

**CITY OF NEW FAIRVIEW, TX**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

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**WILLIAM C SPORE, P.C.**  
**Certified Public Accountants**  
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Independent Auditor's Report

To the City Council  
City of New Fairview, Texas

I have audited the accompanying financial statements of the governmental activities and major funds of the City of New Fairview, Texas as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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 misstatements, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of 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 controls 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of New Fairview, Texas, as of September 30, 2015, and the respective changes in financial position 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, the budgetary comparison schedules, the schedule of changes in net pension liability and related ratios and the schedule of pension contributions be presented to supplement the basic financial statements. Such information, although not 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. I 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

*William C. Spore, P.C.*

Keller, Texas

Certified Public Accountants

September 14, 2020

**CITY OF NEW FAIRVIEW, TX**

**CITY OFFICIALS**

**September 30, 2015**

<b>MAYOR</b>	<b>Joe Max Wilson</b>
<b>MAYOR PRO TEM</b>	<b>Louis Moran</b>
<b>COUNCIL MEMBERS</b>	<b>Mike Georgia</b>
	<b>Scott Johnson</b>
	<b>Curtis Kent</b>
	<b>Wes Williams</b>
<b>SECRETARY</b>	<b>Monica Rodriguez</b>
<b>MUNICIPAL COURT JUDGE</b>	<b>Manuel Valdez</b>

## **CITY OF NEW FAIRVIEW MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of New Fairview, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015.

Management's discussion and analysis ("MD&A") has been designed to [1] assist readers and interested parties in focusing on significant financial issues [2] provide an overview of the City's financial activity, [3] identify changes in the City's financial position, including its ability to address the next and subsequent years challenges, [4] identify material deviations from the approved budgets adopted by the City Council (those charged with governance), and [5] identify individual fund issues or concerns.

Because MD&A focuses on the current year's activity, resulting changes and currently known facts, you are encouraged to read it in conjunction with the basic financial statements including notes thereto, required supplemental information, and other supplementary data provided below.

### **FINANCIAL HIGHLIGHTS**

- The City's government-wide assets exceeded its government-wide liabilities on September 30, 2015 by \$1,392,181, a decrease of \$72,442 from the prior year.
- On September 30, 2015, the City's governmental funds reported fund balances of \$103,064, a decrease of \$128,672 from the prior year.
- The City's capital assets, reported at cost less accumulated depreciation, total \$1,391,505 on September 30, 2015 while the City's long-term debt totaled \$60,000 on September 30, 2015.

### **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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.

#### **Reporting the City as a Whole - Government-wide Financial Statements**

##### **The Statement of Net Position and the Statement of Activities:**

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

The Statement of Net position (page 11) presents information on all of the City'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 City is improving or deteriorating.

The Statement of Activities (page 12) presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences). Capital grant funds are reported as revenues in the Statement of Activities.

The City currently only provides Governmental type activities. Governmental activities include basic services such as police, municipal court, code enforcement, inspection, public works, and general administration. Sales taxes, franchise fees, municipal court fines and permit revenues finance most of these activities. The City does not provide any Business-type activities such as water or sewer systems and related fees.

## **Fund Financial Statements**

### **Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances**

All of the City's activities are accounted for in the Governmental Funds. Governmental funds focus on how money flows into and out of the funds and the balances left at the end of the year that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements, the Balance Sheet (page 13) and the Statement of Revenues, Expenditures and Changes in Fund Balance (page 14) provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

## **Notes to 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 begin on page 15.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the City's net position is its investment in capital assets, (land, building, equipment, and infrastructure.) The City uses these capital assets to provide services to the City's citizens, consequently these assets are not available for future spending.

The City's net position are as follows:

	NET POSITION	
	2015	2014
Current and Other Assets	\$ 112,382	\$ 554,703
Capital Assets	<u>1,391,505</u>	<u>1,274,436</u>
Total Assets	<u>1,503,887</u>	<u>1,829,139</u>
Deferred Outflows of Resources	<u>3,628</u>	<u>2,940</u>
Long-Term Liabilities	60,000	299,518
Net Pension Liability	46,016	44,489
Other Liabilities	<u>9,318</u>	<u>23,449</u>
Total Liabilities	<u>115,334</u>	<u>367,456</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>
Net Position:		
Invested in Capital Assets, net of debt	1,331,505	974,918
Unrestricted	<u>60,676</u>	<u>489,705</u>
Total Net Position	<u>\$ 1,392,181</u>	<u>\$ 1,464,623</u>

The City's net position decreased \$72,442 from September 30, 2014 to September 30, 2015. The largest portion (99%) of the City's net position is its investment in capital assets, (land, building, equipment, and infrastructure.) The City uses these capital assets to provide services to the City's citizens; consequently, these assets are not available for future spending.

In fiscal year 2013 the City began the construction of a new municipal complex to house the City's administrative and public works functions. The complex was completed, and the City began using the complex in March 2015. The total cost of the complex was approximately \$717,000. The City had a construction line-of-credit of \$300,000 to provide funding for part of the complex and the City borrowed an additional \$60,000 to finish the project. The \$300,000 line-of-credit was repaid in October 2014 by using funds the City had in cash reserves.



## Analysis of City's Operations

A summary of the City's operations for the years ended September 30, 2015 & 2014 are as follows:

	CHANGES IN NET POSITION	
	2015	2014
<b>REVENUES</b>		
Program Revenues:		
Charges for Services	\$ 57,166	\$ 75,348
General Revenues:		
Sales Taxes	191,208	403,125
Franchise Fees	33,826	76,963
Interest Income	206	74
Total Revenues	<u>\$ 282,406</u>	<u>\$ 555,510</u>
<b>PROGRAM EXPENSES</b>		
General Government	\$ 258,436	\$ 364,844
Public Safety	44,317	45,458
Public Works	49,181	29,995
Interest on Long-Term Debts	2,914	9,017
Total Expenses	<u>354,848</u>	<u>449,314</u>
Increase (Decrease) in		
Net Position	<u>\$ (72,442)</u>	<u>\$ 106,196</u>

Charges for services revenues includes permit revenues and municipal court fines. Permit revenues decreased \$25,278 (33%) and municipal court fines decreased \$69,368 (93%) during 2015. The City contracts with police officers from the Wise County Sheriff's office to provide police services to the City. The officers have the choice for tickets written on the major highway in the City to submit those tickets to the City or the County for processing and collection. During 2015 a majority of the tickets written in the City were submitted by the officers to the Wise County municipal court.

Due to a change in the state law related to sales tax on oil and gas revenues the City's sales tax revenues decreased significantly in 2015 compared to prior years.

Total program expenses decreased \$94,466 (21%) in 2015 from 2014 primarily due to a decrease in general government expenses. Personnel costs, legal fees, planning services, insurance and repairs and maintenance expenditures all decreased significantly in 2015.

## GOVERNMENTAL FUND ANALYSIS

The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements, in particular, unreserved fund balance may serve a measure of a government's net resources available for spending at the end of the fiscal year.

Governmental fund operating revenues and expenditures compared to the prior year are as follows:

	2015	2014	% CHANGE
<b>REVENUES</b>			
Sales Taxes	\$ 191,208	\$ 344,892	-44.56%
Franchise Fees	33,826	27,316	23.83%
Permits & Fees	39,425	76,963	-48.77%
Municipal Court	5,481	74,849	-92.68%
Miscellaneous Revenues	12,260	499	2356.91%
Proceeds from Issuance of Debt	60,000	0	0.00%
Interest Income	206	74	178.38%
<b>TOTAL REVENUES</b>	<b>\$ 342,406</b>	<b>\$ 524,593</b>	<b>-34.73%</b>
<b>EXPENDITURES</b>			
General Government	\$ 241,968	\$ 328,517	-26.35%
Public Safety	44,317	45,458	-2.51%
Public Works	25,797	6,771	280.99%
Debt Service	2,914	9,017	-67.68%
Capital Outlay	156,082	436,311	-64.23%
<b>TOTAL EXPENDITURES</b>	<b>\$ 471,078</b>	<b>\$ 826,074</b>	<b>-42.97%</b>
<b>CHANGE IN FUND BALANCE</b>	<b>\$ (128,672)</b>	<b>\$ (301,481)</b>	

Fund basis revenues decreased \$182,187 (35%) due the decrease in sales tax and municipal court revenues explained above.

Fund basis revenues include the loan proceeds borrowed during the year for the parking lot at the new municipal complex.

Governmental fund operating expenditures include capital outlay expenditures related to the construction of the new municipal complex. These expenditures totaled \$436,311 in 2014 and \$156,082 in 2015.

Debt service expenditures represent the interest payments made on the construction line-of credit and the parking lot loans.

## **General Fund Budgetary Highlights**

Actual general fund revenues were \$137,434 less than budgeted revenues primarily due to decreases in sales tax, municipal court and permit revenues received in 2015. The 2015 budget for revenues was based on prior years collections for these revenue line items.

Total actual 2015 general fund expenditures, excluding capital outlay expenditures, exceeded budgeted general fund expenditures by \$30,764. General government expenditures were \$6,871 (3%) over budget, municipal court was \$2,635 (46%) under budget, police were \$683 (1.5%) under budget and public works was \$24,297 (1620%) over budget.

Capital outlay expenditures totaled \$156,082 in 2015. These expenditures were not included in the budget.

## **PENSIONS**

Pensions continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing retirement programs that are fair to both employees and taxpayers and that can be sustained over the long term.

Effective for fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important as the actuarial methods used included strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, The City's financial statements reflect a Net Pension Liability as of September 30, 2015 of \$46,016 which is 51.42% of the City's annual covered payroll of \$89,497.

## CAPITAL ASSETS

The City's investment in capital assets as of September 30, 2015 amounts to \$1,391,505 (net of depreciation). The investment in capital assets includes land, buildings, equipment and infrastructure.

Capital additions during the year included \$156,082 of expenditures related to the City's new municipal complex.

The City's capital assets, net of accumulated depreciation, are as follows:

	2015	2014
Land	\$ 256,193	\$ 256,193
Construction in Progress	0	716,894
Buildings & Improvements	877,110	20,006
Equipment	11,532	11,289
Infrastructure-Streets	<u>246,670</u>	<u>270,054</u>
TOTAL	\$ <u>1,391,505</u>	\$ <u>1,274,436</u>

Additional information on the City's Capital Assets can be found in Note 4.

## DEBT ADMINISTRATION

The City paid off an existing construction line-of-credit note payable in October 2014 and incurred a new note payable of \$60,000 in February 2015.

Outstanding long-term debts are as follows:

	2015	2014
Notes Payable	<u>60,000</u>	<u>299,518</u>
TOTAL	\$ <u>60,000</u>	\$ <u>299,518</u>

Additional information on the City's long-term debts can be found in Note 5.

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

The 2016 general fund budget is balanced as budgeted revenues equal budgeted expenditures.

General fund budgeted revenues for fiscal year 2016 are \$276,442. These revenues include sales tax, franchise fees, permit and municipal court revenues which were budgeted at levels comparative to the 2015 actual revenues.

Budgeted 2016 general fund expenditures are \$276,442. Budgeted expenditures include \$51,152 for debt service.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City of New Fairview. If you have questions about this report or need any additional information, contact the City Secretary at 400 Woodland Drive, New Fairview, TX 75077 or at (940) 241-2677.

**CITY OF NEW FAIRVIEW, TX**  
**GOVERNMENT-WIDE**  
**STATEMENT OF NET POSITION**

*September 30, 2015*

<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>
<b>CURRENT ASSETS</b>	
Cash	\$ 83,637
Receivable-Sales Taxes	28,745
<b>TOTAL CURRENT ASSETS</b>	<u>112,382</u>
<b>CAPITAL ASSETS</b>	
Land	256,193
Buildings & Improvements	909,806
Equipment	108,548
Infrastructure-Roads	350,754
Accumulated Depreciation	<u>(233,796)</u>
<b>NET CAPITAL ASSETS</b>	<u>1,391,505</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,503,887</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Contributions After Measurement Date	\$ 2,909
Difference in Projected and Actual Earnings-Pension	222
Difference in Expected and Actual Pension Experience	497
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 3,628</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ 6,555
Accrued Liabilities	2,763
Notes Payable	60,000
Net Pension Liability	<u>46,016</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>115,334</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 115,334</u>
<b>NET POSITION</b>	
Invested in Capital Asset, Net of Related Debt	1,331,505
Unrestricted	<u>60,676</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,392,181</u>

CITY OF NEW FAIRVIEW, TX

GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

FUNCTIONS/PROGRAMS	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS &amp; DONATIONS</u>	<u>CAPITAL GRANTS &amp; REIMBURSE- MENTS</u>	<u>NET (EXPENSE) REVENUE</u>
<b>GOVERNMENTAL ACTIVITIES:</b>					
General Government	\$ (258,436)	\$ 51,685	\$ 0	\$ 0	\$ (206,751)
Public Safety	(44,317)	5,481	0	0	(38,836)
Public Works	(49,181)	0	0	0	(49,181)
Interest on Long-Term Debt	(2,914)	0	0	0	(2,914)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (354,848)</b>	<b>\$ 57,166</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>(297,682)</b>
<b>GENERAL REVENUE</b>					
Sales Taxes					191,208
Franchise Fees					33,826
Interest Income					206
<b>TOTAL GENERAL REVENUE</b>					<b>225,240</b>
<b>CHANGE IN NET POSITION</b>					<b>(72,442)</b>
<b>NET POSITION - BEGINNING (AS RESTATED, SEE NOTE 10)</b>					<b>1,464,623</b>
<b>NET POSITION - ENDING</b>					<b>\$ 1,392,181</b>

**CITY OF NEW FAIRVIEW, TX**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**September 30, 2015**

<b>ASSETS</b>		
Cash		\$ 83,637
Receivables:		
Sales Taxes		28,745
<b>TOTAL ASSETS</b>		<u>112,382</u>
<b>LIABILITIES</b>		
Accounts Payable		6,555
Accrued Payroll Expenses		2,763
<b>TOTAL LIABILITIES</b>		<u>9,318</u>
<b>FUND BALANCE</b>		
Unassigned		103,064
<b>TOTAL FUND BALANCE</b>		<u>103,064</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND LIABILITIES</b>		<u>\$ 112,382</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION**

**September 30, 2015**

Fund Balance Above		\$ 103,064
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Fund Balance Sheet		1,391,505
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Fund Balance Sheet:		(60,000)
Net Pension Liability and related deferred inflows and deferred outflows of Resources		(42,388)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<u>\$ 1,392,181</u>







**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**

The City of New Fairview operates under a Council-Mayor form of government, following the laws of a General Law City as defined by the State of Texas. The City provides the following services: code enforcement, inspection, police, municipal court, public works, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America (GAAP) applicable to local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The more significant accounting policies of the City are discussed below:

**A. REPORTING ENTITY**

These financial statements present the City (the primary government). The City has no component units (separately administered organizations that are controlled or dependent on the City).

**B. BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE STATEMENTS:**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's code enforcement inspection, police, municipal court, public works, and general administrative services are classified as governmental activities. The City does not provide any business-type activities.

In the government-wide Statement of Net Position governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts- invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the City's Functions (general government, public safety, and public works). The functions are also supported by general government revenues (property, sales, and franchise taxes). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, inspection). Operating grants include operating-specific and discretionary grants while capital grants reflect capital specific grants.

## CITY OF NEW FAIRVIEW

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2015

The net costs (by function) are normally covered by general revenue (property, sales, and franchise taxes).

The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

#### **C: BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS:**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The City only provides Governmental Fund type activities and these activities are accounted for the General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources of the City.

The City does not provide any Business-type activities.

The City does not have any Fiduciary Funds.

#### **D: MEASUREMENT FOCUS/BASIS OF ACCOUNTING:**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

1. Government-wide financial statements and fund financial statements for proprietary funds are presented using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in total assets. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

## CITY OF NEW FAIRVIEW

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2015

2. Governmental fund financial statements are presented using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (typical within 60 days after year end). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principle and interest on general obligation long-term debt, if any, is recognized only when payment is due.

#### 3. Revenue Recognition:

The City considers property, sales, and franchise taxes as available if collected within 60 days after year end. All other governmental revenues are recognized when received.

#### 4. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles to local governments in the United States of America requires management and those charged with governance to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### 5: New Accounting Principles:

The City has adopted all current GASB pronouncements that are applicable to its operations and activities. Effective October 1, 2014 the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement made significant modifications to reporting of employee pension benefits. The accounting principles governing the reported amounts, financial presentations, and disclosures are subject to change from time to time based on new pronouncements and / or rules issued by various standards-setting bodies. The GASB has issued the following new statements that are potentially applicable to the City of New Fairview.

- Statement No. 72, *Technical Corrections - amendment of GASB no. 10 and No. 62*. This statement will not affect the City.
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*. This statement will not affect the City.
- Statement No.74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement will not affect the City.
- Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement will affect the City in fiscal year 2018.

The City is currently studying these new pronouncements and will adopt them in the fiscal year ending September 2016, as required.

**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

**E. FINANCIAL STATEMENT AMOUNTS:**

**1. Cash and cash Equivalents:**

The City has defined cash and cash equivalents to include cash on hand and demand deposits.

**2. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, or improvements and other capital outlays that significantly extend the useful lives of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 - 50 years
Office Equipment	3 - 10 years
Infrastructure	15 - 20 years

**3. Restricted Resources:**

When an expense is incurred for purposes for which both restricted and unrestricted resources are available the City first applies restricted resources.

**4. Compensated Absences:**

The City Secretary is the only paid employee of the City. The amount, if any, of any accrued compensated absences is immaterial and is not recorded in these financial statements.

**5. Deferred Outflows of Resources:**

The City reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. Deferred outflows of resources reported in this year's financial statement include (1) a deferred outflow of resources for contributions made to the City's retirement plan between the measurement date of the net pension liabilities from the plan and the end of the City's fiscal year end (2) deferred outflows of resources related to differences between the plans' projected and actual earnings and (3) deferred outflows related to differences in expected and actual pension experience.

## CITY OF NEW FAIRVIEW

### NOTES TO THE FINANCIAL STATEMENTS

September 30, 2015

The deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred outflows related to differences between projected and actual plan earnings will be amortized to pension expense over a total of five years, including the current fiscal year. The deferred outflows related to differences in expected and actual pension experience will be amortized over 9.214 years, including the current year.

No deferred outflows of resources affect the governmental funds financial statements in the current year.

#### **6. Deferred Inflows of resources:**

The City reports increases in net assets that relate to future periods as deferred inflows of revenues. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources reported in this year's financial statements include (1) a deferred inflow of resources for revenues that are not considered available. The City will not recognize the related revenues until they are available (collected no later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet as deferred inflows of resources.

#### **7. Equity Classifications:**

##### *Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Any outstanding debt is reduced by any unspent debt proceeds at the end of the fiscal year before the reduction discussed above.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the criteria of "restricted" or "invested in capital assets, net of related debt."

##### *Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable (prepaid expenses), restricted (by parties outside of the government or by enabling legislation), committed (by City Council ordinance or resolution) and unassigned.

**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

**F: BUDGETS AND BUDGETARY ACCOUNTING:**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1: Prior to September 1, the City Secretary submits to the City Council 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.
- 4: Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 5: Unused appropriations for all of the above budgeted funds lapse at the end of the fiscal year.

For the fiscal year ending September 30, 2015 the following departments had expenditures that exceeded appropriations:

	<u>Amount</u>
Administration	\$ 6,871
Public Works	\$ 24,297
Debt Service	\$ 2,914
Capital Outlay	\$156,082

**NOTE 2: DEPOSITS:**

At September 30, 2015, the carrying amount of the City's cash accounts were \$83,637, made up of petty cash of \$100 and \$83,537 held in checking accounts at two local financial institution. The City did not own any investments at September 30, 2015.

Deposit and Investment Risk Disclosures:

(1) Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of outside parties.

At September 30, 2015, the City's bank balances (per bank) totaled \$83,504. All of the bank balances were covered by federal depository insurance. The City was not exposed to any custodial credit risk at September 30, 2015.



**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

(2) Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. The City does not currently own any investments and, therefore, is not exposed to credit risk.

(3) Concentration of credit risk - This is the risk of loss attributable to the magnitude of the City's investment in a single issuer. The City does not currently own any investments and, therefore, is not exposed to concentration of credit risk.

(4) Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not currently own any investments and, therefore, is not exposed to interest rate risk.

**NOTE 3: PROPERTY TAX:**

Property tax is levied each October 1 on the assessed (appraised) value as of the prior January 1 for all real and personal property located in the City. Taxes are due October 1, the levy date, and are delinquent after the following January 31. Property taxes at the fund level are recorded as receivables and deferred revenues at the time taxes are assessed. Revenues are recognized as the related taxes are collected.

**NOTE 4: CAPITAL ASSETS:**

Capital asset activity for the fiscal year ended September 30, 2015 is as follows:

GOVERNMENTAL ACTIVITIES:

Capital Assets Not Being Depreciation:

Land	\$ 256,193	\$ 0	\$ 0	\$ 256,193
Construction in Progress	716,894	156,082	(872,976)	0
Total Cap't Assets Not Being Depreciation	<u>973,087</u>	<u>156,082</u>	<u>(872,976)</u>	<u>256,193</u>

Building & Improvements	41,330	0	868,476	909,806
Equipment	104,048	0	4,500	108,548
Infrastructure-Roads	350,754	0	0	350,754
Total Cap't Assets Being Depreciated	<u>496,132</u>	<u>0</u>	<u>872,976</u>	<u>1,369,108</u>

LESS ACCUMULATED DEPRECIATION

Building & Improvements	21,324	11,372	0	32,696
Equipment	92,759	4,257	0	97,016
Infrastructure	80,700	23,384	0	104,084
Total Accumulated Depreciation	<u>194,783</u>	<u>39,013</u>	<u>0</u>	<u>233,796</u>

Net Capital Assets Being Depreciated	<u>301,349</u>	<u>(39,013)</u>	<u>872,976</u>	<u>1,135,312</u>
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Net Capital Assets	<u>\$ 1,274,436</u>	<u>\$ 117,069</u>	<u>\$ 0</u>	<u>\$ 1,391,505</u>
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**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL ACTIVITIES AS FOLLOWS:

General Government	\$	15,629
Public Works		23,384
<b>TOTAL DEPRECIATION EXPENSE</b>	<b>\$</b>	<b>39,013</b>

**NOTE 5: LONG-TERM DEBT:**

During fiscal year 2015 the City borrowed \$60,000 from a local financial institution to provide funds for parking lot improvements at City Hall. The loan requires monthly interest payments at 5.875% and the loan matures October 5, 2015. The loan is unsecured.

General long-term debt activity for the fiscal year is as follows:

GOVERNMENTAL ACTIVITIES:	BEGINNING	ADDITIONS	PAYMENTS	ENDING	CURRENT PORTION
Notes Payable	\$ <u>299,518</u>	\$ <u>60,000</u>	\$ <u>(299,518)</u>	\$ <u>60,000</u>	\$ <u>60,000</u>

Future debt maturities are as follows:

YEAR ENDING SEPTEMBER 30, 2016	PRINCIPAL	INTEREST	TOTAL
	\$ <u>60,000</u>	\$ <u>3,525</u>	\$ <u>63,525</u>

**NOTE 6: RETIREMENT PLAN:**

A. Plan Description

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

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

**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

**B. Benefits provided**

TMRS provides retirement, disability, and death benefits. Benefits are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City has adopted the following plan provisions:

	Plan Year 2014	Plan Year 2015
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	1 to 1	1 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5 or 0/20	60/5 or 0/20

At the December 31, 2014 valuation and measurement date, the following number of employees covered by the benefit terms was:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>1</u>
	3

**C. Contributions**

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

Employees of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.46% and 4.55% for the calendar years 2015 and 2014, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$3,719 and were equal to the required contributions.

CITY OF NEW FAIRVIEW

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2015

D. Net Pension Liability or Assets

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by actuarial valuation as of that date.

*Actuarial Assumptions:*

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. For additional conservatism lower termination rates are used, with maximum multipliers of 75%, and the life expectancy is loaded by decreasing the mortality rates by 1% for every active member less than 15. These rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

***Discount Rate:***

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

***Changes in Net Pension Liability:***

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2013	\$ 93,259	\$ 48,770	\$ 44,489
Service Cost	7,487		7,487
Interest	6,568		6,568
Differences between expected and actual results	249		249
Contributions - employer		3,750	(3,750)
Contributions - employee		6,265	(6,265)
Net investment income		2,793	(2,793)
Benefit Payments, including refunds of employee contributions	(6,348)	(6,348)	0
Administrative expense		(29)	29
Other		(2)	2
Net Changes	<u>7,956</u>	<u>6,429</u>	<u>1,527</u>
Balance at December 31, 2014	<u>\$ 101,215</u>	<u>\$ 55,199</u>	<u>\$ 46,016</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
City's Net Pension Liability	\$ <u>70,896</u>	\$ <u>46,016</u>	\$ <u>26,565</u>

***Pension Plan Fiduciary Net Position:***

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

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

For the year ended September 30, 2015 the City recognized pension expense of \$4,558.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual economic experience	\$ 222	\$ 0	\$ 222
Differences between projected and actual investment earnings	497	0	497
To be recognized in the future	719	0	\$ 719
Contributions subsequent to the measurement date	2,909	0	
Total	\$ 3,628	\$ 0	

The \$2,929 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,			
2015		\$	151
2016			151
2017			151
2018			152
2019			27
Thereafter			87
		\$	719

**NOTE 7: RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Texas Municipal League Intergovernmental Risk Pool (“TMLIRP”) which is a public entity insurance risk pool. Annual contributions to TML are reported in the general fund. Management believes coverage presently purchased from TMLIRP is sufficient to preclude significant uninsured losses to the City.

**CITY OF NEW FAIRVIEW**

**NOTES TO THE FINANCIAL STATEMENTS**

**September 30, 2015**

**NOTE 8: PRIOR PERIOD ADJUSTMENTS:**

During fiscal year, the City made two prior period adjustments to its previously issued September 30, 2014 financial statements

(1) Adoption of *GASB 68*:

The City has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* effective with these financial statements. In accordance with this statement, the City has restated its September 30, 2014 government-wide unrestricted net positions to reflect the amount of net pension liability and the related deferred outflows of resources for contributions (City contributions made after December 31, 2013, the measurement date for fiscal year September 30, 2014 fiscal year pension reporting, through September 30, 2014) as of September 30, 2014. The amount of the required restatements is as follows:

	Deferred Outflows Contributions	Net Pension Liability	Decrease in Unrestricted Net Position
Governmental Activities	\$ 2,940	\$44,489	\$41,549

(2) Receivable-Sales Taxes:

Previously issued financial statements for fiscal year 2014 did not include a receivable for sales tax revenues as of September 30, 2014. The outstanding sales taxes receivable at September 30, 2014 totaled \$30,917. The amount of the required restatements is as follows:

	Receivables	Increase in Unrestricted Net Position
Governmental Activities	\$30,917	\$30,917

**NOTE 9: SUBSEQUENT EVENTS:**

The City has evaluated all events and transactions that occurred after September 30, 2014 through the date the financial statement were available to be issued. During this period there were no subsequent events requiring disclosure.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NEW FAIRVIEW, TX**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the Year Ended September 30, 2015

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
<b>RESOURCES (INFLOWS)</b>				
Sales Taxes	\$ 345,000	\$ 320,000	\$ 191,208	\$ (128,792)
Franchise Fees	27,300	27,300	33,826	6,526
Municipal Court Revenues	70,800	67,000	5,481	(61,519)
Permits & Fees	70,100	65,100	39,425	(25,675)
Other Revenues	400	400	12,260	11,860
Proceeds from the Issuance of Debt	0	0	60,000	60,000
Interest Income	100	40	206	166
<b>TOTAL RESOURCES (INFLOWS)</b>	<b>513,700</b>	<b>479,840</b>	<b>342,406</b>	<b>(137,434)</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
<b>General Government:</b>				
Wages	80,000	83,000	85,417	(2,417)
Payroll Taxes	8,400	8,400	8,362	38
Health Insurance	5,400	5,400	5,750	(350)
Retirement	4,000	4,000	3,719	281
Animal Control	1,255	1,255	1,480	(225)
Audit Services	12,000	12,000	12,750	(750)
Contract Labor-Office	13,000	9,000	13,175	(4,175)
Contract Labor-Code Enforcement	30,000	25,000	22,450	2,550
Dues, Memberships & Training	2,200	2,200	3,883	(1,683)
Engineer Services	2,500	2,500	5,529	(3,029)
Inspections	26,500	25,000	26,815	(1,815)
Insurance	10,550	10,550	6,929	3,621
Legal Services	50,000	20,000	1,653	18,347
Miscellaneous Expenses	150	150	3,841	(3,691)
Office & Computer Supplies	9,250	7,700	8,534	(834)
Planning Services	20,400	2,500	7,854	(5,354)
Public Notices	1,200	1,200	729	471
Repair & Maintenance-Bldg. & Equip.	4,200	0	3,928	(3,928)
Street Lights	2,700	2,700	2,620	80
Telephone & Internet	5,000	5,000	6,285	(1,285)
Utilities	4,500	4,500	7,223	(2,723)
<b>Total General Government</b>	<b>293,205</b>	<b>232,055</b>	<b>238,926</b>	<b>(6,871)</b>
<b>Municipal Court:</b>				
Cleanup Days	1,000	1,000	0	1,000
Dues, Memberships & Training	50	50	185	(135)
Judge	3,375	3,375	2,152	1,223
Postage	0	0	705	(705)
Software	1,252	1,252	0	1,252
<b>Total Municipal Court</b>	<b>5,677</b>	<b>5,677</b>	<b>3,042</b>	<b>2,635</b>
<b>Police:</b>				
Contract Labor	46,000	45,000	44,317	683
<b>TOTAL Police</b>	<b>46,000</b>	<b>45,000</b>	<b>44,317</b>	<b>683</b>

**CITY OF NEW FAIRVIEW, TX**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the Year Ended September 30, 2015

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
<b>Public Works</b>				
Contract Labor	24,000	0	21,929	(21,929)
Equipment Repair	4,100	0	1,201	(1,201)
Fuel	0	500	941	(441)
Street Repairs	5,000	1,000	1,726	(726)
<b>TOTAL Public Works</b>	<b>33,100</b>	<b>1,500</b>	<b>25,797</b>	<b>(24,297)</b>
<b>Debt Service:</b>				
Interest Paid	0	0	2,914	(2,914)
<b>Total Debt Service</b>	<b>0</b>	<b>0</b>	<b>2,914</b>	<b>(2,914)</b>
<b>Capital Outlay:</b>				
Building Improvements	0	0	156,082	(156,082)
<b>TOTAL CAPITAL OUTLAY</b>	<b>0</b>	<b>0</b>	<b>156,082</b>	<b>(156,082)</b>
<b>TOTAL APPROPRIATIONS (OUTFLOWS)</b>	<b>377,982</b>	<b>284,232</b>	<b>471,078</b>	<b>(186,846)</b>
<b>EXCESS OF RESOURCES OVER UNDER APPROPRIATIONS</b>	135,718	195,608	(128,672) \$	<u><u>(324,280)</u></u>
<b>BEGINNING BUDGETARY FUND BALANCE</b>	231,736	231,736	231,736	
<b>ENDING BUDGETARY FUND BALANCE</b>	\$ <u><u>367,454</u></u>	\$ <u><u>427,344</u></u>	\$ <u><u>103,064</u></u>	\$

CITY OF NEW FAIRVIEW, TX

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

September 30, 2015

Plan Year	<u>2014</u>
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 7,487
Interest (on the Total Pension Liability)	6,568
Changes in benefit terms	0
Difference between expected and actual experience	249
Change of assumptions	0
Benefit payments, including refunds of employee contributions	<u>(6,348)</u>
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	7,956
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	<u>93,259</u>
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<u>\$ 101,215</u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - Employer	\$ 3,750
Contributions - Employee	6,265
Net investment income	2,793
Benefit payments, including refunds of employee contributions	(6,348)
Administrative expense	(29)
Other	<u>(2)</u>
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	6,429
<b>PLAN NET FIDUCIARY POSITION - BEGINNING</b>	<u>48,770</u>
<b>PLAN NET FIDUCIARY POSITION - ENDING (b)</b>	<u>\$ 55,199</u>
<b>NET PENSION LIABILITY (a) - (b)</b>	<u>\$ 46,016</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	54.54%
Covered employee payroll	\$ 89,497
Net Pension Liability as a percentage of covered payroll	51.42%

**CITY OF NEW FAIRVIEW, TX**

**SCHEDULE OF PENSION CONTRIBUTIONS**

**September 30, 2015**

**2015**

Actuarially Determined Contribution	\$ 3,719
Contributions in relation to the actuarially determined contribution	3,719
Contribution deficiency (excess)	<u>0</u>
Covered employee payroll	71,035
Contributions as a percentage of covered employee payroll	5.24%

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male multiplied by 109% and female multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

Notes There were no benefit changes during the year

**WILLIAM C. SPORE, P.C.**  
**Certified Public Accountants**  
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**Keller, TX 76248**  
**817-421-6619**

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To the City Council  
City of New Fairview, Tx.

In planning and performing my audit of the financial statements of the governmental activities and major fund of the City of New Fairview, Tx. as of and for the year ending September 30, 2015, in accordance with auditing standards generally accepted in the United States of America, I considered the City of New Fairview' internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, I do not express an opinion on the effectiveness of the governmental unit's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A materiel weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness.

This communication is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than these specified parties.

*William C. Spore, PC*  
Certified Public Accountants

September 14, 2020