primary reason for the increase in fund balance is due to the issuance of new and refunding bonds of \$7,001,898.
- The \$4,912,716 unassigned fund balance in the General Fund represents 68.4% of the total General Fund expenditures.
- The Town's long-term liabilities increased by \$4,998,741 (18.3%) during the current fiscal year. The key factor in this increase was the issuance of \$5,840,000 of Combination Tax and Limited Surplus Certificates of Obligation bonds and \$2,845,000 of General Obligation Refunding bonds during 2016.

### 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.



## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2016  
(unaudited)

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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 stormwater 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 15-17 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 five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, all of which are considered to be major funds. Data from the other two 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 18-21 of this report.

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



# MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2016  
(unaudited)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, the solid waste fund, and the stormwater 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 22-25 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 26-47 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 a schedule of changes in net pension liability and a schedule of contributions as required supplementary information.

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 \$28,823,036 as of September 30, 2016. Analyzing the net position of the governmental and business-type activities separately, governmental activities' net position was \$16,521,345 while business-type activities' net position was \$12,301,691.

The largest portion of the Town's net position, \$17,994,702, or 62.4%, 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, \$1,303,478, or 4.5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$9,524,856, or 33.0%, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Table 1  
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 12,622,077	\$ 8,429,662	\$ 5,205,484	\$ 5,505,379	\$ 17,827,561	\$ 13,935,041
Capital Assets	30,307,537	26,980,348	13,970,421	14,289,128	44,277,958	41,269,476
Total Assets	42,929,614	35,410,010	19,175,905	19,794,507	62,105,519	55,204,517
Deferred Outflows	609,943	278,383	149,590	69,229	759,533	347,612
Current liabilities	1,100,981	1,014,352	473,255	551,313	1,574,236	1,565,665
Noncurrent liabilities	25,840,773	20,044,979	6,536,227	7,333,280	32,377,000	27,378,259
Total liabilities	26,941,754	21,059,331	7,009,482	7,884,593	33,951,236	28,943,924
Deferred Inflows	76,458	-	14,322	-	90,780	-
Net position:						
Net investment in capital assets	10,293,912	8,453,481	7,700,790	7,130,305	17,994,702	15,583,786
Restricted	1,121,694	963,871	181,784	432,947	1,303,478	1,396,818
Unrestricted	5,105,739	5,211,710	4,419,117	4,415,891	9,524,856	9,627,601
Total net position	\$ 16,521,345	\$ 14,629,062	\$ 12,301,691	\$ 11,979,143	\$ 28,823,036	\$ 26,608,205



MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended September 30, 2016  
(unaudited)

The following table (Table 2) provides a summary of the Town's operations for the year ended September 30, 2016. Governmental activities increased the Town's net position by \$1,892,283 while business-type activities increased the Town's net position by \$322,548, resulting in a \$2,214,831 increase in total net position. The key elements of this decrease are as shown as follows:

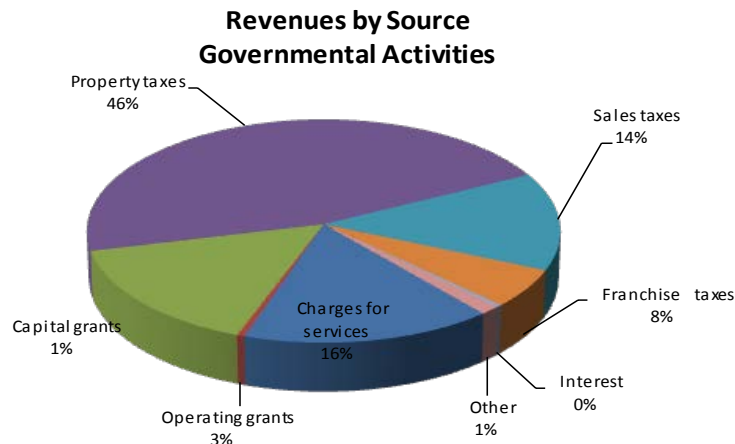
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for Services	\$ 1,860,381	\$ 1,375,716	\$ 5,986,134	\$ 5,820,787	\$ 7,846,515	\$ 7,196,503
Operating Grants and Contributions	55,188	52,040	-	-	55,188	52,040
Capital Grants and Contributions	1,786,033	243,087	-	-	1,786,033	243,087
<b>General revenues:</b>						
Property Taxes	5,297,382	4,886,063	-	-	5,297,382	4,886,063
Sales Taxes	1,626,230	1,519,038	-	-	1,626,230	1,519,038
Franchise Taxes	647,337	668,896	-	-	647,337	668,896
Mixed Beverage Taxes	82,453	77,344	-	-	82,453	77,344
Investment Income	31,987	24,730	1,551	278	33,538	25,008
Other	70,056	63,237	-	-	70,056	63,237
<b>Total Revenues</b>	<b>11,457,047</b>	<b>8,910,151</b>	<b>5,987,685</b>	<b>5,821,065</b>	<b>17,444,732</b>	<b>14,731,216</b>
<b>Expenses:</b>						
General Government	2,863,263	2,156,109	-	-	2,863,263	2,156,109
Public Safety	4,624,391	4,354,155	-	-	4,624,391	4,354,155
Public Works	660,333	573,697	-	-	660,333	573,697
Inspections	203,575	96,066	-	-	203,575	96,066
Municipal Court	173,344	181,945	-	-	173,344	181,945
Parks and Recreation	220,946	156,003	-	-	220,946	156,003
Interest on Long-Term Debt	728,090	674,175	-	-	728,090	674,175
Water Services	-	-	4,824,359	4,583,863	4,824,359	4,583,863
Stormwater Services	-	-	315,570	356,757	315,570	356,757
Solid Waste Services	-	-	616,030	581,617	616,030	581,617
<b>Total expenses</b>	<b>9,473,942</b>	<b>8,192,150</b>	<b>5,755,959</b>	<b>5,522,237</b>	<b>15,229,901</b>	<b>13,714,387</b>
<b>Increase (decrease) in Net Position</b>						
Before Transfers	1,983,105	718,001	231,726	298,828	2,214,831	1,016,829
Transfers	(90,822)	353,772	90,822	(353,772)	-	-
<b>Change in Net Position</b>	<b>1,892,283</b>	<b>1,071,773</b>	<b>322,548</b>	<b>(54,944)</b>	<b>2,214,831</b>	<b>1,016,829</b>
<b>Net Position at beginning of year (as previously restated)</b>	<b>14,629,062</b>	<b>13,907,791</b>	<b>11,979,143</b>	<b>12,102,561</b>	<b>26,608,205</b>	<b>26,010,352</b>
<b>Cumulative effect of change in accounting principle</b>	<b>-</b>	<b>(350,502)</b>	<b>-</b>	<b>(68,474)</b>	<b>-</b>	<b>(418,976)</b>
<b>Net Position, End of Year</b>	<b>\$ 16,521,345</b>	<b>\$ 14,629,062</b>	<b>\$ 12,301,691</b>	<b>\$ 11,979,143</b>	<b>\$ 28,823,036</b>	<b>\$ 26,608,205</b>



## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2016  
(unaudited)

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



Revenues for the Town's governmental activities increased by \$2,546,896 or 28.6%. Major components of the increase are as follows:

**Program revenues:**

- Governmental activities program revenues increased \$2,030,759 or 121.5% over the previous fiscal year. The primary reason for the increase is the increase in developer contributions attributed to development growth.
- Charges for services increased \$484,665 or 35.2% over the previous year.
  - Roadway impact fees increased \$291,756, while engineering and development fees increased \$83,346 due to new developments being completed in 2016 compared to no completed developments in the prior year.
  - Permits increased by \$66,015 or 18.0% from previous year due to increase in residential building permits issued in the current fiscal year. In fiscal year 2016, the Town issued 38 residential building permits compared to the previous year of 24. The majority of the new 38 residential building permits were in relation to a new subdivision being built east of Heritage Ranch.
  - A full-year of providing of in-house emergency medical services (EMS) to the Town contributed to an increase of \$82,115 for EMS transport revenue, compared to the fiscal year 2015 when the Town only received half-year revenue since the new program did not begin until April 2015.
- Capital grants and contributions increased \$1,542,946 due to the contribution of a "Three Oaks Street" by a developer at a value of \$198,546 and the park dedication of 27.9 acres of land within the Parkside subdivision at a value of \$1,265,201.

**General revenues:**

- The majority of the increase in taxes can be attributed to the 7.6% increase in net taxable property assessed valuation in fiscal year 2016 of \$1,642,782,237 compared to previous year of \$1,526,164,161.
- Due to the increase in net taxable property assessed valuations in fiscal year 2016, property taxes increased \$411,319 or 8.4% compared to the previous year.
- Due to the growth in the economy, sales tax revenue increased by \$107,192 or 7.1% from previous year due to increased sales within the Commercial Planned Development District.
- Franchise fee revenue decreased by \$21,559 or -3.2% from previous year due to a warmer winter in 2015/2016 and a mild summer in 2016.



## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2016  
(unaudited)

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Overall, expenses for governmental activities increased by \$1,281,792 or 15.6%. Components of the individual expense increases and decreases are explained as follows:

### General Government:

- General government activities expenditures increased by \$707,154 or 32.8% from the previous fiscal year.
- In the previous fiscal year, the auditors recommended the Town to review the reimbursement process for the Town's economic development sales tax refund agreement; therefore, in order to accurately account for these sales tax refunds the Town increased expenditures in the current fiscal year by \$348,780 or 254.9% to account for this new process.
- In fiscal year 2016, the Town contributed \$284,203 from public and private funds to improve the intersections and turn lanes on the TxDOT road known as Stacy Road.
- In the administration department expenditures increased by \$16,001 or 3.0% due to \$24,408 increased personnel costs related to merit increases and benefits payments.
- The accounting department costs increased by \$44,143 or 8.6% primarily due to \$44,143 increased personnel costs from merit raises, increased benefits costs and the addition of a part-time position. In fiscal year 2016, the Town made \$8,205 one-time expenditures for furniture and equipment to provide additional work space for staff.
- The town secretary expenditures increased \$12,871 or 15.0% primarily due to increased personnel costs of \$12,025 from the Town having a town secretary employed for a full year, which included benefits.
- Planning and zoning costs decreased by \$20,947 or 16.2% due to the Town's decrease in utilization of the urban design services consultant.

### Public Safety:

- Police department expenditures increased for fiscal year 2016 by \$45,920 or 2.9% due to increased personnel costs. The police department personnel costs increased by \$52,845 compared to the previous fiscal year due to being fully staffed along with the merit salary increases and benefit costs implemented at the beginning of October 2015. Additionally, supplies expenditures decreased by \$8,517 due to the price of fuel decreasing throughout the fiscal year, while purchased services expenditures decreased by \$9,552 primarily due to the cost for animal control services through Collin County decreased from the previous year.
- Fire department costs increased by \$163,930 or 7.0% compared to the previous fiscal year primarily due to increased personnel costs.
  - Personnel costs increased \$342,219 or 20.6% compared to the previous fiscal year due to the need to have more full-time and part-time firefighters on staff as opposed to relying on volunteers to provide adequate staffing coverages for each shift. In addition, the increased costs can be contributed to a full year of personnel costs related to the hiring of EMS staff when the Town brought the emergency services contract in-house beginning April 2015.
  - Supplies costs decreased \$30,267 over the previous year due to less costs spent on uniforms.
  - Purchased services costs decreased \$126,997 or 35.0% compared to the previous fiscal year primarily due to the Town not contracted with AMR for emergency services in 2016.
  - As the Town begins to plan the reconstruction of Fire Station #1, the Fire Department needed to begin renting mobile trailers at an increased cost of \$19,348 during 2016 to provide for housing a portion of the fire services.





## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2016  
(unaudited)

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### Public Works:

- Public works department costs increased by \$86,636 or 15.1% primarily due to a \$53,182 increase in depreciation cost of public works related capital assets.
- The Town budgeted additional funding for public works to purchase more asphalt and concrete materials to maintain the current roadway infrastructure in Fairview; therefore, these costs increased by \$19,833.

### Inspections:

- The majority of the \$107,509 or 111.9% increased inspections expenditures can be attributed to a contracted third-party plan reviewer and inspection company for two large commercial developments.

### Municipal Court:

- Municipal court expenditures decreased \$8,601 or 4.7% from the prior year primarily due to one-time expenditures occurring in the prior fiscal year for furniture and equipment.

### Parks and Recreation:

- Parks and recreation expenditures increased by \$64,943 or 41.6% over the previous fiscal year. This increase is primarily due to a \$26,619 increased personnel costs related to the addition of the new Event Coordinator position. Additionally, the Town spent \$23,631 in special events related to the Gus Macker 3-on-3 Basketball tournament that had previously been a Fairview Community Development Corporation funded event.

**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 \$166,620 or 2.9%. Major components of the individual decreases/increases are as follows:

### Water and Sewer Fund:

- During fiscal year 2016, Town conducted utility rate study, which concluded that rate increases needed to be completed, but these changes did not affect the current fiscal year due to the effective date being October 1, 2016. The minimal increase in business-type activities revenues in 2016 is due to limited newly completed developments in the current fiscal year.
- Water Department:
  - The water department expenses increased \$181,516 or 6.7% primarily due the cost to purchase water and increased personnel costs (\$25,458) associated with benefits.
  - The Town, as a customer city, purchases water from North Texas Municipal Water District (NTMWD). Due to the increased cost of these purchases, water purchases expense increased \$204,197 or 10.9% from the previous fiscal year.
  - Due to mild weather this past summer, repairs and maintenance costs were minimized at a decrease from the previous fiscal year by \$29,053 or -27.4%.
  - The Town's household hazardous waste event costs were paid out of the Solid Waste Fund in fiscal year 2016, which had been expensed to the water department in previous years. This decreased expense of \$36,216 assisted with the off-set of the additional cost incurred for the purchase of water.
- Sewer Department:
  - In addition to the Town purchasing water from NTMWD, the Town contracts with NTMWD for treatment of sewer water for an additional increase this fiscal year of \$54,803 or 8.3% over last fiscal year.



## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2016  
(unaudited)

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### Solid Waste Fund:

- Trash and recycling collection services increased revenues in the current fiscal year by \$9,717 or 1.6% compared to the previous fiscal year, due to limited newly completed residential homes.
- Trash and recycling expenses increased in fiscal year 2016 by \$34,413 or 5.9% compared to fiscal year 2015 primarily due to having the added cost of \$28,240 for the household hazardous waste event that had previously been paid from another fund.

### Stormwater Fund:

- In fiscal year 2016, revenues increased \$7,339 or 2.4% over the previous fiscal year due to limited newly completed developments, while the expenses decreased \$41,187 or 11.5% primarily due to a decrease of \$51,317 in funds spent on drainage repairs.

## 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 \$11,522,862, an increase of \$4,310,203 in comparison with the prior year. 42.6% of this total amount, or \$4,912,716, 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 - \$95,960, 2) assigned for capital \$913,988; restricted for: 1) for capital projects - \$5,209,852, 2) to pay debt service - \$176,325, 3) for court - \$174,573, or for fire use - \$34,159; nonspendable for prepaids - \$5,289.

The general fund is the chief operating fund of the Town of Fairview. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,912,716, while total fund balance was \$5,013,965. 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 68.4% of total general fund expenditures, while total fund balance represents 69.8% of that same amount. Fund balance in the General Fund increased by \$892,447, primarily due to a 9% increase in overall revenues.

The Debt Service Fund has a total fund balance of \$176,325, all of which is restricted for the payment of debt service. The Debt Service fund balance decreased by \$327,271 or 65.0% due to an increase of \$493,263 transferred to the Water and Sewer Fund to subsidize the business-type activities debt payments.

The General Capital Projects Fund provides information on capital projects and had an ending fund balance of \$6,123,840. The General Capital Projects Fund balance increased by \$3,733,441 or 7.3%.

## 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 \$428,012, primarily due to more water consumption along with increased water and sewer rates. The net position of the solid waste fund increased by \$9,429 due to more revenues than the previous year. The net position of the storm water fund decreased by \$114,893 due to increased transfers out over the previous year.





MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended September 30, 2016  
(unaudited)

### General Fund Budgetary Highlights

During the year, revenues exceeded budget estimates by \$285,051 and expenditures less than budget by \$315,212. The budget had called for a \$292,184 increase in fund balance. However, actual fund balance increased by \$892,447 due to all revenue categories except for franchise fees were greater than estimated, while all expenditures except general government were less than estimated.

**Capital Assets.** The Town's investment in capital assets, for its governmental and business-type activities as of September 30, 2016, amount to \$44,277,958 (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 68.4% of the capital assets are governmental and 31.6% are business-type activities.

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

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,112,183	\$ 3,133,960	\$ 113,384	\$ 113,384	\$ 5,225,567	\$ 3,247,344
Construction in Progress	884,850	29,155	-	-	884,850	29,155
Buildings	10,584,630	10,908,278	58,213	66,472	10,642,843	10,974,750
Infrastructure	11,086,169	10,968,368	-	-	11,086,169	10,968,368
Utility Plant	-	-	13,475,588	13,957,808	13,475,588	13,957,808
Machinery and Equipment	2,639,705	1,940,587	323,236	151,464	2,962,941	2,092,051
Total	\$ 30,307,537	\$ 26,980,348	\$ 13,970,421	\$ 14,289,128	\$ 44,277,958	\$ 41,269,476

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

- The fire department purchased a 2015 Pierce 125' ladder fire apparatus (\$991,241), traffic control equipment for Fire Station #1 (\$18,661) and a CPR machine (\$16,287), while public works purchased a 2016 Ford F-150 pickup (\$22,937). Additionally, the Town replaced the phone system (\$15,629) and updated the exchange server (\$9,168).
- The Town purchased 3.867 acres for municipal purposes (\$863,306), while a developer contributed 27.8729 acres for parkland at a value of \$1,114,916. With a public/private partnership, this newly contributed parkland had improvements completed by the end of the fiscal year to become Parkside Park (\$325,982).
- As part of a new residential development, the Town acquired the contribution of a new street at a value of \$198,546.
- The Town continues to move forward with the street and roadway rehabilitation program as well as the design of Fairview Parkway and Frisco Road in fiscal year 2016 with the addition of \$812,591 of costs associated with construction in progress with these projects.
- Monarch park improvements and irrigation system were completed in fiscal year 2016 (\$53,067), while the Town continued working to complete a park trail connection at the end of the fiscal year (\$43,103).

Additional information on the Town's capital assets can be found in Note 5 on page 39 of this report.



# MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2016  
(unaudited)

**Debt Administration.** At the end of the current fiscal year, the Town had total bonds outstanding of \$29,240,000. 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	
	2016	2015	2016	2015	2016	2015
<b>Gross bonded debt:</b>						
General obligation	\$ 2,815,888	\$ 2,610,692	\$ 724,585	\$ 4,384,307	\$ 3,540,473	\$ 6,994,999
Certificates of obligation	20,330,414	15,854,439	5,369,113	2,725,562	25,699,527	18,580,001
<b>Total bonded debt</b>	<b>23,146,302</b>	<b>18,465,131</b>	<b>6,093,698</b>	<b>7,109,869</b>	<b>29,240,000</b>	<b>25,575,000</b>
<b>Other long-term debt:</b>						
Unamortized premiums	1,006,249	197,188	213,800	48,954	1,220,049	246,142
Net pension liability	959,794	635,198	184,900	124,093	1,144,694	759,291
Compensated absences	424,081	367,462	43,829	50,364	467,910	417,826
Capital lease	304,347	380,000	-	-	304,347	380,000
<b>Total other long-term debt</b>	<b>2,694,471</b>	<b>1,579,848</b>	<b>442,529</b>	<b>223,411</b>	<b>3,137,000</b>	<b>1,803,259</b>
<b>Total</b>	<b>\$ 25,840,773</b>	<b>\$ 20,044,979</b>	<b>\$ 6,536,227</b>	<b>\$ 7,333,280</b>	<b>\$ 32,377,000</b>	<b>\$ 27,378,259</b>

The Town retains strong bond ratings with the most recent upgrade in September 2013 by Standard and Poor's from an AA- to a rating of AA+ and reaffirmation of Moody's rating of Aa2. The Town is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. Additional information on the Town's outstanding debt can be found in Note 7 on pages 40 – 42 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- **Infrastructure**
  - Planning for the improvement of Fairview Parkway and Frisco Road
  - Initiation of planning for utility infrastructure
  - Planning for reconstruction of East Stacy Road
- **Community Development & Economic Development**
  - Update of zoning ordinance & subdivision regulations
  - Continuation of Commercial Planned Development District (CPDD) plan with a pilot program for drainage
  - Update to the Park and Trail Plan
  - Implementation of the updated Economic Development Plan
- **Customer Focus/Citizen Communication**
  - Upgrade the Town and EDC website for improved citizen communication



## MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2016  
(unaudited)

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- **Fiscal Responsibility**

- Implementation of the 10 year capital plan with additions of equipment and infrastructure
- Implementation of TIF revenue to assist in financing capital projects

- **Public Safety**

- Expansion of the fire inspection capabilities with the addition of a Fire Marshal position and addition of a full-time Fire Engineer
- Addition of police equipment to expand capabilities
- Purchase of upgraded radios for public safety to improve communications

The fiscal year 2016-2017 budget incorporates no increase in the property tax rate; the tax rate remains at \$0.359999 per \$100 valuation. Maintenance and operations tax rate is \$0.227856 while the debt (interest and sinking) rate is \$0.132143.

For fiscal year 2017, the General Fund revenues are budgeted to increase by \$995,564 or 12.7% over the previous fiscal year. General revenues for property taxes are budgeted with an 8.1% increase, while sales taxes are budgeted to remain constant at \$1,520,000. Other revenues have been budgeted to increase by \$615,506 or 243.3% over the previous fiscal year primarily due to the need to include a revenue source for short-term financing purposes for the capital expenditures budgeted in the General Fund. The fiscal year 2017 operating expenditures budget increased by 18.0% or \$1,350,311, from fiscal year 2016 budget. Major increases in operational costs included the addition of 2 new positions (\$148,108), personnel position market adjustments (\$165,718), and additional road maintenance expenditures (\$75,000). The fiscal year 2017 budget includes \$680,350 capital costs for the replacement of the public safety radios, two patrol vehicles, a Ford F750 dump truck, Ford F-150 pickup and purchases of a new patrol vehicle and a John Deere gator.

During fiscal year 2016, the Town conducted a water and sewer rate study. In September 2016, the Council increased water and sewer rates by increasing the volumetric rates and tiers. These rates have been budgeted to cover the budgeted expenses in fiscal year 2017. Since fiscal year 2007, wholesale water rates from North Texas Municipal Water District (NTMWD) through fiscal year 2016 will have increased by 81%. Correspondingly, during the same period the Town will have raised rates by 61%. The fiscal year 2017 budget includes a 15% increase in water and sewer revenue due to growth and additional water usage related to a relaxed water conservation measures. These increases are needed to address outside increases and to maintain the future capacity to fund needed capital improvements. Major increases in operational costs to the Water and Sewer Fund include: the addition of a new position (\$52,068) and the addition of \$179,000 for the replacement of a Ford F-350 flatbed truck, capital projects related to the SCADA improvements, fire hydrant installation and small lift station elimination.

### REQUEST FOR INFORMATION

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

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



## **BASIC FINANCIAL STATEMENTS**



**TOWN OF FAIRVIEW, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2016**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development	Community Development
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 11,953,834	\$ 4,176,422	\$ 16,130,256	\$ 967,996	\$ 864,096
Restricted cash and cash equivalents	-	127,933	127,933	-	-
Receivables (Net of allowance for uncollectibles):					
Accounts receivable	-	789,938	789,938	-	-
Property taxes	92,433	-	92,433	-	-
Sales taxes	306,835	-	306,835	141,375	141,375
Franchise taxes	188,409	-	188,409	-	-
Other	83,118	102,401	185,519	-	-
Internal balances	(7,841)	7,841	-	-	-
Due from primary government	-	-	-	267	267
Prepaid	5,289	949	6,238	213	853
Nondepreciable capital assets	5,997,033	113,384	6,110,417	-	-
Depreciable capital assets, net	24,310,504	13,857,037	38,167,541	-	-
<b>TOTAL ASSETS</b>	<b>42,929,614</b>	<b>19,175,905</b>	<b>62,105,519</b>	<b>1,109,851</b>	<b>1,006,591</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	25,053	37,867	62,920	-	-
Deferred outflows - pensions	584,890	111,723	696,613	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>609,943</b>	<b>149,590</b>	<b>759,533</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable	447,786	314,611	762,397	8,809	610
Accrued wages payable	56,905	8,918	65,823	1,117	1,117
Due to component units	534	-	534	-	-
Accrued interest payable	94,199	21,793	115,992	-	-
Customer deposits	71,777	127,933	199,710	-	-
Developer escrow	429,780	-	429,780	-	-
Non-current liabilities:					
Due within one year	1,646,182	941,482	2,587,664	-	-
Due in more than one year	24,194,591	5,594,745	29,789,336	-	-
<b>TOTAL LIABILITIES</b>	<b>26,941,754</b>	<b>7,009,482</b>	<b>33,951,236</b>	<b>9,926</b>	<b>1,727</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows - pensions	76,458	14,322	90,780	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>76,458</b>	<b>14,322</b>	<b>90,780</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	10,293,912	7,700,790	17,994,702	-	-
Restricted:					
Debt service	121,330	-	121,330	-	-
Capital	791,632	181,784	973,416	-	-
Court	174,573	-	174,573	-	-
Fire	34,159	-	34,159	-	-
Unrestricted	5,105,739	4,419,117	9,524,856	1,099,925	1,004,864
<b>TOTAL NET POSITION</b>	<b>\$ 16,521,345</b>	<b>\$ 12,301,691</b>	<b>\$ 28,823,036</b>	<b>\$ 1,099,925</b>	<b>\$ 1,004,864</b>

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

**TOWN OF FAIRVIEW TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Primary government:</b>				
Functions/Programs:				
Governmental activities:				
General government	\$ 2,863,263	\$ 450,357	\$ 2,698	\$ -
Public safety	4,624,391	423,697	52,490	-
Public works	660,333	694,601	-	310,470
Inspections	203,575	-	-	-
Municipal court	173,344	-	-	-
Parks and recreation	220,946	49,187	-	1,475,563
Interest and fiscal charges	728,090	242,539	-	-
<b>Total governmental activities</b>	<b>9,473,942</b>	<b>1,860,381</b>	<b>55,188</b>	<b>1,786,033</b>
Business-type activities:				
Water and sewer	4,824,359	5,052,498	-	-
Storm water	315,570	308,177	-	-
Solid waste	616,030	625,459	-	-
<b>Total business-type activities</b>	<b>5,755,959</b>	<b>5,986,134</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 15,229,901</b>	<b>\$ 7,846,515</b>	<b>\$ 55,188</b>	<b>\$ 1,786,033</b>
<b>Component units:</b>				
Economic Development Corporation	\$ 752,939	\$ -	\$ -	\$ -
Community Development Corporation	685,127	-	-	-
<b>Total component units</b>	<b>\$ 1,438,066</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Mixed beverage taxes				
Interest earnings				
Miscellaneous				
Transfers in (out)				
<b>Total general revenues and transfers</b>				
Change in net position				
Net position at beginning of year				
Net position, end of year				

The accompanying 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
\$ (2,410,208)	\$ -	\$ (2,410,208)	\$ -	\$ -
(4,148,204)	-	(4,148,204)	-	-
344,738	-	344,738	-	-
(203,575)	-	(203,575)	-	-
(173,344)	-	(173,344)	-	-
1,303,804	-	1,303,804	-	-
(485,551)	-	(485,551)	-	-
<u>(5,772,340)</u>	<u>-</u>	<u>(5,772,340)</u>	<u>-</u>	<u>-</u>
-	228,139	228,139	-	-
-	(7,393)	(7,393)	-	-
-	9,429	9,429	-	-
<u>-</u>	<u>230,175</u>	<u>230,175</u>	<u>-</u>	<u>-</u>
<u>\$ (5,772,340)</u>	<u>\$ 230,175</u>	<u>\$ (5,542,165)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (752,939)	\$ -
-	-	-	-	(685,127)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (752,939)</u>	<u>\$ (685,127)</u>
\$ 5,297,382	-	5,297,382	-	-
1,626,230	-	1,626,230	813,115	813,115
647,337	-	647,337	-	-
82,453	-	82,453	-	-
31,987	1,551	33,538	2,663	2,336
70,056	-	70,056	-	100
(90,822)	90,822	-	-	-
<u>7,664,623</u>	<u>92,373</u>	<u>7,756,996</u>	<u>815,778</u>	<u>815,551</u>
1,892,283	322,548	2,214,831	62,839	130,424
14,629,062	11,979,143	26,608,205	1,037,086	874,440
<u>\$ 16,521,345</u>	<u>\$ 12,301,691</u>	<u>\$ 28,823,036</u>	<u>\$ 1,099,925</u>	<u>\$ 1,004,864</u>

**TOWN OF FAIRVIEW, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	<b>General Fund</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Non-major Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,684,012	\$ 176,408	\$ 6,887,076	\$ 206,338	\$ 11,953,834
Receivables, net of allowance					
Property taxes	53,229	39,204	-	-	92,433
Sales taxes	306,835	-	-	-	306,835
Franchise taxes	188,409	-	-	-	188,409
Other	80,724	-	-	2,394	83,118
Prepaid items	5,289	-	-	-	5,289
<b>Total assets</b>	<b>\$ 5,318,498</b>	<b>\$ 215,612</b>	<b>\$ 6,887,076</b>	<b>\$ 208,732</b>	<b>\$ 12,629,918</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 114,247	\$ 83	\$ 333,456	\$ -	\$ 447,786
Accrued wages payable	56,905	-	-	-	56,905
Due to other funds	7,841	-	-	-	7,841
Due to component units	534	-	-	-	534
Customer deposits	71,777	-	-	-	71,777
Developer escrow	-	-	429,780	-	429,780
<b>Total liabilities</b>	<b>251,304</b>	<b>83</b>	<b>763,236</b>	<b>-</b>	<b>1,014,623</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	53,229	39,204	-	-	92,433
<b>Total deferred inflows of resources</b>	<b>53,229</b>	<b>39,204</b>	<b>-</b>	<b>-</b>	<b>92,433</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	5,289	-	-	-	5,289
Restricted:					
Court	-	-	-	174,573	174,573
Fire	-	-	-	34,159	34,159
Debt service	-	176,325	-	-	176,325
Capital	-	-	5,209,852	-	5,209,852
Assigned:					
Capital	-	-	913,988	-	913,988
Technology	95,960	-	-	-	95,960
Unassigned	4,912,716	-	-	-	4,912,716
<b>Total fund balances</b>	<b>5,013,965</b>	<b>176,325</b>	<b>6,123,840</b>	<b>208,732</b>	<b>11,522,862</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,318,498</b>	<b>\$ 215,612</b>	<b>\$ 6,887,076</b>	<b>\$ 208,732</b>	<b>\$ 12,629,918</b>

The accompanying 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, 2016**

Total governmental fund balances	\$	11,522,862
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds financial statements.		30,307,537
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.		(94,199)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		92,433
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.		25,053
Deferred outflows of resources (\$584,890) and deferred inflows of resources (\$76,458) related to the Town's net pension liability result in an increase in net position in the government-wide financial statements. This is the net amount of the deferred outflows and inflows.		508,432
Premium on bond issuance for governmental activities debt is included in other financing sources in the governmental funds financial statements; while in the government-wide financial statements, it is recorded as a liability and amortized over the life of the debt.		(1,006,249)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds financial statements.		(424,081)
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.		(24,410,443)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>16,521,345</b>

The accompanying 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 YEAR ENDED SEPTEMBER 30, 2016**

	General Fund	Debt Service	Capital Projects	Non-major Governmental Funds	Total
<b>Revenues:</b>					
Taxes:					
Property	\$ 3,331,595	\$ 1,997,931	\$ -	\$ -	\$ 5,329,526
Sales	1,626,230	-	-	-	1,626,230
Franchise	647,337	-	-	-	647,337
Mixed Beverage	82,453	-	-	-	82,453
Charges for services	308,498	220,490	-	-	528,988
Permits	433,595	-	-	-	433,595
Fines and forfeitures	402,614	-	-	21,100	423,714
Intergovernmental	20,198	-	-	-	20,198
Interest income	29,166	-	2,821	-	31,987
Miscellaneous revenues	165,195	-	251,849	34,973	452,017
Street impact fees	-	-	378,962	-	378,962
Park fees	-	-	235,688	-	235,688
<b>Total revenues</b>	<b>7,046,881</b>	<b>2,218,421</b>	<b>869,320</b>	<b>56,073</b>	<b>10,190,695</b>
<b>Expenditures:</b>					
Current:					
General government	2,205,403	-	291,054	-	2,496,457
Public safety	4,145,111	-	-	23,061	4,168,172
Public works	242,127	-	16,100	-	258,227
Inspections	201,774	-	-	-	201,774
Municipal court	170,292	-	-	445	170,737
Parks and recreation	151,323	-	-	-	151,323
Debt service:					
Principal retirement	-	1,148,686	-	-	1,148,686
Interest and fiscal charges	-	709,068	116,683	-	825,751
Capital outlay	67,594	-	2,935,432	18,661	3,021,687
<b>Total expenditures</b>	<b>7,183,624</b>	<b>1,857,754</b>	<b>3,359,269</b>	<b>42,167</b>	<b>12,442,814</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(136,743)</b>	<b>360,667</b>	<b>(2,489,949)</b>	<b>13,906</b>	<b>(2,252,119)</b>
<b>Other financing sources (uses):</b>					
Transfers in	1,029,190	-	40,000	-	1,069,190
Transfers out	-	(722,692)	(435,000)	(2,320)	(1,160,012)
Refunding bonds issued	-	1,161,898	-	-	1,161,898
Payment to refunding bond escrow agent	-	(1,263,643)	-	-	(1,263,643)
Bonds issued	-	-	5,840,000	-	5,840,000
Premium on bonds issued	-	136,499	778,390	-	914,889
<b>Total other financing sources (uses)</b>	<b>1,029,190</b>	<b>(687,938)</b>	<b>6,223,390</b>	<b>(2,320)</b>	<b>6,562,322</b>
<b>Net change in fund balances</b>	<b>892,447</b>	<b>(327,271)</b>	<b>3,733,441</b>	<b>11,586</b>	<b>4,310,203</b>
<b>Fund balance at beginning of year</b>	<b>4,121,518</b>	<b>503,596</b>	<b>2,390,399</b>	<b>197,146</b>	<b>7,212,659</b>
<b>Fund balance, end of year</b>	<b>\$ 5,013,965</b>	<b>\$ 176,325</b>	<b>\$ 6,123,840</b>	<b>\$ 208,732</b>	<b>\$ 11,522,862</b>

The accompanying 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  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds	\$ 4,310,203
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.	(197,394)
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is capitalized.	3,021,687
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.	1,463,747
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording depreciation expense is to decrease net position.	(1,158,245)
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.	(1,145)
Implementation of GASB 68 requires certain expenditures to be de-expended and recorded as deferred. The following is the net effect of current year pension expense, (\$409,341), and contributions made after the measurement date, \$325,043.	(84,298)
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.	1,148,686
Funds provided by the Town to bond escrow agent as part of a refunding are recorded as expenditures at the fund level, but are recorded as part of the deferred loss on refunding on the government-wide statements.	1,263,643
Current year bond proceeds are other financing sources in the fund financial statements, but are shown as an increase in non-current liabilities in the government-wide financial statements.	(7,001,898)
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 the net effect of current year bond premiums (\$914,889) and amortization of premiums (\$105,828).	(809,061)
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.	(56,619)
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.	(7,023)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,892,283</b>

The accompanying 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, 2016**

	Business-type Activities Enterprise funds			
	Water and Sewer	Solid Waste	Storm Water	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,273,318	\$ 12,091	\$ 891,013	\$ 4,176,422
Restricted cash and cash equivalents	127,933	-	-	127,933
Receivables (net of allowance for uncollectibles)	787,081	72,394	32,864	892,339
Prepaid Items	739		210	949
Due from other funds	6,755	-	1,086	7,841
<b>Total current assets</b>	<b>4,195,826</b>	<b>84,485</b>	<b>925,173</b>	<b>5,205,484</b>
Noncurrent assets:				
Nondepreciable capital assets	113,384	-	-	113,384
Depreciable capital assets, net	13,851,291	-	5,746	13,857,037
<b>Total noncurrent assets</b>	<b>13,964,675</b>	<b>-</b>	<b>5,746</b>	<b>13,970,421</b>
<b>Total assets</b>	<b>18,160,501</b>	<b>84,485</b>	<b>930,919</b>	<b>19,175,905</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	37,867	-	-	37,867
Deferred outflows - pensions	87,596	-	24,127	111,723
<b>Total deferred outflows of resources</b>	<b>125,463</b>	<b>-</b>	<b>24,127</b>	<b>149,590</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 18,285,964</b>	<b>\$ 84,485</b>	<b>\$ 955,046</b>	<b>\$ 19,325,495</b>
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities:				
Accounts payable	\$ 264,931	\$ 48,828	\$ 852	\$ 314,611
Accrued wages payable	6,849	-	2,069	8,918
Compensated absences - current portion	37,244	-	6,584	43,828
Accrued interest payable	21,793	-	-	21,793
Customer deposits	127,933	-	-	127,933
Current portion of long-term debt	897,653	-	-	897,653
<b>Total current liabilities</b>	<b>1,356,403</b>	<b>48,828</b>	<b>9,505</b>	<b>1,414,736</b>
Non-current liabilities:				
Net pension liability	144,512	-	40,389	184,901
Long-term debt	5,409,845	-	-	5,409,845
<b>Total noncurrent liabilities</b>	<b>5,554,357</b>	<b>-</b>	<b>40,389</b>	<b>5,594,746</b>
<b>Total liabilities</b>	<b>6,910,760</b>	<b>48,828</b>	<b>49,894</b>	<b>7,009,482</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	11,312	-	3,010	14,322
<b>Total deferred outflows of resources</b>	<b>11,312</b>	<b>-</b>	<b>3,010</b>	<b>14,322</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 6,922,072</b>	<b>\$ 48,828</b>	<b>\$ 52,904</b>	<b>\$ 7,023,804</b>
Net position:				
Net investment in capital assets	7,695,044	-	5,746	7,700,790
Restricted for:				
Capital projects	181,784	-	-	181,784
Unrestricted	3,487,064	35,657	896,396	4,419,117
<b>Total net position</b>	<b>11,363,892</b>	<b>35,657</b>	<b>902,142</b>	<b>12,301,691</b>
<b>Total liabilities and net position</b>	<b>\$ 18,285,964</b>	<b>\$ 84,485</b>	<b>\$ 955,046</b>	<b>\$ 19,325,495</b>

The accompanying 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 YEAR ENDED SEPTEMBER 30, 2016**

	<b>Business-type Activities</b>			
	<b>Enterprise funds</b>			
	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Storm Water</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services	\$ 5,052,498	\$ 625,459	\$ 308,177	\$ 5,986,134
<b>Total operating revenues</b>	<u>5,052,498</u>	<u>625,459</u>	<u>308,177</u>	<u>5,986,134</u>
<b>Operating expenses:</b>				
Water purchases	2,077,478	-	-	2,077,478
Personnel services	661,066	-	163,840	824,906
Repairs and maintenance	104,703	-	37,430	142,133
Operations	1,200,339	616,030	109,258	1,925,627
Depreciation	532,669	-	5,042	537,711
<b>Total operating expenses</b>	<u>4,576,255</u>	<u>616,030</u>	<u>315,570</u>	<u>5,507,855</u>
<b>Operating income (loss)</b>	<u>476,243</u>	<u>9,429</u>	<u>(7,393)</u>	<u>478,279</u>
<b>Non-operating revenues (expenses):</b>				
Interest income	1,551	-	-	1,551
Interest expense	(195,655)	-	-	(195,655)
Bond issuance costs	(52,449)	-	-	(52,449)
<b>Total non-operating revenue (expenses)</b>	<u>(246,553)</u>	<u>-</u>	<u>-</u>	<u>(246,553)</u>
<b>Income (loss) before transfers</b>	<u>229,690</u>	<u>9,429</u>	<u>(7,393)</u>	<u>231,726</u>
<b>Transfers</b>				
Transfers in	742,692	-	-	742,692
Transfers out	(544,370)	-	(107,500)	(651,870)
<b>Total transfers</b>	<u>198,322</u>	<u>-</u>	<u>(107,500)</u>	<u>90,822</u>
<b>Change in net position</b>	<u>428,012</u>	<u>9,429</u>	<u>(114,893)</u>	<u>322,548</u>
<b>Net position at beginning of year</b>	<u>10,935,880</u>	<u>26,228</u>	<u>1,017,035</u>	<u>11,979,143</u>
<b>Net position, end of year</b>	<u>\$ 11,363,892</u>	<u>\$ 35,657</u>	<u>\$ 902,142</u>	<u>\$ 12,301,691</u>

The accompanying 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 YEAR ENDED SEPTEMBER 30, 2016**

	<b>Business-type Activities</b>			
	<b>Enterprise Funds</b>			
	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Storm Water</b>	<b>Total</b>
<b>Cash flow from operating activities:</b>				
Receipts from customers and users	\$ 5,364,212	\$ 626,101	\$ 309,540	\$ 6,299,853
Payments to suppliers for goods and services	(3,388,260)	(616,065)	(176,366)	(4,180,691)
Payments to employees for services	(723,061)	-	(174,420)	(897,481)
<b>Net cash provided by (used in) operating activities</b>	<b>1,252,891</b>	<b>10,036</b>	<b>(41,246)</b>	<b>1,221,681</b>
<b>Cash flow from noncapital financing activities:</b>				
Transfers from other funds	742,692	-	-	742,692
Transfers to other funds	(544,370)	-	(107,500)	(651,870)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>198,322</b>	<b>-</b>	<b>(107,500)</b>	<b>90,822</b>
<b>Cash flow from capital financing activities:</b>				
Proceeds from long-term debt	1,683,102	-	-	1,683,102
Acquisition of capital assets	(219,004)	-	-	(219,004)
Principal paid on capital debt	(2,699,273)	-	-	(2,699,273)
Interest paid on capital debt	(91,393)	-	-	(91,393)
<b>Net cash used in capital financing activities</b>	<b>(1,326,568)</b>	<b>-</b>	<b>-</b>	<b>(1,326,568)</b>
<b>Cash flow from investing activities:</b>				
Interest revenue	1,551	-	-	1,551
<b>Net cash provided by investing activities</b>	<b>1,551</b>	<b>-</b>	<b>-</b>	<b>1,551</b>
Net increase (decrease) in cash and cash equivalents	126,196	10,036	(148,746)	(12,514)
Cash and cash equivalents, beginning of year	3,275,055	2,055	1,039,759	4,316,869
Cash and cash equivalents, end of the year	<u>\$ 3,401,251</u>	<u>\$ 12,091</u>	<u>\$ 891,013</u>	<u>\$ 4,304,355</u>
<b>Reconciliation to statement of net position</b>				
Cash and cash equivalents	\$ 3,273,318	\$ 12,091	\$ 891,013	\$ 4,176,422
Restricted cash and cash equivalents	127,933	-	-	127,933
	<u>\$ 3,401,251</u>	<u>\$ 12,091</u>	<u>\$ 891,013</u>	<u>\$ 4,304,355</u>

The accompanying 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 YEAR ENDED SEPTEMBER 30, 2016**

**(CONTINUED)**

	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Storm Water</b>	<b>Total</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 476,243	\$ 9,429	\$ (7,393)	\$ 478,279
Adjustments to reconcile operating income (loss) to Net cash provided by (used in) operating activities:				
Depreciation	532,669	-	5,042	537,711
Pension expense	48,027	-	12,781	60,808
Provision for bad debts	1,356	(50)	50	1,356
Effects of changes in assets and liabilities:				
Decrease (increase) in receivables	285,128	692	1,313	287,133
Decrease (increase) in due from other funds	(149)		(10)	(159)
Decrease (increase) in prepaids	(739)		(210)	(949)
Decrease (increase) in deferred outflows	(67,888)	-	(12,473)	(80,361)
Increase (decrease) in accounts payable	(36,044)	(35)	(37,547)	(73,626)
Increase (decrease) in accrued wages	(16,835)	-	(4,692)	(21,527)
Increase (decrease) in compensated absences	(5,419)	-	(1,117)	(6,536)
Increase (decrease) in deposits	25,230	-	-	25,230
Decrease (increase) in deferred inflows	11,312	-	3,010	14,322
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,252,891</b>	<b>\$ 10,036</b>	<b>\$ (41,246)</b>	<b>\$ 1,221,681</b>



**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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

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

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

**A. Financial Statement Presentation**

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

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

Required Supplementary Information (RSI)

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

**B. Financial Reporting Entity**

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

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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

**B. Financial Reporting Entity – Continued**

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 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:

- 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.

**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.

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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

**C. Government-Wide and Fund Financial Statements – Continued**

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

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.

The Town reports the following non-major governmental funds.

- a. **Court Fund** accounts for fines and forfeitures assessed which are restricted for court technology and security disbursements.
- b. **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.

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

**TOWN OF FAIRVIEW, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2016**

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

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

**2. Proprietary Funds:**

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

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

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

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

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

**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 FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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

**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 estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities acquired with tax-exempt debt is included as part of the capitalized value of the assets constructed.

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

<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. These receivables and payables are recorded as "due from other funds" and "due to other funds" on the balance sheet.

**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.

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.

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



**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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

**L. Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Pension 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 Liability 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.

**M. Deferred Inflows / Outflows of Resources**

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

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

**Pensions** – these deferred outflows result from pension contributions after the measurement date (deferred and recognized in the following fiscal year) and/or differences in projected and actual earnings on pension assets (deferred and amortized over a closed five year period).

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

**N. 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.

**TOWN OF FAIRVIEW, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2016**

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

**N. Fund Equity – Continued**

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

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

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

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

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

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

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

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

**O. Subsequent Events**

On December 8, 2016, the Town of Fairview sold Noah's Event Center, which was located at 351 Southwind Lane. The Town issued taxable bonds in 2012 for the construction of an event center. Once the building was completed the Town entered into a lease agreement with Noah Corporation (a private corporation) for the use of the facility. The agreement included annual payments sufficient to cover the debt payment required by the Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2012B. The proceeds of the sale will be used to pay the remaining debt on the bonds. The 2012B CO's are not callable until September 2017; therefore, the Town has placed the required amount of defeasance into escrow.

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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

**O. Subsequent Events - Continued**

On January 19, 2017 the Town of Fairview purchased 1.928 acres along State Highway 5, which now will adjoin the property next to Fire Station #1 located at 500 South Highway 5. The land will be used in the near future for the construction of municipal facilities, to include but not limited to the reconstruction of Fire Station #1. The Town purchased the 1.928 acres for \$740,000, which was paid from proceeds of the Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016.

The Town has evaluated all events or transactions that occurred after September 30, 2016 up through March 3, 2017, the date the financial statements were issued.

**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 \$10,327,699 and the bank balance was \$10,569,530. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2016 consist of and are classified in the accompanying financial statements as follows:

Primary government:	
Cash and cash equivalents	\$ 16,130,256
Restricted cash and cash equivalents	127,933
Component units:	
Cash and cash equivalents	1,832,092
Total cash and investments	<u>\$ 18,090,281</u>
Cash on hand	\$ 900
Carrying amount of deposits	10,327,699
Carrying amount of investments	7,761,682
Total cash and investments	<u>\$ 18,090,281</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 City'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

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

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.

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, 2016	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	\$ 7,089,079	\$ -	\$ -	\$ -	44 days	AAAm	AAAm
LoneStar	672,603	-	-	-	31 days	AAA	AAA
Investment Pools Total	<u>\$ 7,761,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			

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

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

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.

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

**Disclosures Relating to Credit Risk**

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

**Concentration of Credit Risk**

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

**TOWN OF FAIRVIEW, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2016**

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**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

**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, 2016 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 2016 levy was based was \$1,406,758,579. 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, 2016 was \$0.359999 per \$100 of assessed valuation. Current tax collections for the year ended September 30, 2016 were approximately 99% of the tax levy.

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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**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, 2016 are as follows:

	General	Debt Service	Capital Projects	Nonmajor Funds	Total
Property taxes	\$ 53,229	\$ 39,204	\$ -	\$ -	\$ 92,433
Sales taxes	306,835	-	-	-	306,835
Franchise taxes	188,409	-	-	-	188,409
Other	111,658	-	-	2,399	114,057
Gross receivables	660,131	39,204	-	2,399	701,734
Less: allowances	(30,934)	-	-	(5)	(30,939)
Net total receivables	<u>\$ 629,197</u>	<u>\$ 39,204</u>	<u>\$ -</u>	<u>\$ 2,394</u>	<u>\$ 670,795</u>

	Enterprise Funds			
	Water and Sewer	Solid Waste	Storm Water	Total
Utility bills	\$ 684,796	\$ 72,436	\$ 32,880	\$ 790,112
Other	102,401	-	-	102,401
Gross receivables	787,197	72,436	32,880	892,513
Less: allowances	(116)	(42)	(16)	(174)
Net total receivables	<u>\$ 787,081</u>	<u>\$ 72,394</u>	<u>\$ 32,864</u>	<u>\$ 892,339</u>

	Component Units		
	EDC	CDC	Total
Sales taxes	\$ 141,375	\$ 141,375	\$ 282,750
Total receivables	<u>\$ 141,375</u>	<u>\$ 141,375</u>	<u>\$ 282,750</u>

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,133,960	\$ 1,978,223	\$ -	\$ -	\$ 5,112,183
Construction in progress	29,155	855,695	-	-	884,850
Total capital assets, not being depreciated	3,163,115	2,833,918	-	-	5,997,033
Capital assets being depreciated:					
Infrastructure	13,689,400	577,595	-	-	14,266,995
Buildings and improvements	12,784,026	-	-	-	12,784,026
Furniture and equipment	3,339,218	1,050,985	-	-	4,390,203
Vehicles	1,010,903	22,936	-	-	1,033,839
Total capital assets being depreciated	30,823,547	1,651,516	-	-	32,475,063
Less accumulated depreciation for:					
Infrastructure	2,721,032	459,794	-	-	3,180,826
Buildings and improvements	1,875,748	323,648	-	-	2,199,396
Furniture and equipment	1,639,136	262,028	-	-	1,901,164
Vehicles	770,398	112,775	-	-	883,173
Total accumulated depreciation	7,006,314	1,158,245	-	-	8,164,559
Total capital assets being depreciated, net	23,817,233	493,271	-	-	24,310,504
Governmental activities capital assets, net	\$ 26,980,348	\$ 3,327,189	\$ -	\$ -	\$ 30,307,537
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 113,384	\$ -	-	\$ -	\$ 113,384
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	113,384	-	-	-	113,384
Capital assets being depreciated:					
Utility Plant	19,097,585	-	-	-	19,097,585
Buildings and improvements	93,572	-	-	-	93,572
Furniture and equipment	324,458	171,600	-	-	496,058
Vehicles	111,181	47,404	-	-	158,585
Total capital assets being depreciated	19,626,796	219,004	-	-	19,845,800
Less accumulated depreciation for:					
Utility Plant	5,139,777	482,220	-	-	5,621,997
Buildings and improvements	27,100	8,259	-	-	35,359
Furniture and equipment	201,671	30,134	-	-	231,805
Vehicles	82,504	17,098	-	-	99,602
Total accumulated depreciation	5,451,052	537,711	-	-	5,988,763
Total capital assets being depreciated, net	14,175,744	(318,707)	-	-	13,857,037
Business-type activities capital assets, net	\$ 14,289,128	\$ (318,707)	\$ -	\$ -	\$ 13,970,421

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

Governmental activities:	
General government	\$ 331,068
Public safety	341,937
Public works	416,825
Parks and recreation	68,415
	<u>\$ 1,158,245</u>
Business-type activities:	
Water and Sewer	\$ 532,669
Stormwater	5,042
	<u>\$ 537,711</u>



**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 6. INTERFUND TRANSACTIONS**

A summary of interfund receivables and payables at September 30, 2016 is as follows:

Due from	Due to		Total
	Water and Sewer Fund	Storm Water Fund	
General Fund	\$ 6,755	\$ 1,086	\$ 7,841

All interfund receivables and payables are related to expenses paid by the General Fund, but reimbursed by the associated funds.

Transfers between funds during the year were as follows:

Transfer Out	Transfer In	Amount	Purpose
Debt Service Fund	Water and Sewer Fund	\$ 722,692	To subsidize the water and sewer debt payments
Storm Water Fund	General Fund	9,900	To fund information technology expenses
Storm Water Fund	General Fund	37,600	Cost allocation for administrative costs
Non-major Governmental Fund	General Fund	2,320	To fund information technology expenses
Storm Water Fund	Water and Sewer Fund	20,000	Cost allocation for billing costs
Water and Sewer Fund	General Fund	542,500	Cost allocation for administrative costs
Capital Projects Fund	General Fund	435,000	To fund capital projects
Storm Water Fund	Capital Projects Fund	40,000	To fund capital projects
Water and Sewer Fund	General Fund	1,870	To fund information technology expenses
		<u>\$ 1,811,882</u>	

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

**NOTE 7. LONG-TERM DEBT**

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

The following is a summary of changes in long-term debt for the year ended September 30, 2016:

	Beginning Balance	Additions	Retired or Refunded	Ending Balance	Amount Due within One year
<b>Governmental activities:</b>					
General obligation bonds	\$ 2,610,692	\$ 1,161,898	\$ (956,702)	\$ 2,815,888	\$ 253,707
Certificates of obligation	15,854,439	5,840,000	(1,364,025)	20,330,414	893,640
Unamortized bond premium	197,188	914,889	(105,828)	1,006,249	-
Net pension liability	635,198	324,596	-	959,794	-
Compensated absences	367,462	424,081	(367,462)	424,081	424,081
Capital Lease	380,000	-	(75,653)	304,347	74,754
	<u>20,044,979</u>	<u>8,665,464</u>	<u>(2,869,670)</u>	<u>25,840,773</u>	<u>1,646,182</u>
<b>Business-type activities:</b>					
General obligation bonds	4,384,307	1,683,102	(698,296)	5,369,113	806,292
Certificates of obligation	2,725,562	-	(2,000,977)	724,585	91,361
Unamortized bond premium	48,954	197,717	(32,871)	213,800	-
Net pension liability	124,093	60,807	-	184,900	-
Compensated absences	50,364	43,829	(50,364)	43,829	43,829
	<u>7,333,280</u>	<u>1,985,455</u>	<u>(2,782,508)</u>	<u>6,536,227</u>	<u>941,482</u>
Total Primary Government	<u>\$ 27,378,259</u>	<u>\$ 10,650,919</u>	<u>\$ (5,652,178)</u>	<u>\$ 32,377,000</u>	<u>\$ 2,587,664</u>

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 7. LONG-TERM DEBT – CONTINUED**

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2016.

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/2016
General Obligation Bonds:					
Improvements	\$ 2,830,000	2007	2027	4.00% - 4.25%	\$ 1,065,000
Improvements	658,172	2013	2025	0.7% - 2.75%	588,990
Improvements	1,161,898	2016	2027	2.00% - 4.00%	1,161,898
Total General Obligation Bonds					<u>2,815,888</u>
Certificates of Obligation:					
Improvements	1,129,780	2007	2027	4.00% - 4.25%	425,414
Improvements	3,435,000	2008	2028	3.00% - 4.35%	2,375,000
Improvements	3,300,000	2009	2029	2.50% - 4.30%	2,395,000
Improvements	3,100,000	2010	2030	2.00% - 4.00%	2,360,000
Improvements	1,665,000	2012	2032	0.5% - 3.815%	1,395,000
Improvements	3,065,000	2012	2032	0.5% - 3.815%	2,590,000
Improvements	3,565,000	2013	2028	0.30% - 3.20%	2,950,000
Improvements	5,840,000	2016	2036	2.00% - 4.00%	5,840,000
Total Certificates of Obligation					<u>20,330,414</u>
Total Governmental Activities Debt					<u>\$ 23,146,302</u>

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/2016
General Obligation Bonds:					
Improvements	\$ 3,470,000	2009	2018	2.00% - 4.00%	\$ 960,000
Improvements	2,325,000	2012	2022	2.09%	1,740,000
Improvements	1,101,828	2013	2025	0.7% - 2.75%	986,011
Improvements	1,683,102	2016	2027	2.00% - 4.00%	1,683,102
Total General Obligation Bonds					<u>5,369,113</u>
Certificates of Obligation:					
Improvements	1,930,220	2007	2027	4.00% - 4.25%	724,585
Total Certificates of Obligation					<u>724,585</u>
Total Business-Type Activities Debt					<u>\$ 6,093,698</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 Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 1,147,347	\$ 802,521	\$ 1,949,868	\$ 897,653	\$ 179,360	\$ 1,077,013
2018	1,274,024	777,002	2,051,026	920,976	151,635	1,072,611
2019	1,429,613	733,940	2,163,553	635,387	120,138	755,525
2020	1,500,355	688,136	2,188,491	654,645	103,818	758,463
2021	1,560,944	639,579	2,200,523	674,056	86,879	760,935
2022-2026	8,123,827	2,390,598	10,514,425	2,086,173	218,639	2,304,812
2027-2031	5,780,192	940,705	6,720,897	224,808	8,992	233,800
2032-2034	2,330,000	217,388	2,547,388	-	-	-
Total	<u>\$ 23,146,302</u>	<u>\$ 7,189,869</u>	<u>\$ 30,336,171</u>	<u>\$ 6,093,698</u>	<u>\$ 869,461</u>	<u>\$ 6,963,159</u>

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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**NOTE 7. LONG-TERM DEBT – CONTINUED**

On September 1, 2016, the Town issued "Town of Fairview, Texas Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016," totaling \$5,840,000. These bonds incur costs over the life of the bonds at rates between 2.00% - 4.00% and mature annually with semi-annual interest payments. The proceeds will be used for the acquisition of a fire apparatus and purchase of land which will be used for public safety facilities including police, fire, public works and other municipal departments.

On September 1, 2016, the Town issued "Town of Fairview, Texas General Obligation Refunding Bonds, Series 2016," totaling \$2,845,000, of which \$1,683,102 is included as part of business-type activities, to refund a portion of the outstanding bonds. These bonds incur costs over the life of the bonds at rates between of 2.00% – 4.00% and mature annually with semi-annual interest payments. The proceeds were placed with an escrow agent to provide for all future debt payments of the refunded bonds.

This Series 2016 refunding resulted in a decrease in the Town's debt service payments of \$463,546 which resulted in an economic gain (difference between the present value of the debt service payments of the old debt and new debt) of \$416,247. As a result of these transactions, \$2,290,000 of Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2006 and 2007, were refunded and are considered legally defeased, and are no longer included in the Town's basic financial statements.

As noted, the Town has legally defeased certain outstanding general obligation debt by placing funds into irrevocable trusts pledged to pay all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Town's long-term debt. Defeased debt as of September 30, 2016 consists of the \$2,290,000 of bonds refunded above as well as \$1,805,000 of combination tax and limited surplus revenue certificates of obligation refunded by the Series 2013 issuance.

**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.

**Capital Leases**

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

Year Ending September 30,	Governmental Activities
2017	\$ 77,675
2018	79,780
2019	79,780
2020	79,779
Total minimum lease payments	317,014
Less: amount representing interest	(12,667)
Present value of minimum lease payments	<u>\$ 304,347</u>

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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**NOTE 8. PENSION PLAN**

**A. Plan Description**

The Town of Fairview participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the city 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 city, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options.

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

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

**Employees covered by benefit terms**

At December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	29
Active employees	<u>58</u>
Total	91

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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**NOTE 8. PENSION PLAN – CONTINUED**

**C. Contributions**

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

Employees for the Town of Fairview were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town of Fairview were 9.18% and 9.72% in calendar years 2015 and 2016, respectively. The Town's contributions to TMRS for the year ended September 30, 2016, were \$385,928, and were equal to the required contributions.

**D. Net Pension Liability**

The Town's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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 FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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**NOTE 8. PENSION PLAN - CONTINUED**

**D. Net Pension Liability – Continued**

**Actuarial Assumptions – Continued**

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). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
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 FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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**NOTE 8. PENSION PLAN - CONTINUED**

**D. Net Pension Liability – Continued**

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/14	\$ 4,920,285	\$ 4,160,994	\$ 759,291
Changes for the year:			
Service cost	591,290	-	591,290
Interest	362,744	-	362,744
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(107,256)	-	(107,256)
Changes of assumptions	143,787	-	143,787
Contributions - employer	-	339,813	(339,813)
Contributions - employee	-	263,130	(263,130)
Net investment income	-	6,143	(6,143)
Benefit payments, including refunds of employee contributions	(67,750)	(67,750)	-
Administrative expense	-	(3,739)	3,739
Other changes	-	(185)	185
Net Changes	<u>922,815</u>	<u>537,412</u>	<u>385,403</u>
Balance at 12/31/15	<u>\$ 5,843,100</u>	<u>\$ 4,698,406</u>	<u>\$ 1,144,694</u>

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Liability	\$2,106,384	\$1,144,694	\$365,202

**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.tmrs.com](http://www.tmrs.com).

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2016**

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**NOTE 8. PENSION PLAN - CONTINUED**

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

For the year ended September 30, 2016, the Town recognized pension expense of \$486,027. At September 30, 2016, 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	\$ 27,130	\$ (90,780)
Changes in actuarial assumptions	121,700	-
Difference between projected and actual investment earnings	254,891	-
Contributions subsequent to the measurement date	292,892	-
Total	<u>\$ 696,613</u>	<u>\$ (90,780)</u>

The \$292,892 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will reduce the net pension liability during the year ending September 30, 2017. 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:	
2017	\$ 77,204
2018	77,204
2019	77,206
2020	68,277
2021	10,185
Thereafter	2,865
	<u>\$ 312,941</u>

**NOTE 9. 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.



## **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 YEAR ENDED SEPTEMBER 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Property taxes	\$ 3,217,619	\$ 3,292,500	\$ 3,331,595	\$ 39,095
Sales taxes	1,400,000	1,520,000	1,626,230	106,230
Franchise taxes	640,500	659,151	647,337	(11,814)
Mixed beverage taxes	75,000	75,000	82,453	7,453
Charges for services	273,000	280,599	308,498	27,899
Permits	312,450	356,887	433,595	76,708
Fines and forfeitures	406,850	365,390	402,614	37,224
Intergovernmental	20,098	20,198	20,198	-
Interest Income	15,000	29,852	29,166	(686)
Miscellaneous	134,606	162,253	165,195	2,942
<b>Total revenues</b>	<u>6,495,123</u>	<u>6,761,830</u>	<u>7,046,881</u>	<u>285,051</u>
<b>Expenditures:</b>				
Current:				
General government	2,477,637	2,313,607	2,205,403	108,204
Public safety	4,360,727	4,169,637	4,145,111	24,526
Public works	327,859	308,552	242,127	66,425
Inspections	110,761	221,771	201,774	19,997
Municipal court	187,498	174,159	170,292	3,867
Parks and recreation	87,663	187,906	151,323	36,583
Capital outlay	89,476	123,204	67,594	55,610
<b>Total expenditures</b>	<u>7,641,621</u>	<u>7,498,836</u>	<u>7,183,624</u>	<u>315,212</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,146,498)</u>	<u>(737,006)</u>	<u>(136,743)</u>	<u>600,263</u>
Other financing sources:				
Transfers in	1,229,190	1,029,190	1,029,190	-
<b>Total other financing sources</b>	<u>1,229,190</u>	<u>1,029,190</u>	<u>1,029,190</u>	<u>-</u>
<b>Net change in fund balance</b>	82,692	292,184	892,447	600,263
<b>Fund balance at beginning of year</b>	<u>4,121,518</u>	<u>4,121,518</u>	<u>4,121,518</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 4,204,210</u>	<u>\$ 4,413,702</u>	<u>\$ 5,013,965</u>	<u>\$ 600,263</u>

**TOWN OF FAIRVIEW, TEXAS**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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**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.

**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 2015	Measurement Year 2014
Total pension liability:		
Service cost	\$ 591,290	\$ 503,147
Interest (on the Total Pension Liability)	362,744	304,442
Changes of benefit terms	-	-
Difference between expected and actual experience	(107,256)	38,408
Change in assumptions	143,787	-
Benefit payments, including refunds of employee contributions	(67,750)	(46,631)
Net change in total pension liability	922,815	799,366
Total pension liability - beginning	4,920,285	4,120,919
Total pension liability - ending (a)	5,843,100	4,920,285
Plan fiduciary net position:		
Contributions - employer	339,813	276,717
Contributions - employee	263,130	233,376
Net investment income		200,316
Benefit payments, including refunds of employee contributions	6,143	(46,631)
Administrative expense	(3,739)	(2,090)
Other	(185)	(172)
Net change in plan fiduciary net position	537,412	661,516
Plan fiduciary net position - beginning	4,160,994	3,499,478
Plan fiduciary net position - ending (b)	4,698,406	4,160,994
Net pension liability - ending (a) - (b)	\$ 1,144,694	\$ 759,291
Plan fiduciary net position as a percentage of total pension liability	80.41%	84.57%
Covered employee payroll	\$ 3,758,998	\$ 3,333,941
Net pension liability as a percentage of covered employee payroll	30.45%	22.77%

Note: Only two 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 CONTRIBUTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

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	Fiscal Year 2016	Fiscal Year 2015
Actuarially determined contribution	\$ 385,928	\$ 330,951
Contributions in relation of the actuarially determined contribution	385,928	330,951
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 4,026,859	\$ 3,680,512
Contributions as a percentage of covered employee payroll	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 two 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  
NOTES TO TEXAS MUNICIPAL RETIREMENT SYSTEM REQUIRED SUPPLEMENTARY  
INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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

Other information: There were no benefit changes during the year.





**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

#### **COURT FUND**

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

#### **FIRE DONATIONS FUND**

Account 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.

**TOWN OF FAIRVIEW, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2016**

	<b>Court</b>	<b>Fire Donations</b>	<b>Total Non-major Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 174,573	\$ 31,765	\$ 206,338
Accounts receivable	-	2,394	2,394
<b>Total assets</b>	<b>\$ 174,573</b>	<b>\$ 34,159</b>	<b>\$ 208,732</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:			
Restricted			
Fire	-	34,159	34,159
Court	174,573	-	174,573
<b>Total fund balance</b>	<b>174,573</b>	<b>34,159</b>	<b>208,732</b>
<b>Total liabilities and fund balances</b>	<b>\$ 174,573</b>	<b>\$ 34,159</b>	<b>\$ 208,732</b>

**TOWN OF FAIRVIEW, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<b>Court</b>	<b>Fire Donations</b>	<b>Total Non-major Governmental Funds</b>
<b>Revenues:</b>			
Fines and forfeitures	\$ 21,100	\$ -	\$ 21,100
Miscellaneous	-	34,973	34,973
<b>Total revenues</b>	<u>21,100</u>	<u>34,973</u>	<u>56,073</u>
<b>Expenditures:</b>			
Current:			
Municipal court	445	-	445
Public safety	-	23,061	23,061
Capital outlay	-	18,661	18,661
<b>Total expenditures</b>	<u>445</u>	<u>41,722</u>	<u>42,167</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>20,655</u>	<u>(6,749)</u>	<u>13,906</u>
Other financing sources (uses):			
Transfers out	(2,320)	-	(2,320)
<b>Total other financing sources (uses)</b>	<u>(2,320)</u>	<u>-</u>	<u>(2,320)</u>
<b>Net change in fund balance</b>	18,335	(6,749)	11,586
<b>Fund balance at beginning of year</b>	<u>156,238</u>	<u>40,908</u>	<u>197,146</u>
<b>Fund balance, end of year</b>	<u>\$ 174,573</u>	<u>\$ 34,159</u>	<u>\$ 208,732</u>

## **STATISTICAL SECTION**



**TOWN OF FAIRVIEW, TEXAS  
STATISTICAL SECTION  
TABLE OF CONTENTS**

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**STATISTICAL SECTION**

This part of the Town of Fairview's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

<b><u>Contents</u></b>	<b><u>Table #s</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	<b>A-1 to A-4</b>
<b>Revenue Capacity</b> These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.	<b>B-1 to B-5</b>
<b>Debt Capacity</b> 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.	<b>C-1 to C-5</b>
<b>Economic and Demographic Information</b> These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	<b>D-1 to D-2</b>
<b>Operating Information</b> 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.	<b>E-1 to E-3</b>

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

**TOWN OF FAIRVIEW, TEXAS**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING) – AMOUNTS EXPRESSED IN THOUSANDS**

	<b>Fiscal Year</b>			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net investment in capital assets	\$ 4,651	\$ (2,336)	\$ 6,330	\$ 7,104
Restricted	2,013	8,942	1,810	2,118
Unrestricted	1,961	5,450	5,217	5,907
Total governmental activities net position	<u>\$ 8,625</u>	<u>\$ 12,056</u>	<u>\$ 13,357</u>	<u>\$ 15,129</u>
Business-type activities				
Net investment in capital assets	\$ 762	\$ 955	\$ 1,239	\$ 4,228
Restricted	4,071	3,102	2,413	147
Unrestricted	3,169	5,326	5,974	5,952
Total business-type activities net position	<u>\$ 8,002</u>	<u>\$ 9,383</u>	<u>\$ 9,626</u>	<u>\$ 10,327</u>
Primary government				
Net investment in capital assets	\$ 5,413	\$ (1,381)	\$ 7,569	\$ 11,332
Restricted	6,084	12,044	4,223	2,265
Unrestricted	5,130	10,776	11,191	11,859
Total primary governmental net position	<u>\$ 16,627</u>	<u>\$ 21,439</u>	<u>\$ 22,983</u>	<u>\$ 25,456</u>

**Source:** Comprehensive Annual Financial Report



TABLE A-1

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 8,608	\$ 9,526	\$ 9,946	\$ 8,831	\$ 8,453	\$ 10,294
2,805	2,478	507	763	964	1,122
4,598	4,567	3,954	4,314	5,212	5,105
<u>\$ 16,011</u>	<u>\$ 16,571</u>	<u>\$ 14,407</u>	<u>\$ 13,908</u>	<u>\$ 14,629</u>	<u>\$ 16,521</u>
\$ 4,885	\$ 5,112	\$ 6,482	\$ 6,895	\$ 7,130	\$ 7,701
-	-	-	428	433	182
7,075	7,574	6,345	4,779	4,416	4,419
<u>\$ 11,960</u>	<u>\$ 12,686</u>	<u>\$ 12,827</u>	<u>\$ 12,102</u>	<u>\$ 11,979</u>	<u>\$ 12,302</u>
\$ 13,493	\$ 14,638	\$ 16,428	\$ 15,726	\$ 15,583	\$ 17,995
2,805	2,478	507	1,191	1,397	1,303
11,673	12,141	10,299	9,093	9,628	9,525
<u>\$ 27,971</u>	<u>\$ 29,257</u>	<u>\$ 27,234</u>	<u>\$ 26,010</u>	<u>\$ 26,608</u>	<u>\$ 28,823</u>

**TOWN OF FAIRVIEW, TEXAS**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING) – AMOUNTS EXPRESSED IN THOUSANDS**

	<b>Fiscal Year</b>			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 796	\$ 1,213	\$ 1,660	\$ 1,452
Public safety	1,365	1,380	1,980	2,626
Municipal court	120	85	119	124
Public works	656	1,194	1,072	886
Parks and recreation	31	23	82	77
Inspections	-	-	-	-
Economic development	6	8	16	-
Interest and fiscal charges	355	383	435	464
Total governmental activities expenses	<u>3,329</u>	<u>4,286</u>	<u>5,364</u>	<u>5,629</u>
Business-type activities:				
Water and sewer	2,517	2,884	3,022	3,102
Solid waste	-	-	-	-
Stormwater	-	-	-	-
Total business-type activities expenses	<u>2,517</u>	<u>2,884</u>	<u>3,022</u>	<u>3,102</u>
Total primary government expenses	<u>\$ 5,846</u>	<u>\$ 7,170</u>	<u>\$ 8,386</u>	<u>\$ 8,731</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services:				
General government	\$ 1,363	\$ 678	\$ 592	\$ 298
Public safety	-	263	244	323
Public works	-	436	546	1,052
Parks and recreation	-	-	4	-
Non-departmental	-	-	-	-
Debt service	-	-	-	-
Operating grants and contributions	378	111	47	55
Capital grants and contributions	-	-	71	74
Total governmental activities program revenues	<u>1,741</u>	<u>1,488</u>	<u>1,504</u>	<u>1,802</u>
Business-type activities:				
Charges for services:				
Water and sewer	2,374	3,029	3,128	3,205
Solid waste	-	-	-	-
Stormwater	-	-	-	-
Capital grants and contributions	253	344	-	-
Total business-type activities program revenues	<u>2,627</u>	<u>3,373</u>	<u>3,128</u>	<u>3,205</u>
Total primary government program revenues	<u>\$ 4,368</u>	<u>\$ 4,861</u>	<u>\$ 4,632</u>	<u>\$ 5,007</u>

**Source:** Comprehensive Annual Financial Report

TABLE A-2 (CONTINUED)

Fiscal Year											
<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>	
\$	1,870	\$	1,404	\$	2,746	\$	2,789	\$	2,156	\$	2,863
	3,235		3,520		3,631		3,955		4,354		4,625
	132		127		129		159		182		173
	1,097		1,213		567		1,202		574		660
	84		84		99		162		156		221
	-		-		100		103		96		204
	-		-		-		-		-		-
	531		505		698		778		674		728
	6,949		6,853		7,970		9,148		8,192		9,474
	3,212		3,837		4,195		4,211		4,584		4,824
	-		-		-		615		581		616
	-		-		-		195		357		316
	3,212		3,837		4,195		5,021		5,522		5,756
\$	10,161	\$	10,690	\$	12,165	\$	14,169	\$	13,714	\$	15,230
\$	88	\$	100	\$	295	\$	297	\$	376	\$	450
	338		267		302		388		436		424
	1,226		985		291		290		272		695
	-		-		11		48		49		49
	-		-		432		-		-		-
	-		-		239		241		243		243
	85		153		107		230		52		55
	65		176		-		77		243		1,786
	1,802		1,681		1,677		1,571		1,671		3,702
	4,110		4,015		4,157		3,742		4,904		5,053
	-		-		-		607		616		625
	-		-		-		295		301		308
	-		-		-		-		-		-
	4,110		4,015		4,157		4,644		5,821		5,986
\$	5,912	\$	5,696	\$	5,834	\$	6,215	\$	7,492	\$	9,688

**TOWN OF FAIRVIEW, TEXAS**  
**CHANGES IN NET POSITION – CONTINUED**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING) – AMOUNTS EXPRESSED IN THOUSANDS**

	<b>Fiscal Year</b>			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Net (Expenses) Revenue</b>				
Governmental activities	\$ (1,588)	\$ (2,798)	\$ (3,860)	\$ (3,827)
Business-type activities	110	489	106	103
Total primary government	<u>\$ (1,478)</u>	<u>\$ (2,309)</u>	<u>\$ (3,754)</u>	<u>\$ (3,724)</u>
 <b>General Revenues and other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 2,401	\$ 3,207	\$ 3,554	\$ 3,857
Sales taxes	586	587	924	939
Franchise taxes	388	469	461	458
Mixed beverage taxes	-	-	-	-
Unrestricted investment earnings	317	413	227	36
Miscellaneous	134	89	103	91
Gains on sale of assets	-	1,928	-	313
Transfers	(314)	(494)	(86)	(586)
Total governmental activities	<u>3,512</u>	<u>6,199</u>	<u>5,183</u>	<u>5,108</u>
Business-type activities:				
Unrestricted investment earnings	358	245	52	12
Transfers	314	494	86	587
Total business-type activities	<u>672</u>	<u>739</u>	<u>138</u>	<u>599</u>
Total primary government	<u>\$ 4,184</u>	<u>\$ 6,938</u>	<u>\$ 5,321</u>	<u>\$ 5,707</u>
 <b>Change in Net Position</b>				
Governmental activities	\$ 1,924	\$ 3,401	\$ 1,323	\$ 1,281
Business-type activities	782	1,228	244	702
Total primary government	<u>\$ 2,706</u>	<u>\$ 4,629</u>	<u>\$ 1,567</u>	<u>\$ 1,983</u>

**Source:** Comprehensive Annual Financial Report

TABLE A-2 (CONCLUDED)

Fiscal Year											
2011		2012		2013		2014		2015		2016	
\$	(5,147)	\$	(5,172)	\$	(6,293)	\$	(7,577)	\$	(6,521)	\$	(5,772)
	898		178		(38)		(377)		299		230
\$	(4,249)	\$	(4,994)	\$	(6,331)	\$	(7,954)	\$	(6,222)	\$	(5,542)
\$	4,146	\$	4,282	\$	4,279	\$	4,509	\$	4,886	\$	5,297
	2,608		2,767		1,448		1,453		1,519		1,626
	605		608		563		649		669		647
	-		67		69		77		77		83
	31		25		19		23		25		32
	179		93		162		16		63		70
	-		-		-		-		-		-
	(741)		(518)		(262)		349		354		(91)
	6,828		7,324		6,278		7,076		7,593		7,664
	3		3		3		1		-		1
	741		518		262		(349)		(354)		91
	744		521		265		(348)		(354)		92
\$	7,572	\$	7,845	\$	6,543	\$	6,728	\$	7,239	\$	7,756
\$	1,681	\$	2,152	\$	(15)	\$	(501)	\$	1,072	\$	1,892
	1,642		699		227		(725)		(55)		322
\$	3,323	\$	2,851	\$	212	\$	(1,226)	\$	1,017	\$	2,214

**TOWN OF FAIRVIEW, TEXAS  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (UNAUDITED)  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING) – AMOUNTS EXPRESSED IN  
THOUSANDS**

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	3,179	5,373	5,084	6,065
Total general fund	<u>\$ 3,179</u>	<u>\$ 5,373</u>	<u>\$ 5,084</u>	<u>\$ 6,065</u>
All Other Governmental Funds				
Restricted	\$ 1,292	\$ 7,846	\$ 7,666	\$ 302
Assigned	698	1,040	-	-
Unassigned	22	-	-	-
Total all other governmental funds	<u>\$ 2,012</u>	<u>\$ 8,886</u>	<u>\$ 7,666</u>	<u>\$ 302</u>

**Source:** Comprehensive Annual Financial Report

**TABLE A-3**

<b>Fiscal Year</b>											
<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>	
\$	-	\$	-	\$	-	\$	1	\$	3	\$	5
	-		-		-		78		63		96
	4,628		4,198		4,158		3,878		4,056		4,913
\$	4,628	\$	4,198	\$	4,158	\$	3,957	\$	4,122	\$	5,014
\$	430	\$	4,457	\$	1,736	\$	2,425	\$	1,712	\$	5,595
	-		-		66		726		1,379		914
	-		-		-		-		-		-
\$	430	\$	4,457	\$	1,802	\$	3,151	\$	3,091	\$	6,509

**TOWN OF FAIRVIEW, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING) – AMOUNTS EXPRESSED IN THOUSANDS**

	<b>Fiscal Year</b>			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>REVENUES</b>				
Taxes	\$ 3,387	\$ 4,249	\$ 4,910	\$ 5,254
Licenses and permits	693	575	532	527
Intergovernmental revenue and grants	171	45	119	52
Charges for services	450	540	560	824
Fines and forfeitures	220	263	244	323
Interest earnings	316	413	227	39
Other revenue	207	66	50	77
Miscellaneous	135	90	104	91
Total revenues	5,579	6,241	6,746	7,187
<b>EXPENDITURES</b>				
General government	823	1,006	1,116	1,011
Public safety	1,289	1,371	1,852	2,379
Public works	639	991	1,041	695
Parks and recreation	4	60	66	60
Inspections	-	-	427	413
Municipal court	119	85	119	125
Economic development	6	8	16	30
Capital outlay	607	1,422	4,157	7,867
Debt service				
Principal retirement	510	550	769	519
Interest and fiscal charges	244	500	421	439
Total expenditures	4,241	5,993	9,984	13,538
Excess (deficiency) of revenues over (under) expenditures	1,338	248	(3,238)	(6,351)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from bonds	-	4,216	3,324	-
Proceeds from sale of capital assets	-	5,071	-	332
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from capital lease obligation	-	-	-	-
Premium (cost) on bonds issued	-	-	-	-
Transfer from other funds	-	450	600	696
Transfer to other funds	(314)	(945)	(686)	(1,283)
Total other financing sources (uses)	(314)	8,792	3,238	(255)
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,024</b>	<b>\$ 9,040</b>	<b>\$ -</b>	<b>\$ (6,606)</b>
Debt service as a percentage of noncapital expenditures	21.6%	21.2%	13.5%	20.3%

Source: Comprehensive Annual Financial Report



TABLE A-4

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 6,055	\$ 6,308	\$ 6,386	\$ 6,622	\$ 7,116	\$ 7,686
726	417	295	269	368	433
54	133	75	258	86	272
588	668	904	289	391	529
338	267	301	388	436	424
33	25	19	23	25	32
95	196	70	242	97	615
179	126	194	138	192	200
8,068	8,140	8,244	8,229	8,711	10,191
1,681	1,184	2,491	2,167	1,801	2,496
2,945	3,235	3,248	3,576	3,962	4,168
687	770	207	1,168	231	258
70	75	89	97	91	151
129	108	98	103	96	202
131	127	127	159	181	171
-	-	-	-	-	-
4,965	2,132	3,130	2,129	1,239	3,022
579	597	785	1,032	1,041	1,149
574	525	655	793	697	826
11,761	8,753	10,830	11,224	9,339	12,443
(3,693)	(613)	(2,586)	(2,995)	(628)	(2,252)
3,100	4,730	-	4,223	-	7,002
-	-	-	4	-	-
-	-	-	(687)	-	(1,264)
-	-	-	-	380	-
71	(94)	-	253	-	915
2,047	1,199	905	839	1,043	1,069
(2,788)	(1,744)	(1,167)	(489)	(690)	(1,160)
2,430	4,091	(262)	4,143	733	6,562
\$ (1,263)	\$ 3,478	\$ (2,848)	\$ 1,148	\$ 105	\$ 4,310
20.4%	20.4%	23.0%	20.1%	18.6%	19.1%

**TOWN OF FAIRVIEW, TEXAS  
APPRAISED VALUE OF PROPERTY  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE B-1**

Fiscal Year	Tax Year	Market Valuation			Total Taxable Assessed Value	Total Direct Tax Rate
		Real Property	Personal Property	Less: Tax- Exempt Property		
2007	2006	795,290,765	7,703,966	10,777,397	792,217,334	0.345000
2008	2007	989,097,019	7,815,552	13,579,397	983,333,174	0.345000
2009	2008	1,107,409,693	7,916,547	11,094,990	1,104,231,250	0.365000
2010	2009	1,211,614,266	8,838,553	13,893,289	1,206,559,530	0.365000
2011	2010	1,282,635,299	22,576,547	14,526,076	1,290,685,770	0.365000
2012	2011	1,310,018,060	49,458,016	15,037,098	1,344,438,978	0.360000
2013	2012	1,339,593,650	50,432,177	22,357,006	1,367,668,821	0.360000
2014	2013	1,396,288,609	47,135,219	27,101,168	1,416,322,660	0.360000
2015	2014	1,525,690,616	44,701,224	44,227,679	1,526,164,161	0.359999
2016	2015	1,680,650,568	41,697,451	79,565,782	1,642,782,237	0.359999

**Source:** Collin Central Appraisal District

**TOWN OF FAIRVIEW, TEXAS****TABLE B-2****DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE)****LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Town Direct Rates			Overlapping Rates <sup>a</sup>			Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Town Rate	Lovejoy Independent School District	Collin College	Collin County	
2007	0.151310	0.193690	0.345000	1.693400	0.087700	0.245000	2.371100
2008	0.159534	0.185466	0.345000	1.476300	0.087000	0.245000	2.153300
2009	0.159478	0.205522	0.365000	1.515000	0.086500	0.242500	2.209000
2010	0.174010	0.190990	0.365000	1.535000	0.086300	0.242500	2.228800
2011	0.176163	0.188837	0.365000	1.535000	0.086300	0.240000	2.226300
2012	0.183263	0.176737	0.360000	1.535000	0.086300	0.240000	2.221300
2013	0.199606	0.160394	0.360000	1.535000	0.086300	0.240000	2.221300
2014	0.216291	0.143709	0.360000	1.535000	0.083600	0.237500	2.216100
2015	0.221733	0.138266	0.359999	1.560000	0.081960	0.235000	2.236959
2016	0.225858	0.134141	0.359999	1.560000	0.081960	0.225000	2.226959

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

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

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

**TOWN OF FAIRVIEW, TEXAS  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO (UNAUDITED)**

**TABLE B-3**

FY 2015-2016 (2015 Certified Tax Roll)		
Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
The Village at Fairview, LP	\$ 37,286,109	2.27%
Fairfield Fairview, LLP	32,381,095	1.97%
Carrington Fairview Partners, LLC	28,406,400	1.73%
Macy's Retail Holdings, Inc.	14,749,316	0.90%
Dillard's Properties, Inc.	13,334,000	0.81%
Fairfield Cortona Lofts, LP	11,911,832	0.73%
PF Fairview Land TRS, LLC	10,610,258	0.65%
JC Penney Properties, Inc.	8,745,213	0.53%
PR Fairview WFM Landlord, LLC	8,629,378	0.53%
Dillard Texas Central, LLC	7,015,759	0.43%
Total	<u>\$ 173,069,360</u>	<u>10.54%</u>
Total Assessed Valuation	\$ 1,642,782,237	100.00%

FY 2005-2006 (2005 Certified Tax Roll)		
Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
US Home Development Co	\$ 13,300,977	2.08%
Sloan Creek Estates Partners Ltd.	4,438,761	0.70%
HOA of Heritage Ranch, Inc.	3,111,070	0.49%
Jon & Rebecca Bayless	2,366,000	0.37%
Thompson Springs Ltd.	2,306,999	0.36%
HOA of Heritage Ranch, Inc.	2,168,029	0.34%
TXU Electric Delivery Company	1,967,710	0.31%
Grand Homes 2003 LP	1,704,285	0.27%
Russell Edward Schmidt	1,727,912	0.27%
Robert B. & Shannon S. Kelly	1,517,249	0.24%
Total	<u>\$ 34,608,992</u>	<u>5.42%</u>
Total Assessed Valuation	\$ 638,474,529	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
2007	2,433,330	2,413,158	99.17%	-	2,413,158	99.17%
2008	3,230,044	3,193,341	98.86%	-	3,193,341	98.86%
2009	3,590,715	3,524,764	98.16%	-	3,524,764	98.16%
2010	3,923,243	3,859,866	98.38%	8,297	3,868,163	98.60%
2011	4,106,262	4,092,313	99.66%	22,470	4,114,783	100.21%
2012	4,253,982	4,231,752	99.48%	22,152	4,253,904	100.00%
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%	-	5,155,710	99.43%

**Source:** Collin Central Appraisal District

**TOWN OF FAIRVIEW, TEXAS**  
**GENERAL GOVERNMENT TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS (UNAUDITED) – AMOUNTS EXPRESSED IN THOUSANDS**

**TABLE B-5**

<b>Fiscal Year Ended <u>Sept 30</u></b>	<b>Total <u>Collected</u></b>	<b>1.00% <u>City</u></b>	<b>% of Ad Valorem <u>Tax Levy</u></b>	<b>(\$) Equivalent of Ad Valorem <u>Tax Rate</u></b>	<b>0.50% <u>4A EDC</u></b>	<b>0.50% <u>4B CDC</u></b>
2007	518,221	259,111	10.65%	0.03674	129,555	129,555
2008	576,850	288,425	8.93%	0.03081	144,213	144,213
2009	980,185	490,093	13.65%	0.04982	245,046	245,046
2010	1,850,016	925,008	23.58%	0.08606	462,504	462,504
2011	2,538,014	1,269,007	30.90%	0.11280	634,504	634,504
2012	2,767,151	1,383,576	32.52%	0.11709	691,788	691,788
2013	2,896,796	1,448,398	33.76%	0.12153	724,199	724,199
2014	2,906,820	1,453,410	33.88%	0.12195	726,705	726,705
2015	3,038,075	1,519,038	31.59%	0.11372	759,519	759,519
2016	3,252,461	1,626,231	31.36%	0.11290	813,115	813,115

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 <sup>b</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds <sup>a</sup>	Notes	Capital Leases	General Obligation Bonds <sup>a</sup>	Notes	Capital Leases			
2007	5,056	156	123	10,194	-	-	15,529	4.35%	2,218
2008	8,961	-	-	11,584	-	-	20,545	6.11%	2,922
2009	11,557	-	83	11,378	-	-	23,018	6.75%	3,224
2010	11,106	-	15	10,739	-	-	21,860	6.31%	3,016
2011	13,631	-	10	10,079	-	-	23,720	6.52%	3,117
2012	17,770	-	5	9,456	-	-	27,231	7.20%	3,441
2013	16,990	-	-	8,715	-	-	25,705	6.71%	3,205
2014	19,734	-	-	7,963	-	-	27,697	6.98%	3,333
2015	18,662	-	380	7,159	-	-	26,201	6.51%	3,112
2016	24,153	-	304	6,307	-	-	30,764	6.59%	3,473

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

<sup>a</sup>Includes General Obligation Bonds and Certificates of Obligation Bonds

<sup>b</sup>See Table D-1 for personal income and population data.

**TOWN OF FAIRVIEW, TEXAS**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE**  
**AND NET VALUE BONDED PER CAPITA**  
**LAST TEN FISCAL YEARS (UNAUDITED) – AMOUNTS EXPRESSED IN THOUSANDS**

**TABLE C-2**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Available Debt Service Funds</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property<sup>a</sup></u>	<u>Per Capita<sup>b</sup></u>
2007	15,250	139	15,111	1.91%	2,159
2008	20,545	344	20,201	2.05%	2,873
2009	22,935	404	22,531	2.04%	3,156
2010	21,845	377	21,468	1.78%	2,962
2011	23,710	365	23,345	1.81%	3,067
2012	27,226	381	26,845	2.00%	3,392
2013	25,705	384	25,321	1.85%	3,157
2014	27,697	383	27,314	1.93%	3,287
2015	25,821	504	25,317	1.66%	3,007
2016	30,460	176	30,284	1.84%	3,419

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

<sup>a</sup> See Table B-1 for property value data.

<sup>b</sup> See Table D-1 for population data.



**TOWN OF FAIRVIEW, TEXAS  
DIRECT AND OVERLAPPING DEBT  
LAST TEN YEARS (UNAUDITED) – AMOUNTS EXPRESSED IN THOUSANDS**

**TABLE C-3**

Governmental Unit	As of	Bonded Debt Principal	Percentage of Debt Applicable to Area <sup>d</sup>	Town of Fairview Share of Overlapping Debt <sup>c</sup>
<b>Debt repaid with property taxes</b>				
Lovejoy I.S.D.	09/30/16	\$ 157,464	2.45%	\$ 3,858
Collin College	09/30/16	18,814	55.35%	10,414
Collin County	09/30/16	395,590	2.96%	11,709
Subtotal, overlapping debt		\$ 571,868		25,981
<b>Town of Fairview Direct Debt <sup>a</sup></b>	09/30/16	\$ 30,764	100.00%	30,764
<b>Total direct and overlapping debt</b>				<b>\$ 56,745</b>
Ratio of direct and overlapping debt principal to taxable values <sup>b</sup>				3.45%
Ratio of direct and overlapping debt principal to actual market values <sup>b</sup>				3.29%

**Source:** Municipal Advisory Council of Texas

**Notes:** <sup>a</sup> Includes Governmental Activities debt

<sup>b</sup> See Table B-1 for property value data.

<sup>c</sup> 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.

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

**TOWN OF FAIRVIEW, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN YEARS (UNAUDITED) – AMOUNTS EXPRESSED IN THOUSANDS**

**TABLE C-4**

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 87,493	\$ 103,259	\$ 113,000	\$ 121,581	\$ 127,416	\$ 130,625	\$ 137,330	\$ 123,964	\$ 133,538	\$ 164,278
Total net debt applicable to limit	15,250	20,545	22,935	21,845	23,710	27,226	25,321	27,314	25,729	30,643
Legal debt margin	<u>\$ 72,243</u>	<u>\$ 82,714</u>	<u>\$ 90,065</u>	<u>\$ 99,736</u>	<u>\$ 103,706</u>	<u>\$ 103,399</u>	<u>\$ 112,009</u>	<u>\$ 96,649</u>	<u>\$ 107,809</u>	<u>\$ 133,636</u>
Total net debt applicable to the limit as a percentage of debt limit	17.43%	19.90%	20.30%	17.97%	18.61%	20.84%	18.44%	22.03%	19.27%	18.65%

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 2016

Assessed value	<u>\$ 1,642,782</u>
Debt limit (10% of total assessed value)	<u>164,278</u>
Debt applicable to limit:	
General obligation bonds	30,764
Less: amounts set aside for repayment of general obligation debt	<u>(121)</u>
Total net debt applicable to limit	<u>30,643</u>
Legal debt margin	<u>\$ 133,636</u>

**TOWN OF FAIRVIEW, TEXAS  
PLEDGED-REVENUE COVERAGE**

**TABLE C-5**

**LAST TEN FISCAL YEARS (UNAUDITED) – AMOUNTS EXPRESSED IN THOUSANDS**

<u>Water and Sewer System Revenue Bonds</u>					
<u>Fiscal Year</u>	<u>Total Revenues<sup>a</sup></u>	<u>Less: Operating Expenses<sup>b</sup></u>	<u>Net Available Revenue</u>	<u>Annual Requirement<sup>c</sup></u>	<u>Times Coverage</u>
2007	3,785	2,525	1,260	927	1.36
2008	6,469	5,241	1,228	1,101	1.12
2009	3,866	3,144	722	788	0.92
2010	4,304	3,141	1,163	1,100	1.06
2011	5,134	3,054	2,080	1,098	1.89
2012	4,863	3,765	1,098	970	1.13
2013	4,422	3,870	552	1,065	0.52
2014	3,744	3,392	352	794	0.44
2015	4,904	3,810	1,094	892	1.23
2016	5,054	4,044	1,010	898	1.13

**Notes:** <sup>a</sup>Includes operating and non-operating revenues.

<sup>b</sup>Includes operating expenses minus depreciation.

<sup>c</sup>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
2007	7,000	357,000	51,000	50.0	1,511	3.9%
2008	7,032	336,026	47,784	54.5	1,689	4.8%
2009	7,139	341,143	47,784	54.5	1,746	7.6%
2010	7,248	346,338	47,784	54.5	1,830	7.1%
2011	7,611	363,684	47,784	54.5	1,918	7.1%
2012	7,914	378,163	47,784	54.5	1,957	5.7%
2013	8,020	383,228	47,784	54.5	1,457	5.5%
2014	8,310	397,085	47,784	54.5	1,442	4.6%
2015	8,420	402,341	47,784	54.5	1,456	3.5%
2016	8,858	466,967	52,717	54.5	1,432	3.8%

- (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](http://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**

2016		
Employer	Employees	Percentage of Total City Employment
JC Penney	200	11.03%
Whole Foods	163	8.99%
Macy's	130	7.17%
Dillard's	115	6.34%
iPic	110	6.06%
Town of Fairview	86	4.74%
Heritage Ranch	80	4.41%
M. Christopher Homes	68	3.75%
Gloria's	60	3.31%
Splitsville	40	2.21%
Total	<u>1,052</u>	<u>57.99%</u>
Total Fairview Daytime Employees	1,814	

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

Note: The data for nine years ago is not available.

**TOWN OF FAIRVIEW, TEXAS**  
**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE E-1**

<u>Function/Program</u>	<u>Fiscal Year</u>								
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government	15	14	14	13	14	14	14	14	14
Public safety									
Police:									
Officers	8	8	10	13	13	14	15	15	17
Fire a	1	5	9	10	11	13	29	35	39
Streets	2	2	2	2	2	1	1	1	1
Parks and recreation	1	1	1	1	1	1	1	1	2
Water	4	5	5	5	5	8	11	12	12
Sewer	1	1	1	1	1	2	1	1	1
Total	<u>32</u>	<u>36</u>	<u>42</u>	<u>45</u>	<u>47</u>	<u>53</u>	<u>72</u>	<u>78</u>	<u>86</u>

**Source:** Town Departments

**Note:** Data for fiscal years 2006-2007 not available; additional years will be added until ten years are reported.

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



**TOWN OF FAIRVIEW, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST NINE FISCAL YEARS (UNAUDITED)**

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety			
Police			
Number of police stations	1	1	1
Number of patrol units	5	9	9
Physical arrests	22	38	131
Service calls	2,062	2,318	3,031
Citations	2,569	2,113	3,007
Fire			
Number of fire stations	1	1	1
Number of calls answered	430	570	671
Inspections	321	265	548
Highway and Streets			
Streets (miles)	41.44	41.55	42.11
Street reconstruction (miles)	0.95	1.00	0.00
Street resurfacing (miles)	0.00	0.00	0.00
Cultural and Recreational			
Parks and recreation			
Park acreage	215.6	216.8	216.8
Number of parks	8	9	9
Water and Sewer			
Water			
Number of new water connections	48	59	63
Number of water main breaks	0	0	0
Average daily water consumption <sup>a</sup>	1,646	1,507	2,108
Water main (miles)	67.05	71.84	74.45
Fire hydrants	637	646	655
Maximum daily capacity <sup>a</sup>	7.3 MGD	7.3 MGD	7.3 MGD
Sewer			
Sanitary sewer (miles)	24.19	24.19	24.75

**Source:** Town Departments

**Notes:**

Data for fiscal years 2006-2007 not available; additional years will be added until ten years are reported.

<sup>a</sup> Stated in thousands of gallons



**TABLE E-2**

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1	1	1	1	1	1
10	10	10	10	11	10
92	108	111	132	132	97
3,907	4,032	4,793	8,793	8,856	8,315
2,689	2,390	2,826	4,055	3,849	3,881
1	1	2	2	2	2
750	750	766	725	821	903
483	644	476	548	449	424
42.11	42.43	44.49	44.49	44.90	45.04
2.27	0.92	0.68	0.00	0.00	0.37
0.00	1.54	2.03	0.00	0.00	0.98
216.8	216.8	216.8	216.8	216.8	244.8
9	9	9	9	9	9
34	50	67	56	40	62
5	6	11	8	15	12
2,108	1,952	1,980	1,964	2,115	2,808
75.13	75.41	75.72	76.65	75.30	76.61
669	673	702	730	731	789
7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD
25.23	25.54	26.48	25.94	22.20	22.62

**TOWN OF FAIRVIEW, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST NINE FISCAL YEARS (UNAUDITED)**

**TABLE E-3**

FUNCTION	Fiscal Year								
	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public Safety</b>									
Police:									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	5	9	9	10	10	10	10	10	10
Fire stations	1	2	2	2	2	2	2	2	2
<b>Highway and Streets</b>									
Streets (miles)	41.44	41.55	42.11	42.11	42.43	44.49	44.49	44.90	45.04
<b>Culture &amp; Recreation</b>									
Parks acreage	215.6	216.8	216.8	216.8	216.8	216.8	216.8	216.8	244.8
Parks	8	9	9	9	9	9	9	9	10
<b>Water</b>									
Water mains (miles)	67.05	71.84	74.45	75.13	75.41	75.72	76.65	75.30	76.61
Fire hydrants	637	646	655	669	673	702	730	731	789
Maximum daily capacity (thousands of gallons)	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD	7.3MGD
<b>Sewer</b>									
Sanitary sewers (miles)	24.19	24.19	24.75	25.23	25.54	26.48	25.94	22.20	22.62

Source: Various Government Departments

Note: Data for Fiscal Years 2006-2007 not available; additional fiscal years will be added until ten years are reported.