



Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2014

Town of Fairview, Texas



VISION

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



MISSION

Fairview is a community that:

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

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

**FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

**AS PREPARED BY THE
FINANCE DEPARTMENT**



**TOWN OF FAIRVIEW, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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INTRODUCTORY SECTION





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

February 27, 2015

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, 2014. 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. 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, 2014 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 8,500. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limit by annexation, which it has done from time to time.

The Town of Fairview has operated under the council-manager form of government since 2005, 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 2014, that had increased to 23.1%. 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 property and Noah’s operates the facility under a long term lease contract. With the opening of the facility in the spring of 2013, Noah’s generated \$242,539 in revenue for the Town in fiscal year 2014.

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 2014 grew by 3.6%, while the average home value in Fairview was \$358,483.

The economy is very strong in Fairview. The Fairview unemployment rate for September 2014 was 4.6%, compared to 5.0% for Texas and 5.9% 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. The most recent update to the policies occurred in November 2013, with the formal adoption of Governmental Accounting Standards Board (GASB) Statement No. 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 assigned fund to fund future capital or one-time expenditures. The current fund balance is estimated at over 59% of General Fund appropriations.

Debt Ratings

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

Long Term Planning

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

Strategic Planning

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

One of the outcomes of the 2013 planning retreat was to initiate a biannual citizen survey to gauge residents' opinions about issues and services in the Town of Fairview. The first survey was conducted in fiscal year 2014. The response rate was 28%. Overall, residents were very satisfied with the quality of life in Fairview, with 96% either satisfied or very satisfied. Additional feedback was received related to specific services provided by the town.

Current Planning Projects

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

The second initiative was a review of the remaining undeveloped parcels in the low-density residential area of the Town, generally east of SH 5. This effort resulted in an update of the land use designations in these areas as well as a review of the goals and objectives of the comprehensive plan.

Another planning action taken was to initiate an update of the Town's economic plan. This action will update the goals of the Town's economic development efforts and will be tied to the update of the commercial planned development district. This action should be completed by the summer of fiscal year 2015.

Now that the land use plan has been updated, there are several additional planning initiatives which are outcomes of the planning update that will be completed in fiscal year 2015 including the update of the Town's water, wastewater and roadway plans along with the related impact fees. Additionally, the Town will be completing a master drainage plan for the undeveloped commercial district.

Another planning effort that should be completed in the spring of 2015 is the development of a long-range facilities plan for the town. This plan will identify the amount of building space that should be needed by for town functions at full build out.

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 total expenditures 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.

One of the outcomes of the recent strategic planning retreat was to move forward with the next update of the capital plan, which will include timing and cost for needed improvements along with a financing plan for the improvements. This updated plan will include needed improvements for the implementation of the commercial planned development district. With the completion of the Town's infrastructure and facilities plans, the capital plan should be updated in the summer of 2015.

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 is planned for construction beginning in 2015.
2. Corridor improvements to US 75, including lane widening and ramp adjustments. This project was begun in 2014 and should be complete by 2016.
3. The construction of a major water line through Fairview. This project, which will enhance the delivery of treated water to the Town, was completed in 2014.

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 2013, the Town completed a water and sewer rate study that recommended the need for adjustments in the water and sewer rates over the next five years. As a result of that study, the Town implemented a 15% rate

increase in fiscal year 2014. The Town has contracted in fiscal year 2015 to update the water and sewer rate study to determine if any needed adjustments are further necessary.

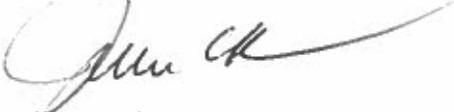
In fiscal year 2013, the Town entered into an agreement with the Milligan Water Supply Corporation to acquire a total of 21 customers that are residents of the Town of Fairview for a cost of \$40,000. In fiscal year 2014, this acquisition allowed the Town to ultimately improve fire protection to this area of the Town, provide these residents with the same water rates as the rest of the Town, and improve water pressures.

Acknowledgements

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

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

Respectfully submitted,



Julie Couch
Town Manager



Government Finance Officers Association

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

Presented to

**Town of Fairview
Texas**

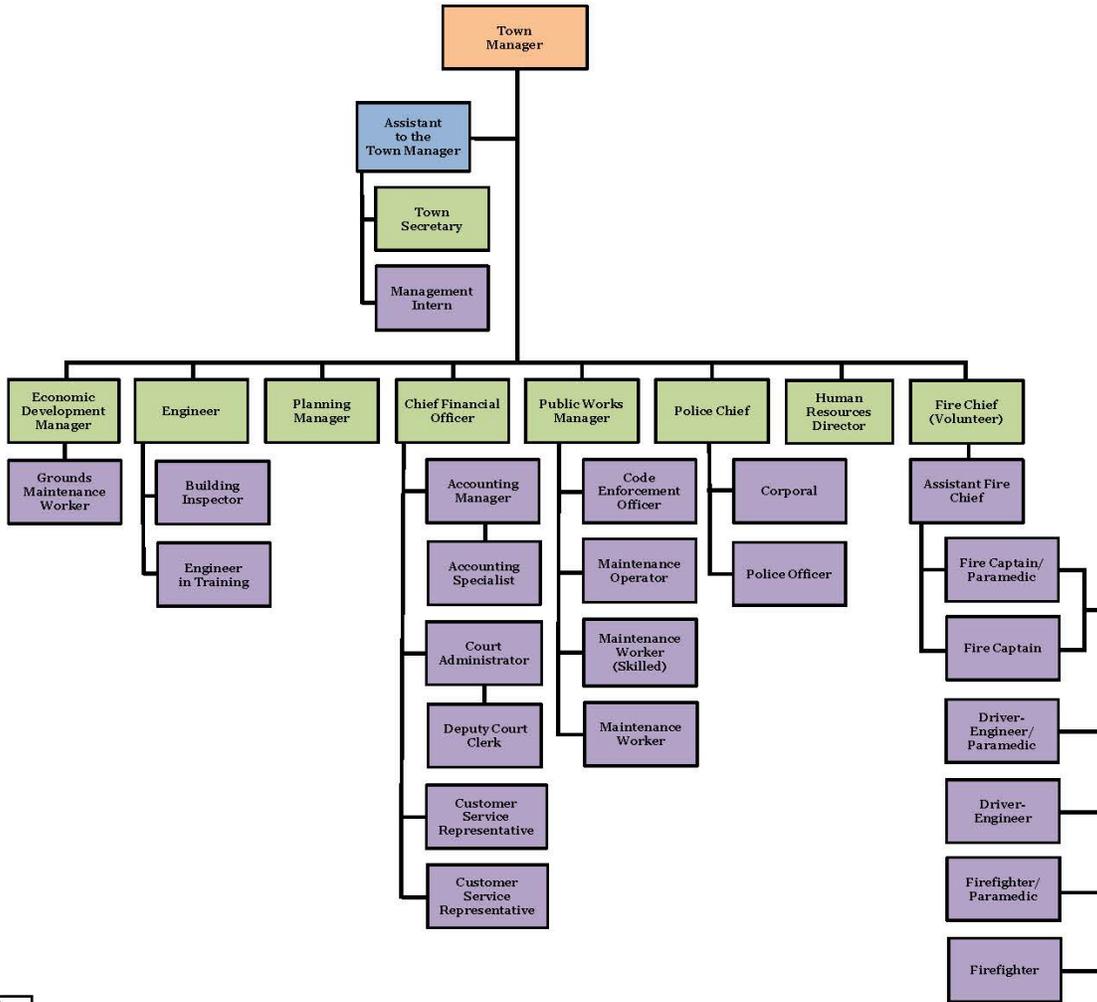
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



Organizational Chart



FY 13-14

TOWN OF FAIRVIEW, TEXAS
Town Officials

<u>Title</u>	<u>Name</u>
Mayor	Darion Culbertson
Mayor Pro Tem & Seat 4	Henry Lessner
Councilmember - Seat 1	Ron Samuels
Councilmember - Seat 2	John Adler
Councilmember - Seat 3	Frank O'Reilly
Councilmember - Seat 5	Paul Hendricks
Councilmember - Seat 6	Renee Powell
Town Manager	Julie Couch
Assistant to the Town Manager	Adam Wilbourn
Town Secretary	Caitlin Scalley
Town Engineer	James Chancellor
Economic Development Manager	Ray Dunlap
Police Chief	Granver Tolliver
Volunteer Fire Chief	Dick Price
Public Works Manager	Aron Holmgren
Chief Financial Officer	Jason B. Weeks
Planning Manager	Ken Schmidt
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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–14 and 44–45 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 February 27, 2015, 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.

Dallas, Texas
February 27, 2015





MANAGEMENT DISCUSSION & ANALYSIS

For the year ended September 30, 2014
(unaudited)

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, 2014. 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 of the Town exceeded its liabilities at the close of the most recent fiscal year by \$26,010,352. Of this amount, \$9,092,160 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$1,224,583. The primary reason for the decrease was a \$2,003,908 increase in expenses during 2014.
- As of the close of the current fiscal year, the Town of Fairview's governmental funds reported combined ending fund balances of \$7,108,407, an increase of \$1,148,684 in comparison with the prior year. The primary reason for the increase in fund balance is due to a \$1,350,146 increase in Capital Projects Fund fund balance, the result of the issuance of \$3,565,000 Certificates of Obligation, Series 2013.
- The \$3,878,002 unassigned fund balance in the General Fund represents 60.6% of the total General Fund expenditures.
- The Town's long-term liabilities increased by \$2,092,973 (8.06%) during the current fiscal year. The key factor in this increase was the issuance of \$3,565,000 Certificates of Obligation, Series 2013, for improving streets and roads.

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 the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town 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, 2014
(unaudited)

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 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 nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Fairview adopts an annual appropriated budget for its general fund. 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



MANAGEMENT DISCUSSION & ANALYSIS
 For the year ended September 30, 2014
 (unaudited)

sewer fund, the solid waste fund and the stormwater fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, the solid waste fund, and the 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 26-43 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.

The combining statements referred to earlier in connection with nonmajor 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 \$26,010,352 as of September 30, 2014. Analyzing the net position of the governmental and business-type activities separately, governmental activities' net position was \$13,907,791 while business-type activities' net position was \$12,102,561.

The largest portion of the Town's net position, \$15,726,687, or 60.4%, 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, \$1,191,505, or 4.6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$9,092,160, or 35.0%, 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	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 8,033,138	\$ 6,615,015	\$ 5,797,552	\$ 6,735,321	\$ 13,830,690	\$ 13,350,336
Capital Assets	26,817,509	25,707,138	14,818,382	15,197,869	41,635,891	40,905,007
Total Assets	34,850,647	32,322,153	20,615,934	21,933,190	55,466,581	54,255,343
Deferred Outflows	11,274	-	18,718	-	29,992	-
Current liabilities	915,805	701,937	519,918	360,946	1,435,723	1,062,883
Noncurrent liabilities	20,038,325	17,212,728	8,012,173	8,744,797	28,050,498	25,957,525
Total liabilities	20,954,130	17,914,665	8,532,091	9,105,743	29,486,221	27,020,408
Net position:						
Net investment in capital assets	8,831,097	9,945,674	6,895,590	6,482,599	15,726,687	16,428,273
Restricted	763,447	507,462	428,058	-	1,191,505	507,462
Unrestricted	4,313,247	3,954,352	4,778,913	6,344,848	9,092,160	10,299,200
Total net position	\$ 13,907,791	\$ 14,407,488	\$ 12,102,561	\$ 12,827,447	\$ 26,010,352	\$ 27,234,935



MANAGEMENT DISCUSSION & ANALYSIS
 For the year ended September 30, 2014
 (unaudited)

The following table (Table 2) provides a summary of the Town's operations for the year ended September 30, 2014. Governmental activities decreased the Town's net position by \$499,697 while business-type activities decreased the Town's net position by \$724,886, resulting in a \$1,224,583 decrease in total net position. The key elements of this decrease are as shown as follows:

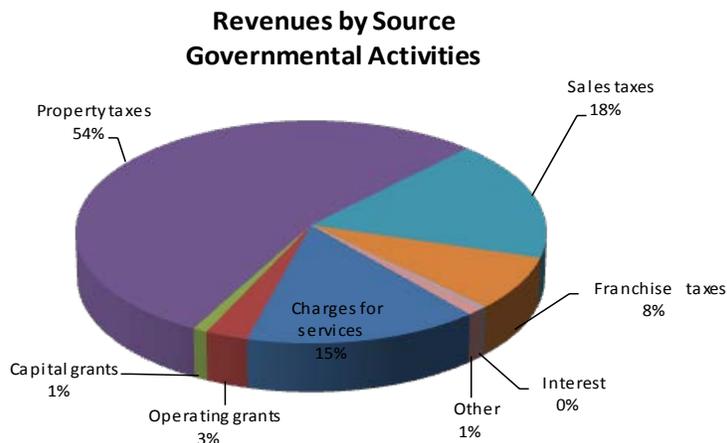
Table 2
 Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for Services	\$ 1,264,644	\$ 1,570,503	\$ 4,644,418	\$ 4,157,210	\$ 5,909,062	\$ 5,727,713
Operating Grants and Contributions	230,192	106,695	-	-	230,192	106,695
Capital Grants and Contributions	77,235	-	-	-	77,235	-
General revenues:						
Property Taxes	4,508,845	4,279,386	-	-	4,508,845	4,279,386
Sales Taxes	1,453,410	1,448,398	-	-	1,453,410	1,448,398
Franchise Taxes	648,845	563,017	-	-	648,845	563,017
Mixed Beverage Taxes	76,705	68,627	-	-	76,705	68,627
Investment Income	23,124	19,026	1,391	2,567	24,515	21,593
Other	15,725	161,734	-	-	15,725	161,734
Total Revenues	8,298,725	8,217,386	4,645,809	4,159,777	12,944,534	12,377,163
Expenses:						
General Government	2,788,994	2,746,311	-	-	2,788,994	2,746,311
Public Safety	3,954,707	3,630,952	-	-	3,954,707	3,630,952
Public Works	1,201,886	566,966	-	-	1,201,886	566,966
Inspectors	103,084	100,376	-	-	103,084	100,376
Municipal Court	158,773	128,543	-	-	158,773	128,543
Parks and Recreation	162,512	99,191	-	-	162,512	99,191
Interest on Long-Term Debt	778,182	697,674	-	-	778,182	697,674
Water Services	-	-	4,210,865	3,990,324	4,210,865	3,990,324
Sewer Services	-	-	195,017	204,872	195,017	204,872
Solid Waste Services	-	-	615,097	-	615,097	-
Total expenses	9,148,138	7,970,013	5,020,979	4,195,196	14,169,117	12,165,209
Increase in Net Position Before Transfers	(849,413)	247,373	(375,170)	(35,419)	(1,224,583)	211,954
Transfers	349,716	(262,031)	(349,716)	262,031	-	-
Change in Net Position	(499,697)	(14,658)	(724,886)	226,612	(1,224,583)	211,954
Net Position, Beginning of Year	14,407,488	14,422,146	12,827,447	12,600,835	27,234,935	27,022,981
Net Position, End of Year	\$ 13,907,791	\$ 14,407,488	\$ 12,102,561	\$ 12,827,447	\$ 26,010,352	\$ 27,234,935



MANAGEMENT DISCUSSION & ANALYSIS
For the year ended September 30, 2014
(unaudited)

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



Revenues for the Town's governmental activities increased by \$81,339 or 1%. Major components of the increase are as follows:

Taxes:

- The majority of the increase in taxes can be attributed to the 3.6% increase in property assessed valuation in fiscal year 2014 of \$1,416,322,660 compared to previous fiscal year of \$1,367,668,821.
- Franchise fee revenue increased by \$85,828 or 15.2% from previous fiscal year due to a warmer spring and summer in 2014 and the addition of more residential property.
- Due to the growth in the economy, mixed beverage taxes increased by \$8,078 or 11.7% from prior year.

Charges for services:

- In fiscal year 2014, the Town reclassified solid waste services as a business-type activity, which had been recorded as a governmental activity in previous years. This reclassification caused charges for services to decrease \$614,563 or 68.0% in the current year compared to the previous year. This decrease in revenue is off-set by a decrease in expenditures within the Non-departmental expenditure category.

Permits:

- Permits decreased by \$26,431 or 9.0% from previous year due to less residential building permits issued in the current fiscal year. In fiscal year 2014, the Town issued 32 residential building permits compared to the previous year of 63.

Fines and forfeitures:

- In fiscal year 2014, the Police Department was fully staffed. The Police Department issued 4,055 citations in the current year compared to 2,826 in fiscal year 2013. This 43.5% increase in citations contributed to the fines and forfeitures increasing in fiscal year 2014 by \$86,205 or 28.6% compared to the previous fiscal year.



MANAGEMENT DISCUSSION & ANALYSIS
For the year ended September 30, 2014
(unaudited)

Intergovernmental:

- The Town received a grant from North Texas Municipal Water District in the amount of \$62,338 for capital expenditures related to Monarch Park.
- The Fairview Economic Development Corporation contributed \$125,000 to the Town to assist with the Commercial Planned Development District strategic plan cost.

Overall, expenses for governmental activities increased by \$1,178,125 or 15%. Components of the individual expense increases and decreases are explained as follows:

General Government:

- The Administration department contracted with two consultants in fiscal year 2014 – one for the Commercial Planned Development District and the other for a facility study at a total cost of \$292,531 for fiscal year 2014. Also, the increase in 2014 can be attributed to the increased costs, \$95,047 or 23.5%, associated with Texas Local Government Code – Chapter 380 agreement related to sales tax refund with the Villages of Fairview.
- Accounting department personnel costs increased by \$116,699 or 77.6% in the current fiscal year due to merit raises for current staff and the full-year funding of the new Chief Financial Officer's salary and benefits. In fiscal year 2014, the Town purchased additional financial software modules for the Tyler Technology – Incode system which increased expenses \$55,783 or 64.6% compared to the previous fiscal year.
- Staffing costs in the town secretary department were split with other departments in fiscal year 2013. In fiscal year 2014, all of the costs related to the town secretary were charged to the town secretary department; therefore, expenses increased by \$35,283 or 107.8%. The increase in personnel costs can be attributed to a turnover in staffing which caused the Town to pay out accrued compensated absences. Other increases in expenses within the town secretary department were \$15,800 of contracted services for temporary staffing related to the turnover in the staff and \$4,880 costs associated with the codification of the Town's ordinances.
- Planning and zoning personnel costs decreased by \$31,984 or 26.0% due to the reduction of intern staffing in fiscal year 2014.
- Technology expenses increased by \$55,783 or 64.6% in the current fiscal year due to the purchase of computer hardware and software that had been budgeted for the current fiscal year.

Public Safety:

- Police department personnel costs increased by \$131,251 or 12.8% compared to the previous fiscal year due to being fully staffed along with the merit salary increases implemented at the beginning of October 2013.
- Fire department
 - Personnel costs increased by \$172,925 or 14.6% 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.
 - At mid-year, the Town contracted with another local municipality to provide fire dispatch services which increased the dispatch services costs by \$58,645.
 - In December 2013, the North Texas area experienced an ice storm which caused damage to the fire station #2 HVAC system; therefore, building repairs increased in the current fiscal year by \$32,232 or 284.3%.



MANAGEMENT DISCUSSION & ANALYSIS
For the year ended September 30, 2014
(unaudited)

Public Works:

- The Town budgeted additional funding for public works to purchase more asphalt and concrete materials to maintain the current roadway infrastructure in Fairview. The additional funding increased expenditures by \$32,475 or 51.2% compared to the previous fiscal year.
- Stacy Road or State Farm Market Highway 2786, which divides City of Allen and Town of Fairview is in the process of being reconstructed to provide for lane extensions. In fiscal year 2014, the Town contributed \$640,000 to Collin County to aid in the reconstruction of this project.

Municipal Court:

- Staffing costs in municipal court were split with other departments in fiscal year 2013. In fiscal year 2014, all of the costs of the two employees were charged to municipal court; therefore, expenses increased by \$30,701 or 33.6%.

Capital Outlay:

- In the current year, the fire department purchased a new ATV and capital equipment related to the contracted dispatch services which increased capital assets by \$80,997.
- The Town continues to move forward with the street and roadway rehabilitation program in fiscal year 2014 with the addition of \$2,048,162 of costs associated with this project.

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 \$486,032 or 12%. Major components of the individual decreases/increases are as follows:

Water and Sewer Fund:

- Due to water conservation measures within the North Texas area, charges for services in the water and sewer fund decreased \$124,287 or 3.3% due to the decreased consumption of water.
- Water Department
 - Staffing costs in the water department were split with another department in fiscal year 2013. In fiscal year 2014, all of the costs of this staff member were charged to the water department. In addition, the water department added an additional maintenance worker in fiscal year 2014; therefore, expenditures increased by \$100,405 or 27.9%.
 - 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 \$36,992 or 2.2% from the previous fiscal year.
 - As the Stacy Road expansion construction begins, the Town had to contract with a vendor to conduct line locates at a cost of \$13,200 in the current fiscal year.
- Utility Billing Department
 - The Town allocated appropriate information technology vendor charges to the utility billing department which increased costs by \$31,439 or 403.9% compared to the previous fiscal year.
- Sewer Department
 - Personnel costs in the sewer department decreased \$73,902 or 73.1% due to a position not being filled throughout the majority of the fiscal year.



MANAGEMENT DISCUSSION & ANALYSIS
For the year ended September 30, 2014
(unaudited)

- 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 \$79,634 or 16.8% over last fiscal year.

Solid Waste Fund:

- In previous fiscal years, the Town accounted for solid waste services as a governmental activity and recorded the revenue and expenditures related to these services in the general fund. In fiscal year 2014, the Town reclassified the solid waste services as a business-type activity and is now reflected as a major enterprise fund.
- Trash and recycling collection services increased revenues in the current fiscal year by \$20,782 or 3.5% compared to the previous fiscal year.
- Trash and recycling expenses increased in fiscal year 2014 by \$65,416 or 11.9% compared to fiscal year 2013.
- The Town increases solid waste rates annually based on the CPI adjustment, which is passed on the residents within their monthly utility bills.

Stormwater Fund:

- In previous fiscal years, the stormwater revenues and expenses were included within the water and sewer fund and reflected as an enterprise fund. In the current year, the Town has reclassified this activity as a separate major enterprise fund.
- In fiscal year 2014, revenues increased \$4,339 or 1.5% compared to expenses, which decreased \$18,038 or 8.5% due to transfer to another fund not occurring in fiscal year 2014.

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 \$7,108,407, an increase of \$1,148,684 in comparison with the prior year. 54.6% of this total amount, or \$3,878,002, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is assigned for: 1) technology equipment - \$77,851, 2) capital - \$725,770; restricted: 1) for capital projects - \$1,852,642, 2) to pay debt service - \$3,957,207, 3) for court - \$141,461, or for fire use - \$48,537; nonspendable for prepaids - \$1,354.

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 \$3,878,002, while total fund balance was \$3,957,207. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 60.6% of total general fund expenditures, while total fund balance represents 61.9% of that same amount.

Fund balance in the General Fund decreased by \$266,788, primarily due to a 0.8% increase in overall expenditures.



MANAGEMENT DISCUSSION & ANALYSIS
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The Debt Service Fund has a total fund balance of \$382,790, all of which is restricted for the payment of debt service. The Debt Service fund balance decreased by \$1,183 or 0.3% due to expenditures and other financing uses slightly in excess of revenues and other financing sources.

The General Capital Projects Fund provides information on capital projects and had an ending fund balance of \$2,578,412. The General Capital Projects Fund balance increased by \$1,350,146 or 109.9%. The balance is comprised primarily of proceeds from the 2013 Certificates of Obligation of \$3,565,000 with the remaining balance, \$1,733,569. The Certificates of Obligation were issued for constructing and improving streets and roads in the Town.

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 decreased \$724,886, primarily due to less water consumption and increased expense related to water purchases and sewer treatment. The net position of the storm water fund increased by \$28,878 due to less expenditures than the previous year.

General Fund Budgetary Highlights

During the year, revenues exceeded budget estimates by \$73,725 and expenditures exceeded budget by \$39,689. The budget had called for a \$300,824 decrease in fund balance. However, actual fund balance only decreased by \$266,788 due to sales taxes, franchise fees, and fines and forfeitures revenues greater than estimated, offset against expenditures that were over budget.

Capital Assets. The Town’s investment in capital assets, for its governmental and business-type activities as of September 30, 2014, amount to \$41,635,891 (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 64.4% of the capital assets are governmental and 35.6% are business-type activities.

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

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 3,133,960	\$ 3,133,960	\$ 113,384	\$ 113,384	\$ 3,247,344	\$ 3,247,344
Construction in Progress	1,922,904	-	-	-	1,922,904	-
Buildings	11,237,882	11,569,633	74,861	30,899	11,312,743	11,600,532
Infrastructure	8,709,952	9,073,546	-	-	8,709,952	9,073,546
Utility Plant	-	-	14,440,029	14,882,154	14,440,029	14,882,154
Machinery and Equipment	1,812,811	1,929,999	190,108	171,432	2,002,919	2,101,431
Total	\$ 26,817,509	\$ 25,707,138	\$ 14,818,382	\$ 15,197,869	\$ 41,635,891	\$ 40,905,007

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

- 2014 Police Chevy Tahoe
- 2014 Ford F350
- Scag Turf Tiger Mower
- ATV



MANAGEMENT DISCUSSION & ANALYSIS
 For the year ended September 30, 2014
 (unaudited)

- Dispatch equipment
- Stacy Road expansion project
- Street improvement project
- Park improvements

Business-type capital improvement projects and acquisitions during the current fiscal year include the following:

- Bobcat Compact Excavator
- Sewage pump
- 6 inch water line

Additional information on the Town's capital assets can be found in Note 5 on page 38 of this report.

Debt Administration. At the end of the current fiscal year, the Town had total bonds outstanding of \$27,409,999. 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	
	2014	2013	2014	2013	2014	2013
Gross bonded debt:						
General obligation	\$ 2,737,562	\$ 2,205,000	\$ 4,892,437	\$ 4,300,000	\$ 7,629,999	\$ 6,505,000
Certificates of obligation	16,768,312	14,784,730	3,011,688	4,415,270	19,780,000	19,200,000
Total bonded debt	19,505,874	16,989,730	7,904,125	8,715,270	27,409,999	25,705,000
Other long-term debt:						
Unamortized premiums	228,125	-	59,049	-	287,174	-
Compensated absences	304,326	222,998	48,999	29,527	353,325	252,525
Total other long-term debt	532,451	222,998	108,048	29,527	640,499	252,525
Total	\$ 20,038,325	\$ 17,212,728	\$ 8,012,173	\$ 8,744,797	\$ 28,050,498	\$ 25,957,525

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 8 on pages 39 – 41 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.



MANAGEMENT DISCUSSION & ANALYSIS
For the year ended September 30, 2014
(unaudited)

The budget emphasis based on the Town's strategic plan:

- **Infrastructure**
 - Continuation of street rehabilitation program to complete Phase II & III
 - Updating the surface of park playground areas with improved surfaces
- **Community Development & Economic Development**
 - Update of zoning ordinance & subdivision regulations
 - Continuation of Commercial Planned Development District (CPDD) plan with the development of standards & concept planning for "Pearl"
 - Continuation of CPDD plan with development concepts for gateway features and wayfinding signage guidelines
- **Customer Focus/Citizen Communication**
 - Continued update to Town website
- **Customer Focus/Town Identity**
 - Funding for a new Town event – Gus Macker 3-on-3 Basketball tournament
- **Fiscal Responsibility**
 - Updating the 5-year financial plan with updates to the Town infrastructure plans
- **Public Safety**
 - Provision on in-house ambulance service beginning mid-year

The fiscal year 2014-2015 budget incorporates no increase in the property tax rate; in fact, the rate was slightly reduced from \$0.360000 to \$0.359999 per \$100 valuation. Maintenance and operations tax rate is \$0.221733 while the debt (interest and sinking) rate is \$0.138266.

The fiscal year 2015 operating budget increased by 0.9% or \$56,617, from fiscal year 2014 budget. In general revenues for property taxes were budgeted with a 9.9% increase, while sales taxes were budgeted to remain constant at \$1,400,000. Major increases in operational costs included the addition of six (6) EMS positions and expenses in order to bring ambulance services in-house beginning mid-year (\$294,298); salary and benefit adjustments for merit increases (\$90,841); and the addition of three (3) part-time firefighters (\$13,174).

At the Council's direction, the water and wastewater rates were reviewed. Since fiscal year 2007, wholesale water rates from North Texas Municipal Water District (NTMWD) through fiscal year 2015 will have increased by 72%. During the same time period, the Town will have raised rates by 31%. The fiscal year 2015 budget included a 15% water rate increase and a 15% sewer rate increase to address outside increases and to maintain the future capacity to fund needed capital improvements. Major increases in operational costs to the Water and Wastewater Fund include: the addition of a maintenance worker and expenses (\$33,798); salary and benefit adjustments for merit increases (\$14,643); and an update to the water and wastewater rate study (\$15,000).

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, 2014**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development	Community Development
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 7,490,943	\$ 5,160,677	\$ 12,651,620	\$ 816,504	\$ 670,644
Restricted cash and cash equivalents	-	95,351	95,351	-	-
Receivables (Net of allowance for uncollectibles):					
Accounts receivable	-	541,524	541,524	-	-
Property taxes	89,009	-	89,009	-	-
Sales taxes	273,937	-	273,937	125,636	125,636
Franchise taxes	175,671	-	175,671	-	-
Other	2,224	-	2,224	-	-
Prepaid	1,354	-	1,354	2,497	5,000
Nondepreciable capital assets	5,056,864	113,384	5,170,248	-	-
Depreciable capital assets, net	21,760,645	14,704,998	36,465,643	-	-
TOTAL ASSETS	34,850,647	20,615,934	55,466,581	944,637	801,280
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	11,274	18,718	29,992	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,274	18,718	29,992	-	-
LIABILITIES					
Accounts payable	589,763	363,986	953,749	14,043	7,308
Accrued wages payable	151,587	27,486	179,073	2,196	2,196
Accrued interest payable	80,083	33,095	113,178	-	-
Customer deposits	94,372	95,351	189,723	-	-
Non-current liabilities:					
Due within one year	1,345,070	843,255	2,188,325	-	-
Due in more than one year	18,693,255	7,168,918	25,862,173	-	-
TOTAL LIABILITIES	20,954,130	8,532,091	29,486,221	16,239	9,504
NET POSITION					
Net investment in capital assets	8,831,097	6,895,590	15,726,687	-	-
Restricted:					
Debt service	346,114	-	346,114	-	-
Capital	227,335	428,058	655,393	-	-
Court	141,461	-	141,461	-	-
Fire	48,537	-	48,537	-	-
Unrestricted	4,313,247	4,778,913	9,092,160	928,398	791,776
TOTAL NET POSITION	\$ 13,907,791	\$ 12,102,561	\$ 26,010,352	\$ 928,398	\$ 791,776

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, 2014**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Functions/Programs:				
Governmental activities:				
General government	\$ 2,788,994	\$ 296,749	\$ 2,050	\$ -
Public safety	3,954,707	387,670	103,142	-
Public works	1,201,886	290,026	125,000	-
Inspections	103,084	-	-	-
Municipal court	158,773	-	-	-
Parks and recreation	162,512	47,660	-	77,235
Interest and fiscal charges	778,182	242,539	-	-
Total governmental activities	<u>9,148,138</u>	<u>1,264,644</u>	<u>230,192</u>	<u>77,235</u>
Business-type activities:				
Water and sewer	4,210,865	3,742,246	-	-
Storm water	195,017	294,995	-	-
Solid waste	615,097	607,177	-	-
Total business-type activities	<u>5,020,979</u>	<u>4,644,418</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 14,169,117</u>	<u>\$ 5,909,062</u>	<u>\$ 230,192</u>	<u>\$ 77,235</u>
Component units:				
Economic Development Corporation	\$ 774,457	\$ -	\$ -	\$ -
Community Development Corporation	640,885	-	-	-
Total component units	<u>\$ 1,415,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
 Property taxes
 Sales taxes
 Franchise taxes
 Mixed beverage taxes
 Interest earnings
 Miscellaneous
 Transfers in (out)
Total general revenues and transfers

Change in net position
 Net position at beginning of year
 Net position, end of year

The 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
\$ (2,490,195)	\$ -	\$ (2,490,195)	\$ -	\$ -
(3,463,895)	-	(3,463,895)	-	-
(786,860)	-	(786,860)	-	-
(103,084)	-	(103,084)	-	-
(158,773)	-	(158,773)	-	-
(37,617)	-	(37,617)	-	-
(535,643)	-	(535,643)	-	-
<u>(7,576,067)</u>	<u>-</u>	<u>(7,576,067)</u>	<u>-</u>	<u>-</u>
-	(468,619)	(468,619)	-	-
-	99,978	99,978	-	-
-	(7,920)	(7,920)	-	-
-	<u>(376,561)</u>	<u>(376,561)</u>	<u>-</u>	<u>-</u>
<u>\$ (7,576,067)</u>	<u>\$ (376,561)</u>	<u>\$ (7,952,628)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (774,457)	\$ -
-	-	-	-	(640,885)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (774,457)</u>	<u>\$ (640,885)</u>
\$ 4,508,845	-	4,508,845	-	-
1,453,410	-	1,453,410	726,707	726,708
648,845	-	648,845	-	-
76,705	-	76,705	-	-
23,124	1,391	24,515	753	658
15,725	-	15,725	-	-
349,716	(349,716)	-	-	-
<u>7,076,370</u>	<u>(348,325)</u>	<u>6,728,045</u>	<u>727,460</u>	<u>727,366</u>
(499,697)	(724,886)	(1,224,583)	(46,997)	86,481
<u>14,407,488</u>	<u>12,827,447</u>	<u>27,234,935</u>	<u>975,395</u>	<u>705,295</u>
<u>\$ 13,907,791</u>	<u>\$ 12,102,561</u>	<u>\$ 26,010,352</u>	<u>\$ 928,398</u>	<u>\$ 791,776</u>

**TOWN OF FAIRVIEW, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 3,913,059	\$ 382,790	\$ 3,007,320	\$ 187,774	\$ 7,490,943
Receivables, net of allowance					
Property taxes	45,602	43,407	-	-	89,009
Sales taxes	273,937	-	-	-	273,937
Franchise taxes	175,671	-	-	-	175,671
Other	-	-	-	2,224	2,224
Prepaid items	1,354	-	-	-	1,354
Total assets	\$ 4,409,623	\$ 426,197	\$ 3,007,320	\$ 189,998	\$ 8,033,138
LIABILITIES					
Accounts payable	\$ 160,855	\$ -	\$ 428,908	\$ -	\$ 589,763
Accrued wages payable	151,587	-	-	-	151,587
Customer deposits	94,372	-	-	-	94,372
Total liabilities	406,814	-	428,908	-	835,722
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	45,602	43,407	-	-	89,009
Total deferred inflows of resources	45,602	43,407	-	-	89,009
FUND BALANCES					
Nonspendable:					
Prepays	1,354	-	-	-	1,354
Restricted:					
Court	-	-	-	141,461	141,461
Fire	-	-	-	48,537	48,537
Debt service	-	382,790	-	-	382,790
Capital	-	-	1,852,642	-	1,852,642
Assigned:					
Capital	-	-	725,770	-	725,770
Technology	77,851	-	-	-	77,851
Unassigned	3,878,002	-	-	-	3,878,002
Total fund balances	3,957,207	382,790	2,578,412	189,998	7,108,407
Total liabilities, deferred inflows of resources and fund balances	\$ 4,409,623	\$ 426,197	\$ 3,007,320	\$ 189,998	\$ 8,033,138

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, 2014**

Total governmental fund balances \$ 7,108,407

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. 26,817,509

Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid. (80,083)

Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements. 89,009

For debt refunding, 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. 11,274

Premium on bond issuance for governmental activities debt is included in other financing sources in the governmental funds financial statements. (228,125)

Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds financial statements. (304,326)

Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the fund financial statements. (19,505,874)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 13,907,791

**TOWN OF FAIRVIEW, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:					
Taxes:					
Property	\$ 2,667,601	\$ 1,775,925	\$ -	\$ -	\$ 4,443,526
Sales	1,453,410	-	-	-	1,453,410
Franchise	648,845	-	-	-	648,845
Mixed Beverage	76,705	-	-	-	76,705
Charges for services	68,894	220,490	-	-	289,384
Permits	268,909	-	-	-	268,909
Fines and forfeitures	366,126	-	-	21,566	387,692
Intergovernmental	70,965	-	187,338	-	258,303
Interest income	11,505	-	11,619	-	23,124
Miscellaneous revenues	103,071	-	-	34,205	137,276
Street impact fees	-	-	227,335	-	227,335
Park fees	-	-	14,897	-	14,897
Total revenues	5,736,031	1,996,415	441,189	55,771	8,229,406
Expenditures:					
Current:					
General government	2,161,368	-	5,350	-	2,166,718
Public safety	3,567,340	-	-	8,791	3,576,131
Public works	235,570	-	932,531	-	1,168,101
Inspections	103,084	-	-	-	103,084
Municipal court	158,297	-	-	476	158,773
Parks and recreation	97,033	-	-	-	97,033
Debt service:					
Principal retirement	-	1,032,028	-	-	1,032,028
Interest and fiscal charges	-	714,352	78,658	-	793,010
Capital outlay	75,362	-	2,048,162	5,635	2,129,159
Total expenditures	6,398,054	1,746,380	3,064,701	14,902	11,224,037
Excess (deficiency) of revenues over (under) expenditures	(662,023)	250,035	(2,623,512)	40,869	(2,994,631)
Other financing sources (uses):					
Transfers in	614,993	-	195,000	28,758	838,751
Transfers out	(223,758)	(262,159)	-	(3,118)	(489,035)
Proceeds from sale of assets	4,000	-	-	-	4,000
Refunding bonds issued	-	658,172	-	-	658,172
Payment to refunding bond escrow agent	-	(687,299)	-	-	(687,299)
Bonds issued	-	-	3,565,000	-	3,565,000
Premium on bonds issued	-	40,068	213,658	-	253,726
Total other financing sources (uses)	395,235	(251,218)	3,973,658	25,640	4,143,315
Net change in fund balances	(266,788)	(1,183)	1,350,146	66,509	1,148,684
Fund balance at beginning of year	4,223,995	383,973	1,228,266	123,489	5,959,723
Fund balance, end of year	\$ 3,957,207	\$ 382,790	\$ 2,578,412	\$ 189,998	\$ 7,108,407

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 THE FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Net change in fund balances - total governmental funds	\$ 1,148,684
Amounts reported for governmental activities in the statement of activities are different because:	
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	65,319
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is capitalized.	2,129,159
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.	(1,018,788)
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.	(1,025)
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.	1,032,028
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.	687,299
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.	(4,223,172)
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 premium on bonds (\$253,726) less current year amortization of premium (\$25,601).	(228,125)
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.	(81,328)
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.	(9,748)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (499,697)</u>

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, 2014**

	Business-type Activities			
	Enterprise funds			
	Water and Sewer	Solid Waste	Storm Water	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,023,735	\$ -	\$ 1,136,942	\$ 5,160,677
Restricted cash and cash equivalents	95,351	-	-	95,351
Receivables (net of allowance for uncollectibles)	441,633	69,386	30,505	541,524
Noncurrent assets:				
Nondepreciable capital assets	113,384	-	-	113,384
Depreciable capital assets, net	14,689,167	-	15,831	14,704,998
Total assets	19,363,270	69,386	1,183,278	20,615,934
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	18,718	-	-	18,718
Total deferred outflows of resources	18,718	-	-	18,718
Total assets and deferred outflows of resources	\$ 19,381,988	\$ 69,386	\$ 1,183,278	\$ 20,634,652
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 267,285	\$ 77,306	\$ 19,395	\$ 363,986
Accrued wages payable	21,051	-	6,435	27,486
Compensated absences - current portion	40,382	-	8,617	48,999
Accrued interest payable	33,095	-	-	33,095
Customer deposits	95,351	-	-	95,351
Current portion of long-term debt	794,256	-	-	794,256
Non-current liabilities:				
Long-term debt	7,168,918	-	-	7,168,918
Total liabilities	8,420,338	77,306	34,447	8,532,091
Net position (deficit):				
Net investment in capital assets	6,879,759	-	15,831	6,895,590
Restricted for:				
Capital projects	428,058	-	-	428,058
Unrestricted	3,653,833	(7,920)	1,133,000	4,778,913
Total net position (deficit)	10,961,650	(7,920)	1,148,831	12,102,561
Total liabilities and net position (deficit)	\$ 19,381,988	\$ 69,386	\$ 1,183,278	\$ 20,634,652

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, 2014**

	Business-type Activities			
	Enterprise funds			
	Water and Sewer	Solid Waste	Storm Water	Total
Operating revenues:				
Charges for services	\$ 3,742,246	\$ 607,177	\$ 294,995	\$ 4,644,418
Total operating revenues	3,742,246	607,177	294,995	4,644,418
Operating expenses:				
Water purchases	1,704,597	-	-	1,704,597
Personnel services	590,013	-	154,787	744,800
Repairs and maintenance	70,066	-	25,288	95,354
Operations	1,027,286	615,097	9,899	1,652,282
Depreciation	519,059	-	5,043	524,102
Total operating expenses	3,911,021	615,097	195,017	4,721,135
Operating income (loss)	(168,775)	(7,920)	99,978	(76,717)
Non-operating revenues (expenses):				
Interest income	1,391	-	-	1,391
Interest expense	(266,554)	-	-	(266,554)
Bond issuance costs	(33,290)	-	-	(33,290)
Total non-operating revenue (expenses)	(298,453)	-	-	(298,453)
Income (loss) before transfers	(467,228)	(7,920)	99,978	(375,170)
Transfers				
Transfers in	282,159	-	-	282,159
Transfers out	(560,775)	-	(71,100)	(631,875)
Total transfers	(278,616)	-	(71,100)	(349,716)
Change in net position	(745,844)	(7,920)	28,878	(724,886)
Net position at beginning of year	11,707,494	-	1,119,953	12,827,447
Net position, end of year	\$ 10,961,650	\$ (7,920)	\$ 1,148,831	\$ 12,102,561

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, 2014**

	Business-type Activities			
	Enterprise Funds			
	Water and Sewer	Solid Waste	Storm Water	Total
Cash flow from operating activities:				
Receipts from customers and users	\$ 3,860,764	\$ 537,791	\$ 293,565	\$ 4,692,120
Payments to suppliers for goods and services	(2,738,157)	(537,791)	(16,979)	(3,292,927)
Payments to employees for services	(567,999)	-	(149,673)	(717,672)
Net cash provided by operating activities	554,608	-	126,913	681,521
Cash flow from noncapital financing activities:				
Transfers from other funds	282,159	-	-	282,159
Transfers to other funds	(560,775)	-	(71,100)	(631,875)
Net cash used in noncapital financing activities	(278,616)	-	(71,100)	(349,716)
Cash flow from capital financing activities:				
Acquisition of capital assets	(144,615)	-	-	(144,615)
Bond issuance costs	(15,154)	-	-	(15,154)
Principal paid on capital debt	(782,793)	-	-	(782,793)
Interest paid on capital debt	(278,081)	-	-	(278,081)
Net cash used in capital financing activities	(1,220,643)	-	-	(1,220,643)
Cash flow from investing activities:				
Interest revenue	1,391	-	-	1,391
Net cash provided by investing activities	1,391	-	-	1,391
Net increase (decrease) in cash and cash equivalents	(943,260)	-	55,813	(887,447)
Cash and cash equivalents, beginning of year	5,062,346	-	1,081,129	6,143,475
Cash and cash equivalents, end of the year	<u>\$ 4,119,086</u>	<u>\$ -</u>	<u>\$ 1,136,942</u>	<u>\$ 5,256,028</u>
Reconciliation to statement of net position				
Cash and cash equivalents	\$ 4,023,735	\$ -	\$ 1,136,942	\$ 5,160,677
Restricted cash and cash equivalents	95,351	-	-	95,351
	<u>\$ 4,119,086</u>	<u>\$ -</u>	<u>\$ 1,136,942</u>	<u>\$ 5,256,028</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, 2014**

(CONTINUED)

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Storm Water</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (168,775)	\$ (7,920)	\$ 99,978	\$ (76,717)
Adjustments to reconcile operating income (loss) to Net cash provided by operating activities:				
Depreciation	519,059	-	5,043	524,102
Provision for bad debts	6,061	174	174	6,409
Effects of changes in assets and liabilities:				
Decrease (increase) in receivables	115,077	(69,560)	(1,604)	43,913
Decrease in payables	63,792	77,306	18,208	159,306
Decrease in accrued wages	5,833	-	1,823	7,656
Decrease in compensated absences	16,181	-	3,291	19,472
Increase in deposits	(2,620)	-	-	(2,620)
Net cash provided by operating activities	<u>\$ 554,608</u>	<u>\$ -</u>	<u>\$ 126,913</u>	<u>\$ 681,521</u>

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



TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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.

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, 2014**

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 all of the non-fiduciary activities of 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, 2014**

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 has been eliminated from the government-wide financial statements.

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, 2014**

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.

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Fund Accounting – Continued

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

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities 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.

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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	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.

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Long-term Obligations – Continued

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.

L. Fund Equity

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

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

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

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

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.

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Fund Equity – Continued

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.

M. Subsequent Events

The Town has evaluated all events or transactions that occurred after September 30, 2014 up through February 27, 2015, 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 \$10,724,664 and the bank balance was \$10,979,528. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Cash and investments as of September 30, 2014 consist of and are classified in the accompanying financial statements as follows:

Primary government:	
Cash and cash equivalents	\$ 12,651,620
Restricted cash and cash equivalents	95,351
Component units:	
Cash and cash equivalents	<u>1,487,148</u>
Total cash and investments	<u>\$ 14,234,119</u>
Cash on hand	\$ 900
Carrying amount of deposits	10,724,664
Carrying amount of investments	<u>3,508,555</u>
Total cash and investments	<u>\$ 14,234,119</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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
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

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.

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Disclosures Relating to Interest Rate Risk – Continued

As of September 30, 2014, the Town had the following investments

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 2,839,821	48 days
LoneStar	668,734	52 days
	<u>\$ 3,508,555</u>	

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.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
TexPool	\$ 2,839,821	AAAm	AAAm
LoneStar	668,734	AAA	AAA
	<u>\$ 3,508,555</u>		

Concentration of Credit Risk

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

Custodial Credit Risk

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

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Custodial Credit Risk – Continued

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, 2014 the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The Town is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2A7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The Lone Star Investment Pool (the Pool) is 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 Pool is governed by an 11 member Board of Trustees, consisting of individuals representing entities participating in the Pool. The fair value of the District's position in the Pool is the same as the value of the Pool shares.

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 2014 levy was based was \$1,239,638,026. 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, 2014 was \$0.36 per \$100 of assessed valuation. Current tax collections for the year ended September 30, 2014 were approximately 99% of the tax levy.

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

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, 2014 are as follows:

	Governmental Funds			
	General	Debt Service	Nonmajor Funds	Total
Property taxes	\$ 45,602	\$ 43,407	\$ -	\$ 89,009
Sales taxes	273,937	-	-	273,937
Franchise taxes	175,671	-	-	175,671
Other	-	-	2,246	2,246
Gross receivables	<u>495,210</u>	<u>43,407</u>	<u>2,246</u>	<u>540,863</u>
Less: allowances	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>(22)</u>
Net total receivables	<u>\$ 495,210</u>	<u>\$ 43,407</u>	<u>\$ 2,224</u>	<u>\$ 540,841</u>

	Enterprise Funds			
	Water and Sewer	Solid Waste	Storm Water	Total
Utility bills	\$ 447,694	\$ 69,684	\$ 30,679	\$ 548,057
Gross receivables	<u>447,694</u>	<u>69,684</u>	<u>30,679</u>	<u>548,057</u>
Less: allowances	<u>(6,061)</u>	<u>(298)</u>	<u>(174)</u>	<u>(6,533)</u>
Net total receivables	<u>\$ 441,633</u>	<u>\$ 69,386</u>	<u>\$ 30,505</u>	<u>\$ 541,524</u>

	Component Units		
	EDC	CDC	Total
Sales taxes	\$ 125,636	\$ 125,636	\$ 251,272
Total receivables	<u>\$ 125,636</u>	<u>\$ 125,636</u>	<u>\$ 251,272</u>

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,133,960	\$ -	\$ -	\$ -	\$ 3,133,960
Construction in progress	-	1,922,904	-	-	1,922,904
Total capital assets, not being depreciated	<u>3,133,960</u>	<u>1,922,904</u>	<u>-</u>	<u>-</u>	<u>5,056,864</u>
Capital assets being depreciated:					
Infrastructure	11,020,629	5,907	-	-	11,026,536
Buildings and improvements	12,784,026	-	-	-	12,784,026
Furniture and equipment	2,794,503	138,869	-	-	2,933,372
Vehicles	885,676	61,479	-	-	947,155
Total capital assets being depreciated	<u>27,484,834</u>	<u>206,255</u>	<u>-</u>	<u>-</u>	<u>27,691,089</u>
Less accumulated depreciation for:					
Infrastructure	1,947,083	369,502	-	-	2,316,585
Buildings and improvements	1,214,393	331,751	-	-	1,546,144
Furniture and equipment	1,204,354	202,348	-	-	1,406,702
Vehicles	545,826	115,187	-	-	661,013
Total accumulated depreciation	<u>4,911,656</u>	<u>1,018,788</u>	<u>-</u>	<u>-</u>	<u>5,930,444</u>
Total capital assets being depreciated, net	<u>22,573,178</u>	<u>(812,533)</u>	<u>-</u>	<u>-</u>	<u>21,760,645</u>
Governmental activities capital assets, net	<u>\$ 25,707,138</u>	<u>\$ 1,110,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,817,509</u>

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 113,384	\$ -	-	\$ -	\$ 113,384
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>113,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,384</u>
Capital assets being depreciated:					
Utility Plant	19,057,585	40,000	-	-	19,097,585
Buildings and improvements	44,684	48,888	-	-	93,572
Furniture and equipment	268,731	55,727	-	-	324,458
Vehicles	111,181	-	-	-	111,181
Total capital assets being depreciated	<u>19,482,181</u>	<u>144,615</u>	<u>-</u>	<u>-</u>	<u>19,626,796</u>
Less accumulated depreciation for:					
Utility Plant	4,175,431	482,125	-	-	4,657,556
Buildings and improvements	13,785	4,926	-	-	18,711
Furniture and equipment	151,807	24,136	-	-	175,943
Vehicles	56,673	12,915	-	-	69,588
Total accumulated depreciation	<u>4,397,696</u>	<u>524,102</u>	<u>-</u>	<u>-</u>	<u>4,921,798</u>
Total capital assets being depreciated, net	<u>15,084,485</u>	<u>(379,487)</u>	<u>-</u>	<u>-</u>	<u>14,704,998</u>
Business-type activities capital assets, net	<u>\$ 15,197,869</u>	<u>\$ (379,487)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,818,382</u>

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

Governmental activities:	
General government	\$ 329,745
Public safety	297,248
Public works	326,316
Parks and recreation	65,479
	<u>\$ 1,018,788</u>
Business-type activities:	
Water and Sewer	\$ 519,059
Solid Waste	5,043
	<u>\$ 524,102</u>

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 6. TRANSFERS

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. Transfers between funds during the year were as follows:

Transfer In	Transfer Out	Amount
Capital projects fund	General fund	\$ 195,000
Water and sewer fund	Debt service fund	262,159
Nonmajor governmental funds	General fund	28,758
General fund	Storm water fund	51,100
General fund	Water and sewer fund	18,275
General fund	Nonmajor governmental funds	3,118
Water and sewer fund	Storm water fund	20,000
General fund	Water and sewer fund	542,500
		<u>\$ 1,120,910</u>

NOTE 7. DEFERRED INFLOWS OF RESOURCES

Governmental funds report *deferred inflows of resources* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, deferred inflows of resources reported in the governmental funds consisted of unavailable resources from property taxes.

NOTE 8. 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, 2014:

	Beginning Balance	Additions	Retired or Refunded	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 2,205,000	\$ 658,171	\$ (125,609)	\$ 2,737,562	\$ 126,870
Certificates of obligation	14,784,730	3,565,000	(1,581,418)	16,768,312	913,874
Unamortized bond premium	-	253,726	(25,601)	228,125	-
Compensated absences	222,998	304,326	(222,998)	304,326	304,326
	<u>17,212,728</u>	<u>4,781,223</u>	<u>(1,955,626)</u>	<u>20,038,325</u>	<u>1,345,070</u>
Business-type activities:					
General obligation bonds	4,300,000	1,101,828	(509,391)	4,892,437	508,130
Certificates of obligation	4,415,270	-	(1,403,582)	3,011,688	286,126
Unamortized bond premium	-	67,077	(8,028)	59,049	-
Compensated absences	29,527	48,999	(29,527)	48,999	48,999
	<u>8,744,797</u>	<u>1,217,904</u>	<u>(1,950,528)</u>	<u>8,012,173</u>	<u>843,255</u>
Total Primary Government	<u>\$ 25,957,525</u>	<u>\$ 5,999,127</u>	<u>\$ (3,906,154)</u>	<u>\$ 28,050,498</u>	<u>\$ 2,188,325</u>

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 8. LONG-TERM DEBT – CONTINUED

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2014.

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/2014
General Obligation Bonds:					
Improvements	\$ 2,830,000	2007	2027	4.00% - 4.25%	\$ 2,085,000
Improvements	658,172	2013	2025	0.7% - 2.75%	652,562
Total General Obligation Bonds					<u>2,737,562</u>
Certificates of Obligation:					
Improvements	1,135,000	2005	2025	3.87%	55,000
Improvements	300,000	2006	2026	4.00% - 4.15%	205,980
Improvements	1,129,780	2007	2027	4.00% - 4.25%	832,332
Improvements	3,435,000	2008	2028	3.00% - 4.35%	2,670,000
Improvements	3,300,000	2009	2029	2.50% - 4.30%	2,670,000
Improvements	3,100,000	2010	2030	2.00% - 4.00%	2,615,000
Improvements	1,665,000	2012	2032	0.5% - 3.815%	1,535,000
Improvements	3,065,000	2012	2032	0.5% - 3.815%	2,835,000
Improvements	3,565,000	2013	2028	0.30% - 3.20%	3,350,000
Total Certificates of Obligation					<u>16,768,312</u>
Total Governmental Activities Debt					<u>\$ 19,505,874</u>

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/2014
General Obligation Bonds:					
Improvements	\$ 3,470,000	2009	2018	2.00% - 4.00%	\$ 1,770,000
Improvements	2,325,000	2012	2022	2.09%	2,030,000
Improvements	1,101,828	2013	2025	0.7% - 2.75%	1,092,437
Total General Obligation Bonds					<u>4,892,437</u>
Certificates of Obligation:					
Improvements	2,000,000	2004	2024	4.00% - 4.70%	100,000
Improvements	2,180,000	2006	2026	4.00% - 4.15%	1,494,020
Improvements	1,930,220	2007	2027	4.00% - 4.25%	1,417,668
Total Certificates of Obligation					<u>3,011,688</u>
Total Business-Type Activities Debt					<u>\$ 7,904,125</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
2015	\$ 1,040,744	\$ 692,217	\$ 1,732,961	\$ 794,256	\$ 261,029	\$ 1,055,285
2016	1,073,033	660,099	1,733,132	891,967	236,626	1,128,593
2017	1,107,358	629,625	1,736,983	927,642	205,689	1,133,331
2018	1,136,078	595,110	1,731,188	953,922	172,935	1,126,857
2019	1,182,273	555,603	1,737,876	672,727	138,582	811,309
2020-2024	6,549,097	2,115,385	8,664,482	2,925,903	395,102	3,321,005
2025-2029	6,282,291	795,342	7,077,633	737,708	45,510	783,218
2030-2032	1,135,000	66,244	1,201,244	-	-	-
Total	<u>\$ 19,505,874</u>	<u>\$ 6,109,625</u>	<u>\$ 25,615,499</u>	<u>\$ 7,904,125</u>	<u>\$ 1,455,473</u>	<u>\$ 9,359,598</u>

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 8. LONG-TERM DEBT – CONTINUED

During the year ended September 30, 2014, the Town issued \$3,565,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2013. Proceeds from the sale of the certificates will be used for constructing and improving streets and roads in the Town and costs associated with the issuance of the certificates.

During the year ended September 30, 2014, the Town issued \$1,760,000 General Obligation Refunding Bonds, Series 2013, of which \$1,092,437 is included as part of business-type activities. Net proceeds from the sale of the bonds totaled \$1,888,075. Of these proceeds, \$1,837,889 was placed with an escrow agent to provide for all future debt payments of the refunded bonds.

The refunding resulted in a decrease in the Town's debt service payments of \$216,423, which resulted in an economic gain (difference between the present value of the debt service payments of the old debt and the new debt) of \$173,571. As a result of this transaction, \$1,805,000 of combination tax and limited surplus revenue certificates of obligation, of which \$1,130,000 were included as part of business-type activities was refunded and is considered legally defeased, and is no longer included as liabilities 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, 2014 consists solely of the \$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.

NOTE 9. PENSION PLAN

A. Plan Description

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

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 also in the statutes.

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 9. PENSION PLAN – CONTINUED

A. Plan Description - Continued

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS's website at www.TMRS.com.

B. Contributions

The contribution rate for employees is 7%, with the Town's matching ratio being 2 to 1, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each town/city is determined annually by the actuary, using the Early Age Normal (EAN) actuarial cost method (EAN was first used in December 31, 2013 valuation; previously the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. Both the employees and the Town make contributions monthly. Because the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2012 valuation is effective for rates beginning January 2014.)

The following is a summary of the Town's plan provisions:

	Plan Year 2014	Plan Year 2013
Employee Deposit Rate	7%	7%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility	60/5, 0/25	60/5, 0/25
Updated Service Credit	100% Repeating Transfers	100% Repeating Transfers
Annuity Increase (to Retirees)	0% of CPI	0% of CPI

Schedule of Actuarial Liabilities and Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
12/31/2011	\$ 2,255,628	\$ 3,125,038	\$ 869,410	72.2%	\$ 2,579,070	33.7%
12/31/2012	2,735,929	3,457,321	721,392	79.1%	2,694,614	26.8%
12/31/2013	3,333,414	4,120,919	787,505	80.9%	3,039,061	25.9%

**TOWN OF FAIRVIEW, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

NOTE 9. PENSION PLAN

B. Contributions – Continued

The annual pension costs and pension obligation are as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Annual Contribution Made	% of APC Contributed	Net Pension Obligation
9/30/2012	\$ 231,342	\$ 231,342	100%	\$ -
9/30/2013	196,976	196,976	100%	-
9/30/2014	271,387	271,387	100%	-

Actuarial assumptions are as follows:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Remaining Amortization	30.0 Years - Closed Period
Asset valuation method	10-Year Smoothed Market
Investment rate of return	7.00%
Projected salary increases	Varies by age and service
Inflation rate	3.00%
COL adjustments	0.00%

NOTE 10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 1,115 individual governmental units located within Texas. The Town pays an annual premium to the funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$1,000,000 per occurrence with a \$2,000,000 annual aggregate. There is a deductible of \$5,000 due from the Town per claim for errors and omissions liability claims and a \$2,500 deductible for general liability.

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

NOTE 11. BUDGETARY COMPLIANCE

General Fund expenditures exceeded appropriations by approximately \$40,000 for the year ended September 30, 2014.

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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property taxes	\$ 2,677,787	\$ 2,662,787	\$ 2,667,601	\$ 4,814
Sales taxes	1,400,000	1,400,000	1,453,410	53,410
Franchise taxes	554,000	594,386	648,845	54,459
Mixed beverage taxes	67,000	73,000	76,705	3,705
Charges for services	651,000	66,200	68,894	2,694
Permits	317,150	300,750	268,909	(31,841)
Fines and forfeitures	282,250	332,308	366,126	33,818
Intergovernmental	55,000	70,965	70,965	-
Interest Income	8,000	6,000	11,505	5,505
Miscellaneous	153,700	155,910	103,071	(52,839)
Total revenues	<u>6,165,887</u>	<u>5,662,306</u>	<u>5,736,031</u>	<u>73,725</u>
Expenditures:				
Current:				
General government	2,641,251	2,175,148	2,161,368	13,780
Public safety	3,684,173	3,535,679	3,567,340	(31,661)
Public works	221,210	230,637	235,570	(4,933)
Inspections	110,403	96,691	103,084	(6,393)
Municipal court	162,262	157,264	158,297	(1,033)
Parks and recreation	82,017	87,584	97,033	(9,449)
Capital outlay	-	75,362	75,362	-
Total expenditures	<u>6,901,316</u>	<u>6,358,365</u>	<u>6,398,054</u>	<u>(39,689)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(735,429)</u>	<u>(696,059)</u>	<u>(662,023)</u>	<u>34,036</u>
Other financing sources (uses):				
Gain on sale of assets	-	4,000	4,000	-
Transfers in	607,425	614,993	614,993	-
Transfers out	-	(223,758)	(223,758)	-
Total other financing sources (uses)	<u>607,425</u>	<u>395,235</u>	<u>395,235</u>	<u>-</u>
Net change in fund balance	(128,004)	(300,824)	(266,788)	34,036
Fund balance at beginning of year	<u>4,223,995</u>	<u>4,223,995</u>	<u>4,223,995</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,095,991</u>	<u>\$ 3,923,171</u>	<u>\$ 3,957,207</u>	<u>\$ 34,036</u>

**TOWN OF FAIRVIEW, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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.
- (6) The capital projects funds do not have formal budgets since they are controlled by contractual obligations approved at inception or part of the general fund on an annual basis. The debt service and non-major funds are not budgeted.



**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
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014**

	<u>Court</u>	<u>Fire Donations</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 141,461	\$ 46,313	\$ 187,774
Accounts receivable	-	2,224	2,224
Total assets	<u>\$ 141,461</u>	<u>\$ 48,537</u>	<u>\$ 189,998</u>
Fund balances:			
Restricted			
Fire	\$ -	\$ 48,537	\$ 48,537
Court	141,461	-	141,461
Total fund balance	<u>141,461</u>	<u>48,537</u>	<u>189,998</u>
Total liabilities and fund balances	<u>\$ 141,461</u>	<u>\$ 48,537</u>	<u>\$ 189,998</u>

**TOWN OF FAIRVIEW, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Court</u>	<u>Fire Donations</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Fines and forfeitures	\$ 21,566	\$ -	\$ 21,566
Miscellaneous	-	34,205	34,205
Total revenues	<u>21,566</u>	<u>34,205</u>	<u>55,771</u>
Expenditures:			
Current:			
Municipal court	476	-	476
Public safety	-	8,791	8,791
Capital outlay	-	5,635	5,635
Total expenditures	<u>476</u>	<u>14,426</u>	<u>14,902</u>
Excess of revenues over expenditures	<u>21,090</u>	<u>19,779</u>	<u>40,869</u>
Other financing sources (uses):			
Transfers in	-	28,758	28,758
Transfers out	(3,118)	-	(3,118)
Total other financing sources (uses)	<u>(3,118)</u>	<u>28,758</u>	<u>25,640</u>
Net change in fund balance	17,972	48,537	66,509
Fund balance at beginning of year	<u>123,489</u>	<u>-</u>	<u>123,489</u>
Fund balance, end of year	<u>\$ 141,461</u>	<u>\$ 48,537</u>	<u>\$ 189,998</u>

STATISTICAL SECTION



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

STATISTICAL SECTION

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

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

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

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

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 2,069	\$ 2,584	\$ 4,651	\$ (2,336)
Restricted	193	787	2,013	8,942
Unrestricted	1,140	2,666	1,961	5,450
Total governmental activities net position	<u>\$ 3,402</u>	<u>\$ 6,037</u>	<u>\$ 8,625</u>	<u>\$ 12,056</u>
Business-type activities				
Net investment in capital assets	\$ 1,079	\$ 1,918	\$ 762	\$ 955
Restricted	1,037	2,180	4,071	3,102
Unrestricted	1,933	1,825	3,169	5,326
Total business-type activities net position	<u>\$ 4,049</u>	<u>\$ 5,923</u>	<u>\$ 8,002</u>	<u>\$ 9,383</u>
Primary government				
Net investment in capital assets	\$ 3,148	\$ 4,502	\$ 5,413	\$ (1,381)
Restricted	1,230	2,967	6,084	12,044
Unrestricted	3,073	4,491	5,130	10,776
Total primary governmental net position	<u>\$ 7,451</u>	<u>\$ 11,960</u>	<u>\$ 16,627</u>	<u>\$ 21,439</u>

Source: Comprehensive Annual Financial Report

TABLE A-1

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 6,330	\$ 7,104	\$ 8,608	\$ 9,526	\$ 9,946	\$ 8,831
1,810	2,118	2,805	2,478	507	763
5,217	5,907	4,598	4,567	3,954	4,314
<u>\$ 13,357</u>	<u>\$ 15,129</u>	<u>\$ 16,011</u>	<u>\$ 16,571</u>	<u>\$ 14,407</u>	<u>\$ 13,908</u>
\$ 1,239	\$ 4,228	\$ 4,885	\$ 5,112	\$ 6,482	\$ 6,895
2,413	147	-	-	-	428
5,974	5,952	7,075	7,574	6,345	4,779
<u>\$ 9,626</u>	<u>\$ 10,327</u>	<u>\$ 11,960</u>	<u>\$ 12,686</u>	<u>\$ 12,827</u>	<u>\$ 12,102</u>
\$ 7,569	\$ 11,332	\$ 13,493	\$ 14,638	\$ 16,428	\$ 15,726
4,223	2,265	2,805	2,478	507	1,191
11,191	11,859	11,673	12,141	10,299	9,093
<u>\$ 22,983</u>	<u>\$ 25,456</u>	<u>\$ 27,971</u>	<u>\$ 29,257</u>	<u>\$ 27,234</u>	<u>\$ 26,010</u>

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

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses				
Governmental activities:				
General government	\$ 947	\$ 860	\$ 796	\$ 1,213
Public safety	871	929	1,365	1,380
Municipal court	53	87	120	85
Public works	470	608	656	1,194
Parks and recreation	36	26	31	23
Inspections	-	-	-	-
Economic development	4	12	6	8
Interest and fiscal charges	248	237	355	383
Total governmental activities expenses	<u>\$ 2,629</u>	<u>\$ 2,759</u>	<u>\$ 3,329</u>	<u>\$ 4,286</u>
Business-type activities:				
Water and sewer	\$ 1,775	\$ 2,191	\$ 2,517	\$ 2,884
Solid waste	-	-	-	-
Stormwater	-	-	-	-
Total business-type activities expenses	<u>1,775</u>	<u>2,191</u>	<u>2,517</u>	<u>2,884</u>
Total primary government expenses	<u>\$ 4,404</u>	<u>\$ 4,950</u>	<u>\$ 5,846</u>	<u>\$ 7,170</u>
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 1,458	\$ 1,808	\$ 1,363	\$ 678
Public safety	9	295	-	263
Public works	164	-	-	436
Parks and recreation	-	-	-	-
Non-departmental	-	-	-	-
Debt service	-	-	-	-
Operating grants and contributions	16	34	378	111
Capital grants and contributions	-	451	-	-
Total governmental activities program revenues	<u>\$ 1,647</u>	<u>\$ 2,588</u>	<u>\$ 1,741</u>	<u>\$ 1,488</u>
Business-type activities:				
Charges for services:				
Water and sewer	\$ 2,411	\$ 3,684	\$ 2,374	\$ 3,029
Solid waste	-	-	-	-
Stormwater	-	-	-	-
Capital grants and contributions	-	-	253	344
Total business-type activities program revenues	<u>\$ 2,411</u>	<u>\$ 3,684</u>	<u>\$ 2,627</u>	<u>\$ 3,373</u>
Total primary government program revenues	<u>\$ 4,058</u>	<u>\$ 6,272</u>	<u>\$ 4,368</u>	<u>\$ 4,861</u>

Source: Comprehensive Annual Financial Report

TABLE A-2 (CONTINUED)

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 1,660	\$ 1,452	\$ 1,870	\$ 1,404	\$ 2,746	\$ 2,789	
1,980	2,626	3,235	3,520	3,631	3,955	
119	124	132	127	129	159	
1,072	886	1,097	1,213	567	1,202	
82	77	84	84	99	162	
-	-	-	-	100	103	
16	-	-	-	-	-	
435	464	531	505	698	778	
<u>\$ 5,364</u>	<u>\$ 5,629</u>	<u>\$ 6,949</u>	<u>\$ 6,853</u>	<u>\$ 7,970</u>	<u>\$ 9,148</u>	
\$ 3,022	\$ 3,102	\$ 3,212	\$ 3,837	\$ 4,195	\$ 4,211	
-	-	-	-	-	615	
-	-	-	-	-	195	
<u>3,022</u>	<u>3,102</u>	<u>3,212</u>	<u>3,837</u>	<u>4,195</u>	<u>5,021</u>	
<u>\$ 8,386</u>	<u>\$ 8,731</u>	<u>\$ 10,161</u>	<u>\$ 10,690</u>	<u>\$ 12,165</u>	<u>\$ 14,169</u>	
\$ 592	\$ 298	\$ 88	\$ 100	\$ 295	\$ 297	
244	323	338	267	302	388	
546	1,052	1,226	985	291	290	
4	-	-	-	11	48	
-	-	-	-	432	-	
-	-	-	-	239	241	
47	55	85	153	107	230	
71	74	65	176	-	77	
<u>\$ 1,504</u>	<u>\$ 1,802</u>	<u>\$ 1,802</u>	<u>\$ 1,681</u>	<u>\$ 1,677</u>	<u>\$ 1,571</u>	
\$ 3,128	\$ 3,205	\$ 4,110	\$ 4,015	\$ 4,157	\$ 3,742	
-	-	-	-	-	607	
-	-	-	-	-	295	
-	-	-	-	-	-	
<u>\$ 3,128</u>	<u>\$ 3,205</u>	<u>\$ 4,110</u>	<u>\$ 4,015</u>	<u>\$ 4,157</u>	<u>\$ 4,644</u>	
<u>\$ 4,632</u>	<u>\$ 5,007</u>	<u>\$ 5,912</u>	<u>\$ 5,696</u>	<u>\$ 5,834</u>	<u>\$ 6,216</u>	

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

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net (Expenses) Revenue				
Governmental activities	\$ (982)	\$ (171)	\$ (1,588)	\$ (2,798)
Business-type activities	636	1,493	110	489
Total primary government	<u>\$ (346)</u>	<u>\$ 1,322</u>	<u>\$ (1,478)</u>	<u>\$ (2,309)</u>
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 1,632	\$ 1,971	\$ 2,401	\$ 3,207
Sales taxes	319	454	586	587
Franchise taxes	160	282	388	469
Mixed beverage taxes	-	-	-	-
Unrestricted investment earnings	37	179	317	413
Miscellaneous	50	90	134	89
Gains on sale of assets	-	-	-	1,928
Transfers	427	(170)	(314)	(494)
Total governmental activities	<u>\$ 2,625</u>	<u>\$ 2,806</u>	<u>\$ 3,512</u>	<u>\$ 6,199</u>
Business-type activities:				
Unrestricted investment earnings	\$ 105	\$ 210	\$ 358	\$ 245
Transfers	(427)	170	314	494
Total business-type activities	<u>\$ (322)</u>	<u>\$ 380</u>	<u>\$ 672</u>	<u>\$ 739</u>
Total primary government	<u>\$ 2,303</u>	<u>\$ 3,186</u>	<u>\$ 4,184</u>	<u>\$ 6,938</u>
Change in Net Position				
Governmental activities	\$ 1,643	\$ 2,635	\$ 1,924	\$ 3,401
Business-type activities	314	1,873	782	1,228
Total primary government	<u>\$ 1,957</u>	<u>\$ 4,508</u>	<u>\$ 2,706</u>	<u>\$ 4,629</u>

Source: Comprehensive Annual Financial Report

TABLE A-2 (CONCLUDED)

Fiscal Year						
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	
\$ (3,860)	\$ (3,827)	\$ (5,147)	\$ (5,172)	\$ (6,293)	\$ (7,576)	
106	103	898	178	(38)	(377)	
<u>\$ (3,754)</u>	<u>\$ (3,724)</u>	<u>\$ (4,249)</u>	<u>\$ (4,994)</u>	<u>\$ (6,331)</u>	<u>\$ (7,953)</u>	
\$ 3,554	\$ 3,857	\$ 4,146	\$ 4,282	\$ 4,279	\$ 4,509	
924	939	2,608	2,767	1,448	1,453	
461	458	605	608	563	649	
-	-	-	67	69	77	
227	36	31	25	19	23	
103	91	179	93	162	16	
-	313	-	-	-	-	
(86)	(586)	(741)	(518)	(262)	349	
<u>\$ 5,183</u>	<u>\$ 5,108</u>	<u>\$ 6,828</u>	<u>\$ 7,324</u>	<u>\$ 6,278</u>	<u>\$ 7,076</u>	
\$ 52	\$ 12	\$ 3	\$ 3	\$ 3	\$ 1	
86	587	741	518	262	(349)	
<u>\$ 138</u>	<u>\$ 599</u>	<u>\$ 744</u>	<u>\$ 521</u>	<u>\$ 265</u>	<u>\$ (348)</u>	
<u>\$ 5,321</u>	<u>\$ 5,707</u>	<u>\$ 7,572</u>	<u>\$ 7,845</u>	<u>\$ 6,543</u>	<u>\$ 6,728</u>	
\$ 1,323	\$ 1,281	\$ 1,681	\$ 2,152	\$ (15)	\$ (500)	
244	702	1,642	699	227	(725)	
<u>\$ 1,567</u>	<u>\$ 1,983</u>	<u>\$ 3,323</u>	<u>\$ 2,851</u>	<u>\$ 212</u>	<u>\$ (1,225)</u>	

**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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	1,186	2,716	3,179	5,373
Total general fund	<u>\$ 1,186</u>	<u>\$ 2,716</u>	<u>\$ 3,179</u>	<u>\$ 5,373</u>
All Other Governmental Funds				
Restricted	\$ 25	\$ 399	\$ 1,292	\$ 7,846
Assigned	168	388	698	1,040
Unassigned	-	-	22	-
Total all other governmental funds	<u>\$ 193</u>	<u>\$ 787</u>	<u>\$ 2,012</u>	<u>\$ 8,886</u>

Source: Comprehensive Annual Financial Report

TABLE A-3

Fiscal Year											
<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>	
\$	-	\$	-	\$	-	\$	-	\$	-	\$	1
	-		-		-		-		-		78
	5,084		6,065		4,628		4,198		4,158		3,878
\$	5,084	\$	6,065	\$	4,628	\$	4,198	\$	4,158	\$	3,957
\$	7,666	\$	302	\$	430	\$	4,457	\$	1,736	\$	2,425
	-		-		-		-		66		726
	-		-		-		-		-		-
\$	7,666	\$	302	\$	430	\$	4,457	\$	1,802	\$	3,151

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

	Fiscal Year			
	2005	2006	2007	2008
REVENUES				
Taxes	\$ 2,085	\$ 2,709	\$ 3,387	\$ 4,249
Licenses and permits	1,310	1,575	693	575
Intergovernmental revenue and grants	-	182	171	45
Charges for services	-	-	450	540
Fines and forfeitures	164	281	220	263
Interest earnings	38	179	316	413
Other revenue	61	369	207	66
Miscellaneous	161	272	135	90
Total revenues	<u>3,819</u>	<u>5,567</u>	<u>5,579</u>	<u>6,241</u>
EXPENDITURES				
General government	860	858	823	1,006
Public safety	798	909	1,289	1,371
Public works	394	418	639	991
Parks and recreation	1	12	4	60
Inspections	-	-	-	-
Municipal court	53	87	119	85
Economic development	4	620	6	8
Capital outlay	1,692	-	607	1,422
Debt service				
Principal retirement	336	426	510	550
Interest and fiscal charges	198	241	244	500
Total expenditures	<u>4,336</u>	<u>3,571</u>	<u>4,241</u>	<u>5,993</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(517)</u>	<u>1,996</u>	<u>1,338</u>	<u>248</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds	1,135	300	-	4,216
Proceeds from sale of capital assets	-	-	-	5,071
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from capital lease obligation	290	-	-	-
Premium (cost) on bonds issued	-	-	-	-
Transfer from other funds	987	525	-	450
Transfer to other funds	(561)	(695)	(314)	(945)
Total other financing sources (uses)	<u>1,851</u>	<u>130</u>	<u>(314)</u>	<u>8,792</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,334</u>	<u>\$ 2,126</u>	<u>\$ 1,024</u>	<u>\$ 9,040</u>
Debt service as a percentage of noncapital expenditures	14.0%	23.0%	21.6%	21.2%

Source: Comprehensive Annual Financial Report

TABLE A-4

							Fiscal Year										
		2009			2010			2011			2012			2013			2014
\$		4,910	\$		5,254	\$		6,055	\$		6,308	\$		6,386	\$		6,622
		532			527			726			417			295			269
		119			52			54			133			75			258
		560			824			588			668			904			289
		244			323			338			267			301			388
		227			39			33			25			19			23
		50			77			95			196			70			242
		104			91			179			126			194			138
		6,746			7,187			8,068			8,140			8,244			8,229
		1,116			1,011			1,681			1,184			2,491			2,167
		1,852			2,379			2,945			3,235			3,248			3,576
		1,041			695			687			770			207			1,168
		66			60			70			75			89			97
		427			413			129			108			98			103
		119			125			131			127			127			159
		16			30			-			-			-			-
		4,157			7,867			4,965			2,132			3,130			2,129
		769			519			579			597			785			1,032
		421			439			574			525			655			793
		9,984			13,538			11,761			8,753			10,830			11,224
		(3,238)			(6,351)			(3,693)			(613)			(2,586)			(2,995)
		3,324			-			3,100			4,730			-			4,223
		-			332			-			-			-			4
		-			-			-			-			-			(687)
		-			-			-			-			-			-
		-			-			71			(94)			-			253
		600			696			2,047			1,199			905			839
		(686)			(1,283)			(2,788)			(1,744)			(1,167)			(489)
		3,238			(255)			2,430			4,091			(262)			4,143
\$		-	\$		(6,606)	\$		(1,263)	\$		3,478	\$		(2,848)	\$		1,148
		13.5%			20.3%			20.4%			20.4%			23.0%			20.1%

**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		
2005	2004	\$ 557,524,952	\$ 6,818,773	\$ 9,668,649	\$ 554,675,076	\$ 0.33000
2006	2005	641,774,030	6,893,138	10,192,639	638,474,529	0.33000
2007	2006	795,290,765	7,703,966	10,777,397	792,217,334	0.34500
2008	2007	989,097,019	7,815,552	13,579,397	983,333,174	0.34500
2009	2008	1,107,409,693	7,916,547	11,094,990	1,104,231,250	0.36500
2010	2009	1,211,614,266	8,838,553	13,893,289	1,206,559,530	0.36500
2011	2010	1,282,635,299	22,576,547	14,526,076	1,290,685,770	0.36500
2012	2011	1,310,018,060	49,458,016	15,037,098	1,344,438,978	0.36000
2013	2012	1,339,593,650	50,432,177	22,357,006	1,367,668,821	0.36000
2014	2013	1,396,288,609	47,135,219	27,101,168	1,416,322,660	0.36000

Source: Collin Central Appraisal District

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

TABLE B-2

Fiscal Year	Town Direct Rates			Overlapping Rates ^a			Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Town Rate	Lovejoy Independent School District	Collin College	Collin County	
2005	0.11230	0.21770	0.33000	1.82340	0.09060	0.25000	2.49400
2006	0.15230	0.17770	0.33000	1.82340	0.08940	0.25000	2.49280
2007	0.15131	0.19369	0.34500	1.69340	0.08770	0.24500	2.37110
2008	0.15953	0.18547	0.34500	1.47630	0.08700	0.24500	2.15330
2009	0.15948	0.20552	0.36500	1.51500	0.08650	0.24250	2.20900
2010	0.17401	0.19099	0.36500	1.53500	0.08630	0.24250	2.22880
2011	0.17616	0.18884	0.36500	1.53500	0.08630	0.24000	2.22630
2012	0.18326	0.17674	0.36000	1.53500	0.08630	0.24000	2.22130
2013	0.19961	0.16039	0.36000	1.53500	0.08630	0.24000	2.22130
2014	0.21629	0.14371	0.36000	1.53500	0.08360	0.23750	2.21610

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

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

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

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

TABLE B-3

FY 2013-2014 (2013 Certified Tax Roll)			FY 2004-2005 (2004 Certified Tax Roll)		
Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
The Village at Fairview, LP	\$ 56,050,871	3.96%	US Home Development Co	\$ 9,693,237	1.75%
Fairfield Fairview, LLP	30,500,000	2.15%	Homeowners Association	3,296,692	0.59%
Carrington Fairview Partners, LLC	26,516,600	1.87%	Jon & Rebecca Bayless	2,585,120	0.47%
Macy's Retail Holdings, Inc.	14,455,087	1.02%	Fairview Realty Investors, LP	2,547,810	0.46%
Dillard's Properties, Inc.	13,877,925	0.98%	Homeowners Association	2,168,029	0.39%
Fairfield Cortona Lofts, LP	10,054,978	0.71%	Fairview Village, LTD	1,837,285	0.33%
JC Penney Properties, Inc.	8,555,075	0.60%	Oncor Electric Delivery Company	1,740,249	0.31%
Dillard Texas Central, LLC	7,567,171	0.53%	Goodman Family of Builders, LP	1,511,300	0.27%
PR Fairview WFM Landlord, LLC	7,174,453	0.51%	GMAC Model Home Finance, Inc.	1,379,056	0.25%
PF Fairview Land TRS, LLC	6,984,176	0.49%	Wilbow-Fairview #1 Dev Corp	1,297,750	0.23%
Total	\$ 181,736,336	12.83%	Total	\$ 28,056,528	5.06%
Total Assessed Valuation	\$ 1,416,322,660	100.00%	Total Assessed Valuation	\$ 554,675,076	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
2005	\$ 1,593,258	\$ 1,584,785	99.47%	\$ 8,473	\$ 1,593,258	100.00%
2006	1,945,329	1,926,782	99.05%	18,547	1,945,329	100.00%
2007	2,433,330	2,413,158	99.17%	20,172	2,433,330	100.00%
2008	3,230,044	3,193,341	98.86%	36,703	3,230,044	100.00%
2009	3,590,715	3,524,764	98.16%	63,294	3,588,058	99.93%
2010	3,923,243	3,859,866	98.38%	56,613	3,916,479	99.83%
2011	4,106,262	4,092,313	99.66%	12,863	4,105,176	99.97%
2012	4,253,982	4,231,752	99.48%	1,908	4,233,660	99.52%
2013	4,290,409	4,285,020	99.87%	-	4,285,020	99.87%
2014	4,466,998	4,431,527	99.21%	-	4,431,527	99.21%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Beverage Tax	Total
2005	\$ 1,606	\$ 319	\$ 160	\$ -	\$ 2,085
2006	1,972	454	282	-	2,708
2007	2,413	586	388	-	3,387
2008	3,193	587	469	-	4,249
2009	3,525	924	462	-	4,911
2010	3,860	939	458	-	5,257
2011	4,157	1,304	605	-	6,066
2012	4,283	1,384	573	68	6,308
2013	4,306	1,448	563	68	6,385
2014	4,444	1,453	649	77	6,623

Source: Comprehensive Annual Financial Report

**TOWN OF FAIRVIEW, TEXAS
RATIO OF OUTSTANDING BONDED DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED) – AMOUNTS EXPRESSED IN THOUSANDS**

TABLE C-1

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ^b	Per Capita ^b
	General Obligation Bonds ^a	Notes	Capital Leases	General Obligation Bonds ^a	Notes	Capital Leases			
2005	\$ 5,238	\$ 443	\$ 290	\$ 8,832	-	-	\$ 14,803	4.15%	\$2,115
2006	5,305	304	237	10,645	-	-	16,491	4.62%	2,356
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

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

^aIncludes General Obligation Bonds and Certificates of Obligation Bonds

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

**TOWN OF FAIRVIEW, TEXAS
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^a</u>	<u>Per Capita^b</u>
2005	\$ 5,238	\$ 25	\$ 5,213	0.94%	\$ 745
2006	5,305	66	5,239	0.82%	748
2007	5,056	139	4,917	0.62%	702
2008	8,961	344	8,617	0.88%	1,225
2009	11,557	404	11,153	1.01%	1,562
2010	11,106	377	10,729	0.89%	1,480
2011	13,631	365	13,266	1.03%	1,743
2012	17,770	381	17,389	1.29%	2,197
2013	16,990	384	16,606	1.21%	2,071
2014	19,734	346	19,388	1.37%	2,333

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

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

^b See Table D-1 for population data.

**TOWN OF FAIRVIEW, TEXAS
DIRECT AND OVERLAPPING DEBT
LAST TEN YEARS (UNAUDITED)**

TABLE C-3

Governmental Unit	As of	Bonded Debt Principal	Percentage of Debt Applicable to Area ^d	Town of Fairview Share of Overlapping Debt ^c	
Debt repaid with property taxes					
Lovejoy I.S.D.	09/30/14	\$ 133,580,472	2.45%	\$ 3,272,722	
Collin College	09/30/14	36,649,856	55.35%	20,285,695	
Collin County	09/30/14	<u>391,410,000</u>	<u>2.96%</u>	<u>11,585,736</u>	
Subtotal, overlapping debt		\$ 561,640,328		<u>35,144,153</u>	
Town of Fairview Direct Debt ^a		09/30/14	\$ 27,697	100.00%	<u>27,697</u>
Total direct and overlapping debt				<u>\$ 35,171,850</u>	
Ratio of direct and overlapping debt principal to taxable values ^b				2.57%	
Ratio of direct and overlapping debt principal to actual market values ^b				2.53%	

Source: Municipal Advisory Council of Texas

Notes: ^a Includes Governmental Activities debt

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

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

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

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

TABLE C-4

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 48,281	\$ 56,386	\$ 87,493	\$ 103,259	\$ 113,000	\$ 121,581	\$ 127,416	\$ 130,625	\$ 137,330	\$ 123,964
Total net debt applicable to limit	14,070	15,950	15,250	20,545	22,935	21,845	23,710	27,226	25,321	27,351
Legal debt margin	\$ 34,211	\$ 40,436	\$ 72,243	\$ 82,714	\$ 90,065	\$ 99,736	\$ 103,706	\$ 103,399	\$ 112,009	\$ 96,613
Total net debt applicable to the limit as a percentage of debt limit	29.14%	28.29%	17.43%	19.90%	20.30%	17.97%	18.61%	20.84%	18.44%	22.06%

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 2014

Assessed value	<u>\$ 1,239,638</u>
Debt limit (10% of total assessed value)	<u>123,964</u>
Debt applicable to limit:	
General obligation bonds	27,697
Less: amounts set aside for repayment of general obligation debt	<u>(346)</u>
Total net debt applicable to limit	<u>27,351</u>
Legal debt margin	<u>\$ 96,613</u>

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

TABLE C-5

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

Water and Sewer System Revenue Bonds

<u>Fiscal Year</u>	<u>Total Revenues^a</u>	<u>Less: Operating Expenses^b</u>	<u>Net Available Revenue</u>	<u>Annual Requirement^c</u>	<u>Times Coverage</u>
2005	\$ 3,012	\$ 2,271	\$ 741	\$ 779	0.95
2006	4,544	2,259	2,285	779	2.93
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

Notes: ^aIncludes operating and non-operating revenues.

^bIncludes operating expenses minus depreciation.

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

**TOWN OF FAIRVIEW, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS (UNAUDITED)**

TABLE D-1

Fiscal Year	(1) Estimated Population	Personal Income	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate
2005	7,000	\$ 357,000	\$ 51,000	50.0	725	4.6%
2006	7,000	357,000	51,000	50.0	1,365	4.2%
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%

- (1) North Central Texas Council of Governments (NCTCOG) & US Census Fact Finder
- (2) US Census Bureau and US Census Fact Finder
- (3) Lovejoy ISD
- (4) www.homefacts.com/unemployment/Texas/Collin-County/Fairview.html

**TOWN OF FAIRVIEW, TEXAS
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

TABLE D-2

2014		
Employer	Employees	Percentage of Total City Employment
Whole Foods	176	10.35%
Dillard's	125	7.35%
JC Penney	110	6.47%
Macy's	104	6.12%
Heritage Ranch	85	5.00%
M. Christopher Homes	70	4.12%
Splittsville	55	3.24%
Gloria's	53	3.12%
Town of Fairview	53	3.12%
iPic	50	2.94%
Total	881	51.83%
 Total Fairview Daytime Employees	 1,700	

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>
General government	15	14	14	13	14	14	14
Public safety							
Police:							
Officers	8	8	10	13	13	14	15
Fire ^a	1	5	9	10	11	13	14
Streets	2	2	2	2	2	1	1
Parks and recreation	1	1	1	1	1	1	1
Water	4	5	5	5	5	8	10
Sewer	1	1	1	1	1	2	1
Total	<u>32</u>	<u>36</u>	<u>42</u>	<u>45</u>	<u>47</u>	<u>53</u>	<u>56</u>

Source: Town Departments

Note: Data for fiscal years 2005-2007 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 SEVEN FISCAL YEARS (UNAUDITED)**

<u>Function/Program</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 ^a	1,646	1,507	2,108
Water main (miles)	67.05	71.84	74.45
Fire hydrants	637	646	655
Maximum daily capacity ^a	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 2005-2007 not available; additional years will be added until ten years are reported.

^a Stated in thousands of gallons

TABLE E-2

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1	1	1	1
10	10	10	10
92	108	111	132
3,907	4,032	4,793	8,793
2,689	2,390	2,826	4,055
1	1	2	2
750	750	766	725
483	644	476	548
42.11	42.43	44.49	44.49
2.27	0.92	0.68	0.00
0.00	1.54	2.03	0.00
216.8	216.8	216.8	216.8
9	9	9	9
34	50	67	56
5	6	11	8
2,108	1,952	1,980	1,964
75.13	75.41	75.72	76.65
669	673	702	730
7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD
25.23	25.54	26.48	25.94

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

TABLE E-3

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

Source: Various Government Departments

Note: Data for Fiscal Years 2005-2007 not available; additional fiscal years will be added until ten years are reported.