

CITY OF FAIRVIEW, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2019

CITY OF FAIRVIEW, TENNESSEE

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CITY OF FAIRVIEW, TENNESSEE

Directory of Officials

June 30, 2019

<u>Name</u>	<u>Title</u>
John Blade	Mayor
Debbie Rainey	Vice Mayor
Derek Burks	Commissioner
Scott Lucas	Commissioner
Rod Dawson	Commissioner
Scott Collins	City Manager
Brandy Johnson	City Recorder
Tom Daugherty	Finance Director

FINANCIAL SECTION

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Commissioners
City of Fairview, Tennessee
Fairview, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview, Tennessee, (the City) as of and for the year ended June 30, 2019 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 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 City'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 City'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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview, Tennessee, as of June 30, 2019, and the respective changes in financial position, and the budgetary comparison for the General Fund 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 on pages 3 through 9 and schedules of net pension liability (asset), employer contributions, ratios and related actuarial methods and assumptions based on participation in the Public Employee Pension Plan of TCRS and City OPEB Plan on pages 36-38 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 City's basic financial statements. The Directory of Officials, Combining and Individual Nonmajor Fund Statements and Schedules, and Financial Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The Combining and Individual Nonmajor Fund financial statements and schedules and Financial 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, based on our audit, the procedures performed as described above, the Individual Nonmajor Fund financial statements and schedules and Financial Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The Directory of Officials has not been subjected to the auditing procedures applied by us and, accordingly, we express no opinion on them

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

November 8, 2019



Management's Discussion and Analysis

As management of the City of Fairview, Tennessee (the City) 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 June 30, 2019. The analysis focuses on significant financial position, budget changes, and variances from the budget and specific issues related to funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

- The assets and deferred outflows of the City of Fairview exceeded its liabilities and deferred inflows at the end of the most recent fiscal year by \$19,478,072 as compared to \$19,613,692 at the end of the prior fiscal year. Of this amount, \$2,444,521 (unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors as compared to \$2,199,321 for the prior fiscal year.
- The government's total net position decreased by \$135,619 during the current fiscal year as compared to a decrease of \$1,319,983 in the prior fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,897,553, a decrease of \$875,398 in comparison to the prior year. Approximately \$1,427,689 of that total is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, fund balance of the General Fund was \$2,424,410 or 37% of total general fund expenditures as compared to \$2,221,608 or 34% of the total general fund expenditures of the prior fiscal year.
- The City's total bond debt increased by \$722,194 (or approximately 28%) during the current fiscal year.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Fairview's basic financial statements. The City'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 City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Overall increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Overview of the Financial Statements (Continued):

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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 City of Fairview include general government, public safety, highways and streets, codes, financial administration and parks and recreation.

The government - wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The City of Fairview, Tennessee, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are of one category, governmental funds, there are no proprietary funds.

Governmental Funds. Governmental Funds are funds 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, government fund financial statements focus on near - term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near - term financing requirements

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

The City maintains 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 which is considered to be a major fund. Data from the other four 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 City of Fairview, Tennessee 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 governmental fund financial statements can be found on pages 12-18 of this report.

Overview of the Financial Statements (Continued):

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 19-39 of this report.

The combining statements referred to earlier in connection with non major governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 44-48 of this report.

Financial Analysis of the Financial Statements

Government - wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fairview, assets exceeded liabilities by \$19,478,072 at the close of the most recent fiscal year as compared to \$19,613,692 at the close of the prior fiscal year.

By far the largest portion of the City's net position (85%) reflects its investment in capital assets (e.g., land , buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the City'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 the capital assets themselves cannot be used to liquidate these liabilities.

Financial Analysis of the Financial Statements

City of Fairview's Net Position

	Governmental Activities	
	2019	2018
Current and other assets	\$ 5,013,546	4,952,650
Capital assets, net of depreciation	19,877,183	19,374,719
Net pension asset	-	-
Deferred outflows of resources	655,938	450,478
Total assets	<u>\$ 25,546,667</u>	<u>24,777,847</u>
Deferred inflows of resources	\$ 2,029,647	1,882,318
Net pension liability	219,688	85,974
Long-term liabilities due in more than one year	2,998,806	2,446,058
Long-term liabilities due within one year	637,521	460,162
Other liabilities	182,934	289,644
Total liabilities and deferred inflows	<u>6,068,595</u>	<u>5,164,156</u>
Net position:		
Net Investment in capital assets	16,560,408	16,780,137
Restricted	473,143	634,234
Unrestricted	2,444,521	2,199,321
Total net position	<u>\$ 19,478,072</u>	<u>19,613,692</u>

An additional portion of the City's net position (2.43%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$2,444,521 as compared to \$2,199,321 in 2018 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

Financial Analysis of the Financial Statements (Continued):

Governmental Activities

The government's net position decreased by \$135,619 during the current fiscal year as compared to an decrease of \$1,319,983 during the prior fiscal year.

Key elements of this decrease are as follows:

City of Fairview's Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 1,190,572	575,566
Operating grants and contributions	59,838	52,323
Capital grants and contributions	12,286	166,604
General revenues:		
Property taxes	1,930,323	1,842,875
Sales taxes	1,952,242	2,040,766
Other taxes	1,542,777	1,641,709
Other	61,593	119,476
Total revenues	<u>6,749,631</u>	<u>6,439,319</u>
Expenditures/Expenses:		
General government	1,304,070	2,096,315
Public safety	3,697,091	3,484,039
Streets	1,124,820	1,257,122
State Street Aid	66,905	92,061
Financial Administration	127,614	194,184
Parks and recreation	1,698	(8,144)
Codes Administration	316,795	413,169
City Court	171,996	165,542
Miscellaneous	-	-
Interest expense on long-term debt	74,262	64,014
Total expenses	<u>6,885,251</u>	<u>7,758,302</u>
Change in net position	(135,620)	(1,318,983)
Net position, beginning of year, as restated	<u>19,613,692</u>	<u>20,933,675</u>
Net position, end of year	<u>\$ 19,478,072</u>	<u>19,614,692</u>

Financial Analysis of the Financial Statements (Continued):

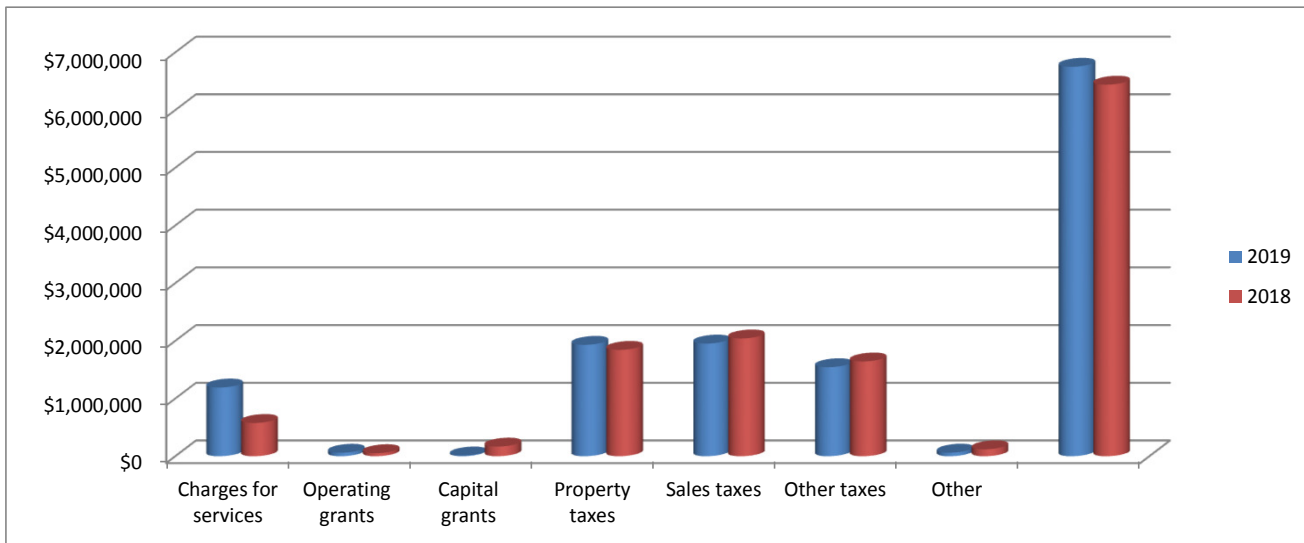
Governmental Activities:

The most significant decrease in actual continued revenue sources was derived from grant revenue which decreased by approximately \$154,000 largely as a result of the decrease in grant programs in fiscal year 2019. This decrease was offset by an increase of approximately \$615,000 in charges for services and a decrease of approximately \$158,000 in other revenues resulting in an overall increase in total revenues of \$310,313.

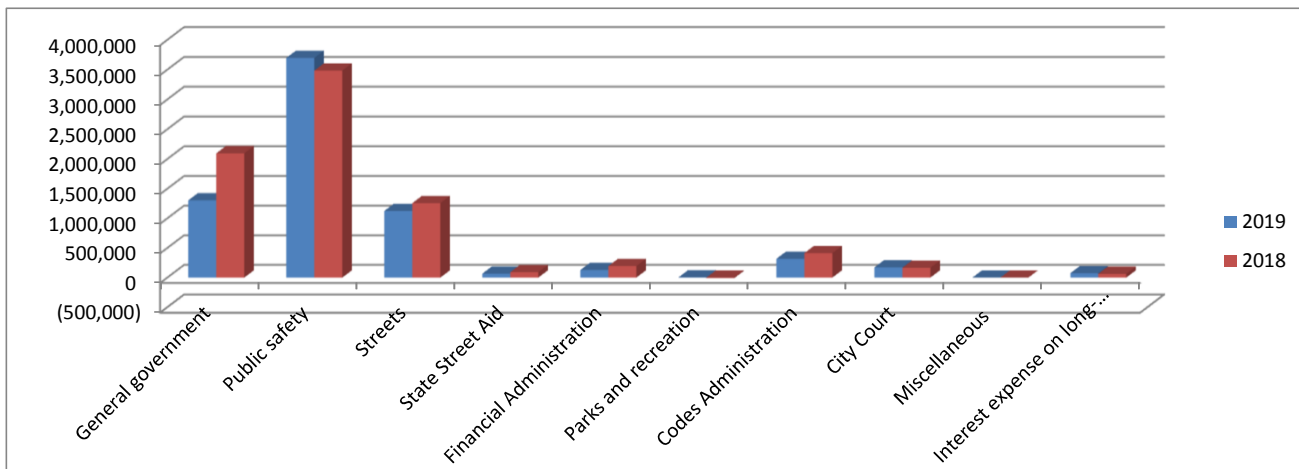
Total expenditures decreased approximately \$873,000 or 11.25% from the prior year. The decrease is primarily due to decreased operating costs of all departments compared to the prior year.

Governmental policy continues to recognize that local revenue sources must be the foundation for providing basic public services rather than depending on uncertain Federal and State sources. To this end, it is vitally important to continue efforts to seek balanced diversity, equity and efficiency in local revenue systems to better accommodate future growth.

Revenues by Source - Governmental Fund Activities



Expenditures - Governmental Fund Activities



Financial Analysis of the Financial Statements (Continued)

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance - related legal requirements.

Governmental Funds

The focus of the City of Fairview 's governmental funds 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 as a useful measure to a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,897,553, a decrease of \$875,398 in comparison with the prior year. Approximately 49.27% of this total amount (\$1,427,689) constitutes unassigned fund balance, which is available for spending at the government's discretion, the remainder of fund balance (\$1,469,864) is either restricted for various specific purposes or committed to parks, the tree bank and school facilities, as well as, the commitment of funds as required by the City's stabilization policy.

The general fund is the chief operation fund of the City of Fairview, Tennessee. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,427,689 As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 21.90% of total general fund expenditures.

The fund balance of the City's general fund increased by \$202,802 during the current fiscal year. Key factors in this decrease are as follows:

The most significant decrease in actual continued revenue sources arose from intergovernmental revenue which decreased by approximately \$206,000. This was offset by increases in taxes, fines and forfeits, and small decreases in all other revenues. Total revenues decreased by \$177,486 compared to the prior year.

Total expenditures increased by \$27,192 compared to the prior year. The increase is due to significant increases in expenditures for some departments offset by decreases in other departments.

General Fund Budgetary Highlights

<u>Department</u>	<u>Budgeted Amounts</u>	
	<u>Original</u>	<u>Final</u>
General Government	\$ 991,280	1,455,281
Financial Administration	120,106	135,391
City Court	180,420	186,900
Planning and Zoning	238,283	324,566
Police Department	1,711,568	1,732,980
Fire Department	1,478,062	1,861,470
Public works	1,690,814	730,787
Board of Commissioners	73,069	73,469
Total Expenditures	\$ <u>6,483,602</u>	<u>6,500,844</u>

Capital Assets

The City of Fairview's investment in capital assets from its governmental type activities as of June 30, 2019 amounted to \$19,877,183 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements equipment, and infrastructure. The total increase in the City's investment in capital assets for the current year was 2.6%.

Capital Assets, Continued

Capital Asset Type:	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Land and land improvements	\$ 2,492,600	2,492,600
Buildings and improvements	4,277,477	4,277,477
Machinery and equipment	5,389,273	4,107,228
Infrastructure	<u>27,526,978</u>	<u>27,407,978</u>
Total Capital Assets	39,686,328	38,285,283
Less accumulated depreciation	<u>(19,809,145)</u>	<u>(18,910,564)</u>
Total	<u><u>\$ 19,877,183</u></u>	<u><u>19,374,719</u></u>

Additional information on the City of Fairview's capital assets can be found in the notes to the financial statements section of this report.

Long - Term Debt

At the end of the current year, the City of Fairview had debt outstanding of \$3,927,111. The entire amount is secured first by the full faith and credit of the City.

City of Fairview's Outstanding Debt	<u>June 30, 2018</u>	<u>June 30, 2018</u>
General Obligation Bonds and Notes	\$ 2,380,000	2,570,000
Capital Outlay Note	427,251	-
Lease Purchase Obligation	<u>489,860</u>	<u>-</u>
	<u><u>\$ 3,297,111</u></u>	<u><u>2,570,000</u></u>

During 2016, the City issued \$2,935,000 in refunding debt and refunded various bonds and capital lease obligations . In 2019 \$190,000 of that debt was repaid. The City also issued a capital outlay note and entered into a lease purchase obligation.

State statutes impose no debt limit on the amount of general obligation debt a governmental entity may issue.

Additional information on the City of Fairview's debt can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

The City's economy in 2020 is not expected to change from that experienced in 2019, the City will endeavor to maintain essentially the same level of service with no anticipated property tax increase.

Unassigned fund balance of the General Fund amounted to \$1,427,689. General Fund Balance in the amount of \$228,301 was required to balance the 2019-20 budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Fairview, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director and/or City Manager
City of Fairview, TN

CITY OF FAIRVIEW, TENNESSEE

Statement of Net Position

June 30, 2019

	<u>Governmental</u>	<u>Total</u>
	<u>Activities</u>	
Assets		
Cash and cash equivalents		
Unrestricted	\$ 2,467,264	2,467,264
Total Cash and Cash Equivalents	<u>2,467,264</u>	<u>2,467,264</u>
Receivables:		
Property tax, net of allowance for doubtful accounts	1,979,244	1,979,244
Other governments	<u>567,039</u>	<u>567,039</u>
Total Receivables	<u>2,546,283</u>	<u>2,546,283</u>
Capital Assets:		
Non depreciable capital assets	2,492,600	2,492,600
Depreciable capital assets, net of accumulated depreciation	<u>17,384,583</u>	<u>17,384,583</u>
Total Capital Assets	<u>19,877,183</u>	<u>19,877,183</u>
Total Assets	24,890,729	24,890,729
Deferred Outflows of Resources:		
TCRS pension plan	<u>655,938</u>	<u>655,938</u>
Total Deferred Outflows	<u>655,938</u>	<u>655,938</u>
Total Assets and Deferred Outflows	\$ <u><u>25,546,667</u></u>	<u><u>25,546,667</u></u>
Liabilities		
Liabilities:		
Accounts payable	\$ 34,980	34,980
Accrued liabilities	147,953	147,953
Long-term liabilities:		
Net pension liability-TCRS	219,688	219,688
Net OPEB obligation payable	38,495	38,495
Due within one year	637,521	637,521
Due in more than one year	<u>2,960,311</u>	<u>2,960,311</u>
Total Liabilities	<u>4,038,949</u>	<u>4,038,949</u>
Deferred Inflow of Resources:		
Unlevied property tax	1,929,841	1,929,841
TCRS pension plan	99,806	99,806
Total Deferred Inflows	<u>2,029,647</u>	<u>2,029,647</u>
Net Position		
Net investment in capital assets	16,560,408	16,560,408
Restricted for:		
Public Safety	85,675	85,675
Facilities tax	148,213	148,213
State Street Aid	239,255	239,255
Unrestricted	<u>2,444,521</u>	<u>2,444,521</u>
Total Net Position	<u>19,478,072</u>	<u>19,478,072</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ <u><u>25,546,667</u></u>	<u><u>25,546,667</u></u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2019

Functions / Programs:		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position	
						Primary Government	Total
Primary Government:						Governmental Activities	
General government	\$	1,304,070	978,104	38,238	-	(287,728)	(287,728)
Public safety		3,697,091	191,609	21,600	12,286	(3,471,596)	(3,471,596)
Public Works		1,124,820	5,800	-	-	(1,119,020)	(1,119,020)
Board of Commissioners		66,905	-	-	-	(66,905)	(66,905)
Financial Administration		127,614	-	-	-	(127,614)	(127,614)
Parks and recreation		1,698	15,059	-	-	13,361	13,361
Planning and Zoning		316,795	-	-	-	(316,795)	(316,795)
City Court		171,996	-	-	-	(171,996)	(171,996)
Interest expense on long-term debt		74,262	-	-	-	(74,262)	(74,262)
Total Government Activities		<u>6,885,252</u>	<u>1,190,572</u>	<u>59,838</u>	<u>12,286</u>	<u>(5,622,555)</u>	<u>(5,622,555)</u>
Total Primary Government	\$	<u>6,885,252</u>	<u>1,190,572</u>	<u>59,838</u>	<u>12,286</u>	<u>(5,622,555)</u>	<u>(5,622,555)</u>
General Revenues:							
						\$	
							1,930,323
							1,952,242
							242,963
							94,371
							122,629
							120,057
							-
							103,426
							59,597
							704,974
							94,760
							21,278
							40,315
							<u>5,486,935</u>
							(135,620)
							<u>19,613,692</u>
						\$	<u>19,478,072</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

**Balance Sheet
Governmental Funds**

June 30, 2019

Assets	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 2,040,950	426,314	2,467,264
Accounts receivable:			
Property tax	1,984,177	-	1,984,177
Other governments	519,750	47,289	567,039
Total Receivables	<u>2,503,927</u>	<u>47,289</u>	<u>2,551,216</u>
 Total Assets	 <u>\$ 4,544,876</u>	 <u>473,603</u>	 <u>5,018,479</u>
 Liabilities			
Accounts payable	\$ 34,520	460	34,980
Accrued liabilities	<u>111,769</u>	<u>-</u>	<u>111,769</u>
 Total Liabilities	 <u>146,289</u>	 <u>460</u>	 <u>146,749</u>
 Deferred Inflow of Resources-Unavailable Revenues	 <u>1,974,177</u>	 <u>-</u>	 <u>1,974,177</u>
 Fund Equity			
Fund Balance:			
Restricted for:			
Public Safety	-	85,675	85,675
Public Facilities	-	148,213	148,213
State Street Aid	-	239,255	239,255
Committed for:			
Stabilization	325,930	-	325,930
Parks	96,228	-	96,228
Capital Projects	243,554	-	243,554
Tree Bank	101,233	-	101,233
Assigned to:			
Appropriated in 2019-20 budget	228,301	-	228,301
Unassigned	<u>1,429,164</u>	<u>-</u>	<u>1,429,164</u>
Total Fund Equity	<u>2,424,410</u>	<u>473,143</u>	<u>2,897,553</u>
 Total Liabilities, Deferred Inflows and Fund Equity	 <u>\$ 4,544,876</u>	 <u>473,603</u>	 <u>5,018,479</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

**Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities**

June 30, 2019

Amounts reported for fund balance - total governmental funds		\$	2,897,553
 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			
Capital assets			39,686,774
Less accumulated depreciation			(19,809,590)
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds			
Property tax			39,401
 Liabilities not due and payable currently and not recorded in the governmental funds			
Bonds Payable	(3,297,109)		
Premium, net of amortization	(19,665)		
Compensated absences	(281,057)		
Accrued interest	(36,184)		(3,634,015)
 Net pension cost			
			-
 Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds.			
Net OPEB obligation payable	(38,495)		
Net pension asset	(219,688)		
Deferred inflow of resources-TCRS Plan	793,696		
Deferred outflow of resources-TCRS Plan	(237,564)		
			297,949
 Net position of governmental activities		 \$	 <u><u>19,478,072</u></u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

**Statement of Revenues,
Expenditures and Changes in Fund Balances**

All Governmental Fund Types

For the Year Ended June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 4,459,150	120,057	4,579,207
Licenses and permits	121,173	-	121,173
Intergovernmental	923,345	279,576	1,202,921
Fines and forfeits	174,361	15,548	189,909
Charges for services	16,759	-	16,759
Miscellaneous	109,515	18,719	128,234
Total Revenues	<u>5,804,303</u>	<u>433,900</u>	<u>6,238,203</u>
Expenditures:			
Current:			
General government	912,429	-	912,429
Police department	1,703,279	28,327	1,731,606
Fire department	1,421,536	-	1,421,536
Streets	660,139	-	660,139
State Street Aid	66,905	49,865	116,770
Financial administration	129,576	-	129,576
City court	174,339	-	174,339
Codes administration	309,091	-	309,091
Other program costs	-	172,262	172,262
Debt service	108,000	147,188	255,188
Capital outlay	1,033,316	197,349	1,230,665
Total Expenditures	<u>6,518,610</u>	<u>594,991</u>	<u>7,113,601</u>
Excess (deficiency) of revenues over expenditures	(714,307)	(161,091)	(875,398)
Other Financing Sources (Uses)			
Proceeds from the issuance of debt	917,109	-	917,109
Fund Balance, Beginning of Year	<u>2,221,608</u>	<u>634,234</u>	<u>2,855,842</u>
	\$ <u><u>2,424,410</u></u>	<u><u>473,143</u></u>	<u><u>2,897,553</u></u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2019

Net change in fund balances-total governmental funds: \$ (875,398)

**Amounts reported for governmental activities in the statement of net position
are different because:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Gross sale proceeds are recognized in the Governmental Funds, only net gain (loss) is shown in the Government - Wide statement of activities.

Acquisition of capital assets	\$ 1,008,911	
Disposal of capital asset-book value	(3,507)	
Donated capital assets	513,000	
Depreciation expense	<u>(1,015,939)</u>	502,465

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property tax		1,936
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The issuance of long-term debt provides current financial resources to governmental funds. While the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Amortization of bond premium	4,917	
Bond payments	<u>190,000</u>	194,917

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds

(Increase) decrease in net OPEB obligation	2,980	
(Increase) decrease in compensated absences	(10,895)	
Decrease in pension expense-TCRS	<u>62,367</u>	<u>40,461</u>

Change in net position of governmental activities **\$ (135,619)**

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget (GAAP Basis) and Actual
 General Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property and utility taxes	- \$ 1,800,000	1,800,000	1,868,014	68,014
Local option sales tax	1,965,000	1,965,000	1,952,242	(12,758)
Wholesale beer tax	230,000	230,000	242,963	12,963
Wholesale liquor tax	97,000	97,000	94,371	(2,629)
Business tax	100,000	100,000	122,629	22,629
Tax penalties and interest	-	-	7,022	7,022
Natural gas franchise fee	60,000	60,000	60,373	373
Cable TV franchise tax	120,000	120,000	103,426	(16,574)
Hotel / Motel tax	9,000	9,000	8,110	(890)
Total Taxes	<u>4,381,000</u>	<u>4,381,000</u>	<u>4,459,150</u>	<u>78,150</u>
Licenses and Permits:				
Building permits	4,500	4,500	5,800	1,300
Other fees and permits	109,000	109,000	115,373	6,373
Total Licenses and Permits	<u>113,500</u>	<u>113,500</u>	<u>121,173</u>	<u>7,673</u>
Intergovernmental:				
Income tax	14,000	14,000	13,386	(614)
Beer tax	4,000	4,000	3,704	(296)
Mixed drink tax	12,500	12,500	15,203	2,703
Sales tax	715,000	715,000	704,974	(10,026)
Petroleum special tax	16,250	16,250	22,414	6,164
T.V.A. in-lieu of taxes	90,000	90,000	94,760	4,760
Excise tax	20,000	20,000	15,174	(4,826)
Telecommunications sales tax	3,200	3,200	4,020	820
Appropriations from County	14,400	14,400	14,400	-
Police and fire incentives	44,400	44,400	21,600	(22,800)
Federal and State grants	12,250	12,250	13,710	1,460
Total Intergovernmental	<u>946,000</u>	<u>946,000</u>	<u>923,345</u>	<u>(22,655)</u>
Fines and Forfeits:				
Fines and costs	150,250	150,250	174,361	24,111
Charges for Services:				
Accident reports	1,500	1,500	1,700	200
Parks & recreation fees	2,450	2,450	4,130	1,680
Special events	16,000	16,000	9,314	(6,686)
Other fees	2,500	2,500	1,615	(885)
Total Charges for Services	<u>22,450</u>	<u>22,450</u>	<u>16,759</u>	<u>(5,691)</u>
Miscellaneous Revenues:				
Interest income	12,000	12,000	13,973	1,973
Donations	16,000	16,000	11,356	(4,644)
Sale of Capital Assets	45,000	45,000	43,870	(1,130)
Other miscellaneous revenue	27,500	27,500	40,316	12,816
Total Miscellaneous Revenue	<u>100,500</u>	<u>100,500</u>	<u>109,515</u>	<u>9,015</u>
Total Revenue	<u>\$ 5,713,700</u>	<u>5,713,700</u>	<u>5,804,303</u>	<u>90,603</u>

Continued next page.

CITY OF FAIRVIEW, TENNESSEE
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Current:				
Personnel costs	\$ 282,058	290,850	263,883	26,967
Contractual services	180,472	177,722	166,262	11,460
Supplies and materials	91,300	79,350	76,508	2,842
Insurance	296,950	317,500	309,396	8,104
Other projects	139,500	97,500	96,380	1,120
Capital outlay	1,000	492,359	495,377	(3,018)
Total General Government	<u>991,280</u>	<u>1,455,281</u>	<u>1,407,806</u>	<u>47,475</u>
Financial Administration				
Current:				
Personnel costs	79,856	81,091	81,079	12
Contractual services	19,650	33,450	30,924	2,526
Supplies	7,550	7,750	5,372	2,378
Insurance	10,050	12,100	12,201	(101)
Capital outlay	3,000	1,000	-	1,000
Total Financial Administration	<u>120,106</u>	<u>135,391</u>	<u>129,576</u>	<u>5,815</u>
City Court				
Current:				
Personnel costs	138,320	145,500	147,295	(1,795)
Contractual services	6,750	6,650	454	6,196
Supplies	5,450	5,500	2,649	2,851
Insurance	29,900	29,250	23,941	5,309
Capital outlay	-	-	-	-
Total City Court	<u>180,420</u>	<u>186,900</u>	<u>174,339</u>	<u>12,561</u>
Planning and Zoning:				
Current:				
Personnel costs	134,283	189,516	197,942	(8,426)
Contractual services	70,000	79,700	87,005	(7,305)
Supplies	12,400	15,850	11,798	4,052
Insurance	20,100	23,000	12,346	10,654
Capital outlay	1,500	16,500	20,458	(3,958)
Total Planning and Zoning	<u>238,283</u>	<u>324,566</u>	<u>329,549</u>	<u>(4,983)</u>
Public Safety:				
Police Department:				
Current:				
Personnel costs	1,261,243	1,266,225	1,263,656	2,569
Contractual services	79,400	97,130	87,679	9,451
Operating supplies	145,700	155,450	148,920	6,530
Insurance	212,850	201,000	203,024	(2,024)
Capital outlay	12,375	13,175	46,301	(33,126)
Total Police Department	<u>1,711,568</u>	<u>1,732,980</u>	<u>1,749,580</u>	<u>(16,600)</u>

Continued next page.

CITY OF FAIRVIEW, TENNESSEE

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual, Concluded**

General Fund

For the Year Ended June 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fire Department:				
Current:				
Personnel costs	1,076,162	1,048,480	1,051,551	(3,071)
Contractual services	46,350	46,390	37,010	9,380
Supplies	177,650	151,350	187,514	(36,164)
Insurance	175,900	163,000	145,461	17,539
Capital outlay	2,000	452,250	450,657	1,593
Total Fire Department	<u>1,478,062</u>	<u>1,861,470</u>	<u>1,872,193</u>	<u>(10,723)</u>
Total Public Safety	<u>3,189,630</u>	<u>3,594,450</u>	<u>3,621,773</u>	<u>(27,323)</u>
Public Works:				
Current:				
Personnel costs	637,764	454,187	444,779	9,408
Contractual services	33,200	61,000	31,174	29,826
Supplies	132,300	107,250	87,926	19,324
Other	25,500	5,000	19,124	(14,124)
Insurance	105,550	95,850	77,136	18,714
Capital outlay	756,500	7,500	20,523	(13,023)
Total Public Works	<u>1,690,814</u>	<u>730,787</u>	<u>680,662</u>	<u>50,125</u>
Board of Commissioners:				
Current:				
Personnel costs	32,469	32,469	30,645	1,824
Services	11,100	14,900	5,219	9,681
Supplies	100	100	-	100
Insurance	29,400	26,000	31,041	(5,041)
Total Board of Commissioners	<u>73,069</u>	<u>73,469</u>	<u>66,905</u>	<u>6,564</u>
Debt service:				
Debt service	108,000	108,000	108,000	-
Total Debt service	<u>108,000</u>	<u>108,000</u>	<u>108,000</u>	<u>-</u>
Total Expenditures	<u>6,591,602</u>	<u>6,608,844</u>	<u>6,518,610</u>	<u>90,234</u>
Other Financing Sources (Uses)				
Proceeds from capital outlay notes	427,250	427,250	427,250	-
Proceeds from lease purchase obligations	489,859	489,859	489,859	-
	<u>917,109</u>	<u>917,109</u>	<u>917,109</u>	<u>-</u>
Excess (deficiency) of revenues other financing sources over expenditures and other financing uses	39,207	21,965	202,802	180,837
Fund Balance, Beginning of Year	<u>2,221,608</u>	<u>2,221,608</u>	<u>2,221,608</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 2,260,815</u>	<u>2,243,573</u>	<u>2,424,410</u>	<u>180,837</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies

The City of Fairview, Tennessee, was incorporated July 1, 1959, under provisions of the State of Tennessee. The City operates under a City Manager-Commissioner form of government and provides the following services as authorized by its charter and duly passed ordinances: public safety (police, fire, and public health), streets, culture, recreations, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Fairview have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the government and its component units. Component units are entities for which the government is considered to be financially accountable. Component units, although legally separate entities, are required to be presented in the government's financial statements using either a "blended" or "discrete" presentation.

As of June 30, 2019, the City had no component units which were required to be included in these financial statements.

Accounting Pronouncements

The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(1) Summary of Significant Accounting Policies

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate 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.

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 and fiduciary fund financial 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.

Governmental fund 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, 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 using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The government has no proprietary funds.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(1) Summary of Significant Accounting Policies, (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposits with financial institutions and amounts deposited with the State of Tennessee Local Government Investment Pool. In addition, certificates of deposit or direct obligations of the Federal government or its agencies that are owned by a specific fund of the City having a maturity of three months or less when purchased are considered to be cash equivalents. Certificates of deposit and deposits in the investment pool are carried at cost which approximates fair value.

The State of Tennessee Local Government Investment Pool is a component of the State of Tennessee State Pooled Investment Fund that is an external investment pool not registered with the Securities and Exchange Commission. The State Pooled Investment Fund is administered by the State Treasurer and is authorized by state statute to invest funds in accordance with the policy guidelines approved by the Funding Board of the State of Tennessee which exercises oversight Responsibility, including the ability to significantly influence operations, designation of management and accountability for all fiscal matters. The Fund is audited annually by the office of the State Comptroller

Delinquent Taxes Receivable

Delinquent taxes receivable have been included in the General Fund balance sheet with offsetting deferred revenue to reflect amounts which were not available at June 30, 2019. Amounts which were available at June 30, 2019 have been recorded as revenue. Property taxes which will be levied October 1, 2019 in the amount of \$1,929,841 have also been recorded as a receivable with offsetting deferred revenue to reflect amounts not available at June 30, 2019.

Supply Inventory

Inventory items are considered expenditures/expenses when used (consumption method). Inventories are valued at lower of cost (first-in, first-out) or market,

Tennessee Consolidated Retirement System

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employees Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees Retirement Plan of TCRS. Investments are reported at fair value

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(1) Summary of Significant Accounting Policies, (Continued)

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet and are eliminated on the government-wide statements. Transfers of monies between funds generally arise as a result of budget appropriations authorizing funds to be transferred from one fund to another.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities the statement of financial position will sometimes report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources are presented after total assets. A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. Deferred inflows of resources are presented after total liabilities. A deferred inflow of resources is an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

The City has the following deferred outflows and deferred inflows of resources:

Deferred inflows include unavailable revenue, primarily from property taxes assessed but not levied which is reported in the government-wide statement of net position and Fund balance sheet.

Deferred outflows of resources and deferred inflows of resources also include amounts related to the City’s participation in the TCRS pension plan.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government systems-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are recorded at acquisition value when received.

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.

Depreciation has been provided over estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Buildings	25-50 years
Distribution systems	10-50 years
Equipment	5-10 years
Trucks	5-10 years

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(1) Summary of Significant Accounting Policies, (Continued)

Compensated Absences

The policy of the City permits the accumulation of unused sick leave up to 144 days and employees can carry over a maximum of 5 or 10 vacation days depending upon service.

Property Tax

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$1.00 per \$100 of assessed valuation for the fiscal year ended June 30, 2019. Payments may be made during the period from October 1 through February 28. Current tax collections of \$1,834,201 for the fiscal year ended June 30, 2019 were approximately 98 % of the tax levy.

Budgets and Budgetary Accounting

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

1. The City Manager submits to the Board of Commissioners the proposed operating budget for the fiscal year. The operating budgets for the General and Special Revenue Funds include proposed expenditures and the means of financing them. All appropriations in the current operating budget lapse into fund balance of the respective funds at the end of the fiscal year.
2. The budgets passed on the first reading and each of the following readings, and was adopted by ordinance on the second reading. In no event shall total appropriations for any fund exceed the estimated revenues and fund balance.
3. The amounts in the adopted budgets for each fund constitute its total annual appropriation and no expenditure may be made which will result in the annual appropriation for the fund being exceeded, unless an additional appropriation is made. The Finance Director may transfer appropriations within the same department, other changes in appropriations require board approval. Budgetary control is considered established at the department level.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(1) Summary of Significant Accounting Policies, (Continued)

Budgets and Budgetary Accounting

4. Budgeted amounts shown are those originally adopted by the Mayor and Board of Commissioners. All balances of appropriations in the current operating budgets lapse into the fund balance of the fund from which appropriations were made at the end of the fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Government-Wide Equity

In the government-wide financial statements, equity is shown as net position and classified into three components. *Net Investment in capital assets*-capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets. *Restricted net position*-net position with constraints placed on use, either by (1) external groups such as creditors, grantors, or laws and regulations of other governments, (2) laws through constitutional provisions or enabling legislation. *Unrestricted net position*-All other net position that does not meet the above classifications.

Fund Equity

Financial Policy-The City implemented Governmental Accounting Standards Board (GASB) Statement 54 for its governmental funds. As a result, fund balance is reported in the fund financial statements under the following categories. *Nonspendable fund balance* represents amounts that are required to be maintained intact, such as inventories and prepaid expenses. *Restricted fund balance* is that portion of fund balance that can be spent only for the specific purposes stipulated by external resource or through enabling legislation. *Committed fund balance* includes amounts constrained to specific purposes as determined by formal action of the City Board of Commissioners (the Board) using its highest level of decision-making authority (ordinance). Conversely, to rescind or modify a fund balance commitment, action by ordinance of the Board is also required. *Assigned fund balance* amounts are intended to be used by the City for specific purposes but do not meet the criteria to be restricted or committed. Intent may be stipulated by the Board. Appropriations of fund balance to eliminate projected budgetary deficits in the year's budget are presented as assignments of fund balance. *Unassigned fund balance* is the residual classification of the General Fund.

Spending Policy:

Generally, when costs are incurred for purposes for which both restricted and unrestricted funds are available it is the City's policy to spend the most restricted dollars before less restricted dollars. Similarly, when expenditures are incurred for which committed, assigned or unassigned amounts may be used, committed amounts are first used followed by assigned then unassigned amounts.

Stabilization Fund Balance Policy:

The Board established a financial stabilization policy for the purpose of providing funds for an urgent event that affects the safety of the general public (e.g. flood, tornado, etc.). The Board must formally acknowledge the occurrence of the urgent event. The minimum level of funding was set at 5% of General Fund expenditures which amounted to \$325,930 and shown as committed fund balance at June 30, 2019. Should the balance fall below the minimum, the Board will develop a plan to replenish it within two years.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(1) Summary of Significant Accounting Policies, (Continued)

Unassigned General Fund Balance Policy:

The City endeavors to limit expenditures to anticipated revenues in order to maintain a balanced budget. The fund balance of the General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The City's target is to maintain a minimum unassigned fund balance of not less than two month of General Fund expenditures. In the event unassigned general fund balance should ever fall below the minimum level, the City will develop a plan to restore the deficiency within two years.

(2) Cash and Cash Equivalents

The City is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During 2019, the City invested in interest bearing checking accounts and the Tennessee Local Government Investment Pool.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institution, less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregate balance of their public deposits must be at least 105% of the average daily balance of public deposits held. Investments with the Tennessee Local Government Investment Pool are not categorized as to custodial credit risk. As of June 30, 2019, all cash and investment funds of the City were adequately secured by collateral as required by statutes of the State of Tennessee.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Typically certificates of deposit are issued for periods less than one year and investments in the Local Government Investment Pool are available daily.

(3) Accounts Receivable

Accounts receivable at June 30, 2019, consisted of the following:

<u>Fund</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Combined Total</u>
Property taxes:			
Delinquent	\$ 54,336	-	54,336
2019 Levy-Unavailable	1,929,841	-	1,929,841
Other governments:			
State shared	519,750	47,289	567,039
Grants	-	-	-
Less: allowance for doubtful accounts	<u>(4,933)</u>	<u>-</u>	<u>(4,933)</u>
Total	<u>\$ 2,498,994</u>	<u>47,289</u>	<u>2,546,283</u>

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(4) Capital Assets
Governmental Activities:

A summary of changes in capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Capital Asset - Cost</u>				
Non depreciable capital assets:				
Land and Land Improvements	2,492,600	-	-	2,492,600
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,492,600</u>	<u>-</u>	<u>-</u>	<u>2,492,600</u>
Depreciable capital assets:				
Building and Improvements	4,277,477	-	-	4,277,477
Equipment	4,107,228	1,402,911	(120,866)	5,389,273
Infrastructure	<u>27,407,978</u>	<u>119,000</u>	<u>-</u>	<u>27,526,978</u>
Total depreciable capital assets	<u>35,792,683</u>	<u>1,521,911</u>	<u>(120,866)</u>	<u>37,193,728</u>
Total capital assets	\$ <u>38,285,283</u>	<u>1,521,911</u>	<u>(120,866)</u>	<u>39,686,328</u>
	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Accumulated Depreciation</u>				
Buildings and improvements	\$ 1,628,388	110,863	-	1,739,251
Equipment	2,769,476	446,463	(117,359)	3,098,580
Infrastructure	<u>14,512,700</u>	<u>458,614</u>	<u>-</u>	<u>14,971,314</u>
Total Accumulated Depreciation	<u>18,910,564</u>	<u>1,015,940</u>	<u>(117,359)</u>	<u>19,809,145</u>
Total Depreciable Capital Assets, Net of Depreciation	\$ <u>16,882,119</u>			<u>17,384,583</u>
Total Capital Assets, Net of Depreciation	\$ <u>19,374,719</u>			<u>19,877,183</u>

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

General Government	\$ 196,652
Public Safety	349,282
Highways and Streets	468,309
Parks and Recreation	<u>1,697</u>
Total	\$ <u>1,015,940</u>

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(5) Long-Term Debt and Other Obligations Payable

Governmental Activities:

The following schedule reflects the changes in long-term debt, as shown in the General Long-Term Debt Account Group during 2019.

	<u>Interest Rates</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
General Obligation						
Bonds, Series 2015	2-3%	2,570,000	-	(190,000)	2,380,000	195,000
Capital Outlay Note	2.95%	-	427,251	-	427,251	37,355
Lease Purchase Obligation		-	<u>489,860</u>	-	<u>489,860</u>	<u>124,109</u>
		<u>2,570,000</u>	<u>917,111</u>	<u>(190,000)</u>	<u>3,297,111</u>	<u>356,464</u>
Add premium		<u>24,581</u>	-	<u>(4,917)</u>	<u>19,664</u>	-
Total general obligation debt		<u>2,594,581</u>	<u>917,111</u>	<u>(194,917)</u>	<u>3,316,775</u>	<u>356,464</u>
Compensated Absences		<u>270,162</u>	<u>10,895</u>	-	<u>281,057</u>	<u>281,057</u>
Total		<u>\$2,864,743</u>	<u>928,006</u>	<u>(194,917)</u>	<u>3,597,832</u>	<u>637,521</u>

Debt service requirements to maturity for the Governmental Activities debt, as of June 30, 2019, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 356,464	79,762
2021	350,429	81,898
2022	361,441	71,986
2023	372,690	61,737
2024	251,962	50,885
2025-2029	1,359,125	153,474
2030	<u>245,000</u>	<u>7,350</u>
Total	\$ <u>3,297,111</u>	<u>507,092</u>

General obligation bonds and capital outlay notes are secured by the City, which is obligated to levy ad valorem taxes to the extent necessary to service these bonds.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(6) **Pension Plan**

Plan description. Employees of City of Fairview are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

General Information about the Pension Plan (Continued)

Employees covered by benefit terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees / beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	64
Active employees	<u>57</u>
	<u>141</u>

Contributions. Contributions by the City are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 0 percent of salary. City of Fairview makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the actuarially determined contribution (ADC) for Fairview was \$279,452 based on a rate of 7.40% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Fairview's state shared taxes if required employer contributions are not remitted. The employer's (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(6) **Pension Plan (Continued)**

Net Pension Liability (Asset)

Fairview's net pension liability (asset) as presented in the accompanying financial statements was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost of Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost of living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(6) Pension Plan (Continued)

General Information about the Pension Plan (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from City of Fairview will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. 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.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	<u>Increase (Decrease)</u> Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 6/30/17	<u>\$5,644,423</u>	<u>5,558,449</u>	<u>85,974</u>
Changes for the year:			
Service cost	187,696	-	187,696
Interest	415,607	-	415,607
Differences between expected and actual experience	191,710	-	191,710
Changes in assumptions	-	-	-
Contributions – Employer	-	205,056	(205,056)
Contributions- Employees	-	-	-
Net investment income	-	461,413	(461,413)
Benefit payments, including refunds of employee contributions	(199,217)	(199,217)	-
Administrative expense	-	(5,170)	5,170
Net changes	<u>595,796</u>	<u>462,082</u>	<u>133,714</u>
Balance at 6/30/18	<u>\$6,240,219</u>	<u>6,020,531</u>	<u>219,688</u>

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(6) Pension Plan

General Information about the Pension Plan (Continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of City of Fairview calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
City of Fairview's net Pension liability (asset)	\$ <u>1,195,851</u>	<u>219,688</u>	<u>(573,692)</u>

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2019, City of Fairview recognized pension expense of \$217,085.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2019, City of Fairview reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 277,411	75,243
Changes in assumptions	99,075	
Net difference between projected and actual earning on pension plan investments	-	24,563
Contributions subsequent to the measurement date of June 30, 2018	<u>279,452</u>	<u>-</u>
Total	\$ <u>655,938</u>	<u>99,806</u>

The amount shown above for "Contribution subsequent to the measurement date of June 30, 2018," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(6) Pension Plan

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 84,489
2021	42,339
2022	(5,465)
2023	33,068
2024	43,856
Thereafter	78,395

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2019, the City reported a payable \$18,520 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

(7) Post Employment Benefit Plan

During 2018, the City adopted GASB Statement No. 75, this statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB 75 requires the District to report the total liability on the face of the financial statements and also requires the presentation of more extensive note disclosures and required supplementary information about their OPEB.

Funding Policy

The District does not intend to fund the post-employment medical plan. No assets have been segregated and restricted to provide s for post-employment benefits.

Demographic Information

Membership

The number of participants at June 30, 2019, was as follows:

	<u>Employee</u>	<u>Dependents</u>
Active	6	26
Retired	<u>1</u>	<u>-</u>
Total	<u>7</u>	<u>26</u>

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(7) Post Employment Benefit Plan (Continued)

Plan Provisions

Medical Benefits

Eligibility

Retirement at age 60 with 15 or more years of service or retirement at age 55 with 25 or more years of service. Retiree must have been hired prior to November 5, 2015.

A spouse of a retiree is eligible for subsidized coverage if covered at least 5 continuous years prior to retirement.

Postretirement Contributions

Fairview pays 50% of the premium for elected coverage for the eligible retiree. The premium varies by plan option and coverage tier (individual or family).

Medical Plan Benefits

Two options (1 and 2) are available through Blue Cross Blue Shield of Tennessee.

Coverage is provided to the retiree's age 65 if there are no interruptions in coverage

Other Benefits

No other healthcare benefits are available to retirees.

Change in Plan Provisions

None.

Actuarial Method

Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary.

Service Cost

Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.

Total OPEB Liability

The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.

Discount Rate

3.88% (0.88% real rate of return plus 3.00% inflation)

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(7) Post Employment Benefit Plan (Continued)

Average per Capita Claim cost:

Age	Medical
55	7,580
56	7,808
57	8,042
58	8,283
59	8,532
60	8,787
61	9,051
62	9,323
63	9,602
64	9,890

Health Care Cost Trend

Level 5.5%

Effect of ACA

The excess coverage excise tax penalty of the Affordable Care Act has been postponed until the plan year beginning in 2022 and is not included in the projection of benefits in this valuation. This plan has current medical costs well under the limits in current law. Current legislative discussions include both repeal of the excise tax and postponement beyond 2022.

Mortality

RPH -2014 Total Table with Projection MP-2017

Turnover

Rates varying based on unisex age and select and ultimate at 3 years. Rates based the TCRS actuarial assumptions from the 2017 retirement plan valuation report. More detail is shown on Page 35-36.

Disability

None assumed

Retirement Rates

Detail is shown on Page 35-36.

Retiree Contributions

Retirees pay the balance of the contribution not paid by the City. Currently this is 50% of the contribution for elected coverage.

Salary Scale

3.00%

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(7) Post Employment Benefit Plan (Continued)

Data Assumptions

Coverage 100% of all retirees who currently have healthcare coverage will continue with the same coverage.

20% of all actives who currently have individual healthcare coverage will continue with individual coverage upon retirement. For those with family coverage 20% will elect to continue coverage with 10% electing to continue with spouse coverage and the remainder will elect individual coverage.

Valuation Methodology and Terminology

We have used GASB accounting methodology to determine the postretirement medical benefit obligations.

Valuation Date June 30, 2019

Measurement Date June 30, 2019

Selection of Assumptions

The discount rate was selected by reviewing the recent published Bond Buyer GO-20 bond index. This is one of the indices acceptable under GASB 75. This index is published weekly and is trending toward 4.00% in recent months. We selected 3.88% as the discount rate for this valuation.

The termination rates were developed from the withdrawal assumption used in the 2017 actuarial report for the TCRS retirement plans. The rates are a two year select and ultimate table. The following are representative rates used in this valuation.

	<u>Employee Termination Rate</u>		
	<u>1st Year</u>	<u>2nd Year</u>	<u>Ultimate</u>
Male			
Age 30	21.8%	17.9%	7.4%
Age 40	19.2%	15.9%	3.5%
Age 50	17.0%	13.0%	2.8%
Female			
Age 30	21.8%	17.9%	11.1%
Age 40	19.2%	15.9%	5.4%
Age 50	17.0%	13.0%	3.8%

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(7) Post Employment Benefit Plan (Continued)

Selection of Assumptions (Continued)

The retirement rates were developed from the assumption used in the 2017 actuarial report for the TCRS retirement plans. These rates are gender specific. The following are representative rates used in this valuation.

<u>Employment Retirement Rates</u>		
<u>Age</u>	<u>Male</u>	<u>Female</u>
60	10.5%	11.0%
61	15.0%	13.0%
62	20.0%	18.0%
63	17.5%	16.0%
64	17.5%	16.0%
65	24.0%	24.0%

The mortality table is a current table used for valuation purposes and the mortality projection used is the most current available.

Changes in the Total OPEB Liability

Balance at June 30, 2018,	\$ 41,475
Changes for the year:	
Service cost	2,783
Interest	1,469
Benefit payments	<u>(7,232)</u>
Net changes	<u>(2,980)</u>
Balance at 6/30/19	\$ <u>38,495</u>
 Plan fiduciary net position, end of year	 0%

OPEB Expense

Service cost	\$ 2,783
Interest	<u>1,469</u>
 Total OPEB expense	 \$ <u>4,252</u>

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(7) Post Employment Benefit Plan (Continued)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate at June 30, 2019:

	1% Decrease	Discount Rate	1 % Increase
	<u>2.88%</u>	<u>3.88%</u>	<u>4.88%</u>
Total OPEB liability	\$ 43,223	\$ 38,495	\$ 34,341

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate at June 30, 2019:

	1% Decrease	Healthcare Cost Trend Rate	1 % Increase
	<u>4.5%</u>	<u>5.5%</u>	<u>6.5%</u>
Total OPEB liability	\$ 32,890	\$ 41,475	\$ 45,489

Deferred Inflows (Outflows)

At June 30, 2019, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
\$ -	-

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense. There were no deferred outflows / inflows, accordingly there is future OPEB expense amounts at June 30, 2019.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements (Continued)

June 30, 2019

(9) Budget Overages

Expenditures exceeded budgetary amounts as shown below. Funding of any departmental budget overage or fund deficit is ultimately the responsibility of the General Fund.

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Fund			
Planning and Zoning	\$ 324,566	329,549	4,983
Police Department	1,732,980	1,749,580	16,600
Fire Department	1,861,470	1,872,193	10,723

(9) Commitments and Contingencies

Litigation:

The City is defendant in various lawsuits. Although the ultimate outcome of these lawsuits is not presently determinable, the City's attorney is of the opinion that the resolution of these matters will not have a material adverse effect on the financial condition of the City. The City has an insurance policy with Public Entity Partners which will cover any settlements or judgements in these cases as well as any of the City's attorney fees for the defense of these actions. However, the policy excludes intentional acts.

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

(10) Risk Management

The City of Fairview is exposed to various risks to general liability and property and casualty losses. The City deemed it was more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for general liability, property and casualty coverage and workers' compensation. The City participates in the TML Insurance Pool which is a public entity risk pool established by the Tennessee Municipal League, an association of member Cities. The City pays an annual premium to the TML for its general liability, property and casualty insurance and workers' compensation coverage. The creation of the pool provides for it to be self-sustaining through member premiums. The Pool reinsures through commercial insurance companies for claims in excess of \$130,000 for each insured event. Settled claims from these losses have not exceeded insurance coverage in any of the past three fiscal years.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2019

(11) New accounting pronouncements

As of June 30, 2019, here are new accounting standards that might impact your organization and the projected effective dates.

GASB Statement No. 87 – Leases

GASB 87 defines a lease as a contract that conveys control of the right to use another entity's non-financial asset for a period of greater than one year. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of Construction Period

GASB 89 requires that interest costs incurred before the end of a construction period will not be capitalized unless electing GASB 62 Regulated Operations accounting if these costs are included in utility rates. GASB 89 is effective for fiscal years beginning after December 15, 2019.

City Management is currently assessing the impact of adopting these accounting standards

Required Supplementary Information

CITY OF FAIRVIEW, TENNESSEE

**Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of TCRS**

Fiscal Year Ending June 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability					
Service cost	\$ 169,875	170,397	178,654	168,150	187,696
Interest	313,189	339,727	357,365	384,976	415,607
Differences between actual and expected experience	8,028	(135,439)	35,793	111,634	191,710
Change in assumptions	-	-	-	132,101	-
Benefit payments, including refunds of employee contributions	<u>(131,702)</u>	<u>(143,821)</u>	<u>(151,727)</u>	<u>(234,596)</u>	<u>(199,217)</u>
Net change in total pension liability	359,390	230,864	420,085	562,265	595,796
Total pension liability, beginning of year	<u>4,071,819</u>	<u>4,431,209</u>	<u>4,662,073</u>	<u>5,082,158</u>	<u>5,644,423</u>
Total pension liability, ending of year (a)	<u>\$ 4,431,209</u>	<u>4,662,073</u>	<u>5,082,158</u>	<u>5,644,423</u>	<u>6,240,219</u>
 Plan fiduciary net position					
Contributions, employer	\$ 250,211	168,877	164,928	160,834	205,056
Contributions, employee	-	-	-	-	-
Net investment income	666,704	146,850	130,793	569,733	461,413
Benefit payments, including refunds of employee contributions	<u>(131,702)</u>	<u>(143,821)</u>	<u>(151,727)</u>	<u>(234,596)</u>	<u>(199,217)</u>
Administrative expenses	<u>(1,892)</u>	<u>(2,701)</u>	<u>(3,635)</u>	<u>(3,923)</u>	<u>(5,170)</u>
Net change in plan fiduciary net position	783,321	169,205	140,359	492,048	462,082
Plan fiduciary net position, beginning of year	<u>3,973,516</u>	<u>4,756,837</u>	<u>4,926,042</u>	<u>5,066,401</u>	<u>5,558,449</u>
Plan fiduciary net position, ending of year (b)	<u>\$ 4,756,837</u>	<u>4,926,042</u>	<u>5,066,401</u>	<u>5,558,449</u>	<u>6,020,531</u>
 Net Pension Liability (asset) ending of year (a)-(b)	<u>\$ (325,628)</u>	<u>(263,969)</u>	<u>15,757</u>	<u>85,974</u>	<u>219,688</u>
 Plan fiduciary net position, as a percentage of total pension liability	107.35%	105.66%	99.69%	98.48%	96.48%
 Covered-employee payroll	\$ 2,134,899	2,282,120	2,228,762	2,228,762	2,645,890
 Net pension liability (asset) as a percentage of covered-employee payroll	-15.25%	-11.57%	0.71%	3.86%	8.30%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

CITY OF FAIRVIEW, TENNESSEE

**Schedule of Contributions Based on Participation in the
Public Employees Pension Plan of TCRS**

Fiscal Year Ending June 30,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 168,877	164,928	160,834	205,191	279,452
Contributions in relation th the actuarially determined contribution	<u>(168,877)</u>	<u>(164,928)</u>	<u>(160,834)</u>	<u>(205,191)</u>	<u>(279,452)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 2,282,120	2,233,892	2,173,434	2,645,890	2,864,933
Contributions as a percentage of covered employee payroll	7.40%	7.38%	7.40%	7.76%	9.75%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

CITY OF FAIRVIEW, TENNESSEE

Notes to Required Supplemental Information

For the Year Ended June 30, 2019

Valuation date: Actuarially determined contribution rates for 2019 were calculated based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost of living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Combining and Individual Nonmajor Fund Financial Statements

CITY OF FAIRVIEW, TENNESSEE

Combining Balance Sheet

Non Major Governmental Funds

June 30, 2019

	Special Revenue Funds			Total
	Drug Fund	State Street Aid	Facilities Tax Fund	Nonmajor Government Funds
<u>Assets</u>				
Cash and cash investments	85,675	191,966	148,673	426,314
Accounts receivable:	\$ -	47,289	-	47,289
Total Assets	\$ <u>85,675</u>	<u>239,255</u>	<u>148,673</u>	<u>473,603</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ -	-	460	460
Total Liabilities	-	-	460	460
 Fund balance:				
Restricted for:				
Public Safety	85,675	-	-	85,675
State street aid	-	239,255	-	239,255
Public Facilities	-	-	148,213	148,213
Total Fund Balance	<u>85,675</u>	<u>239,255</u>	<u>148,213</u>	<u>473,143</u>
Total Liabilities and Fund Balance	\$ <u>85,675</u>	<u>239,255</u>	<u>148,673</u>	<u>473,603</u>

CITY OF FAIRVIEW, TENNESSEE

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances**

Non Major Governmental Funds

For the Year Ended June 30, 2019

	Special Revenue Funds			Total Nonmajor Government Funds
	Drug Fund	State Street Aid	Facilities Tax Fund	
Revenues:				
Taxes:				
State gasoline tax	-	279,576	-	279,576
Facilities tax	-	-	120,057	120,057
Fines and Forfeits:				
Drug related fines	15,548	-	-	15,548
Miscellaneous:				
Interest	88	195	-	283
Other income	18,436	-	-	18,436
Total Revenues	34,072	279,771	120,057	433,900
Expenditures:				
Current:				
Personnel	-	-	-	-
Contractual services	1,988	26,968	49,099	78,055
Supplies	26,339	22,897	101,618	150,854
Other	-	-	21,545	21,545
Program expenses	-	-	-	-
Debt service	-	39,000	108,188	147,188
Capital outlay	5,016	192,333	-	197,349
Total Expenditures	33,343	281,198	280,450	594,991
Other Financing Sources (Uses)				
Transfer in from General Fund				-
Excess (deficiency) of revenues over expenditures	729	(1,427)	(160,393)	(161,091)
Fund Balance, beginning of year	84,946	240,682	308,606	634,234
Fund Balance, end of year	\$ 85,675	239,255	148,213	473,143

CITY OF FAIRVIEW, TENNESSEE

**Schedule of Revenues, Expenditures and
Changes in Fund Balance**

Drug Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance: Favorable (Unfavorable)
	Original	Final		
Revenues:				
Fines and forfeits:				
Drug-related fines	\$ 12,000	12,000	15,548	3,548
Miscellaneous income				
Other income	<u>25,050</u>	<u>25,050</u>	<u>18,524</u>	<u>(6,526)</u>
Total revenues	<u>37,050</u>	<u>37,050</u>	<u>34,072</u>	<u>(2,978)</u>
Expenditures:				
Current:				
Contractual services	3,000	3,000	1,988	1,012
Supplies	32,000	105,500	26,339	79,161
Other	<u>6,000</u>	<u>6,000</u>	<u>5,016</u>	<u>984</u>
Total expenditures	<u>41,000</u>	<u>114,500</u>	<u>33,343</u>	<u>81,157</u>
Other Financing Sources (Uses)				
Transfer in from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(3,950)	(77,450)	729	78,179
Fund Balance, beginning of year	<u>84,946</u>	<u>84,946</u>	<u>84,946</u>	<u>-</u>
Fund Balance, end of year	<u><u>\$ 80,996</u></u>	<u><u>7,496</u></u>	<u><u>85,675</u></u>	<u><u>78,179</u></u>

CITY OF FAIRVIEW, TENNESSEE

**Schedule of Revenues, Expenditures and
Changes in Fund Balance**

State Street Aid

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes:				
State gasoline tax	\$ 276,000	276,000	279,576 *	3,576
Other income	250	250	195	(55)
Total revenues	<u>276,250</u>	<u>276,250</u>	<u>279,771</u>	<u>3,521</u>
Expenditures:				
Current:				
Services	28,000	28,000	26,968	1,032
Supplies	60,000	47,500	22,897	24,603
Debt service	39,007	39,007	39,000	7
Capital outlay	143,000	219,500	192,333	27,167
Total expenditures	<u>270,007</u>	<u>334,007</u>	<u>281,198</u>	<u>52,809</u>
Other Financing Sources (Uses)				
Transfer in from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	6,243	(57,757)	(1,427)	56,330
Fund Balance, beginning of year	<u>240,682</u>	<u>240,682</u>	<u>240,682</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 246,925</u>	<u>182,925</u>	<u>239,255</u>	<u>56,330</u>

Comprised of Gas 1989 tax, Gas 2017 tax, Gas 3 cent tax and Gasoline & Motor Fuel tax of \$24,274, \$58,063, \$44,977, and \$152,262

CITY OF FAIRVIEW, TENNESSEE

**Schedule of Revenues, Expenditures and
Changes in Fund Balance**

Facilities Tax Fund

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable (Unfavorable)</u>
Revenues:				
Taxes:				
Facilities tax	\$ 85,100	85,100	120,057	34,957
Total revenues	<u>85,100</u>	<u>85,100</u>	<u>120,057</u>	<u>34,957</u>
Expenditures:				
Current:				
Services	20,000	50,000	49,099	901
Supplies	75,000	100,000	101,618	(1,618)
Other	46,200	46,200	21,545	24,655
Debt service	105,000	109,000	108,188	812
Capital outlay	5,000	-	-	-
Total expenditures	<u>251,200</u>	<u>305,200</u>	<u>280,450</u>	<u>24,750</u>
Other Financing Sources (Uses)				
Transfer in from General Fund				-
Excess (deficiency) of revenues over expenditures	(166,100)	(220,100)	(160,393)	59,707
Fund Balance, beginning of year	<u>308,606</u>	<u>308,606</u>	<u>308,606</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 142,506</u>	<u>88,506</u>	<u>148,213</u>	<u>59,707</u>

FINANCIAL SCHEDULES

CITY OF FAIRVIEW, TENNESSEE

**Schedule of Capital Assets Used in the Operation of Governmental Funds-
by Asset Type**

For the Year Ended June 30, 2019

Capital Asset Type:	Cost / Estimated Cost			
	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Balance June 30, 2019</u>
Land and land improvements	\$ 2,492,600	-	-	2,492,600
Buildings and improvements	4,277,477	-	-	4,277,477
Machinery and equipment	4,107,228	1,402,911	(120,866)	5,389,273
Infrastructure	27,407,978	119,000	-	27,526,978
Total	\$ <u>38,285,283</u>	<u>1,521,911</u>	<u>(120,866)</u>	<u>39,686,328</u>

Capital Asset Type:	Accumulated Depreciation			
	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Balance June 30, 2019</u>
Buildings	\$ 1,628,388	110,863	-	1,739,251
Machinery and equipment	2,769,476	446,463	(117,359)	3,098,580
Infrastructure	14,512,700	458,614	-	14,971,314
Total	\$ <u>18,910,564</u>	<u>1,015,940</u>	<u>(117,359)</u>	<u>19,809,145</u>

CITY OF FAIRVIEW, TENNESSEE

**Schedule of Capital Assets Used in the Operation of Governmental Funds-
by Function**

For the Year Ended June 30, 2019

	Cost / Estimated Cost			
	<u>Balance</u>		<u>Transfers/</u>	<u>Balance</u>
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2019</u>
General Government	\$ 5,194,006	513,000	(78,781)	5,628,225
Public Safety	3,334,202	995,258	(42,085)	4,287,375
Highways and Streets	27,407,978	13,653	-	27,421,631
Parks and Recreation	2,349,097	-	-	2,349,097
Grand Total	<u>\$ 38,285,283</u>	<u>1,521,911</u>	<u>(120,866)</u>	<u>39,686,328</u>

	Accumulated Depreciation			
	<u>Balance</u>		<u>Transfers/</u>	<u>Balance</u>
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2019</u>
General Government	\$ 2,510,797	196,652	(78,781)	2,628,668
Public Safety	1,873,446	349,282	(38,578)	2,184,150
Highways and Streets	14,522,396	468,309	-	14,990,705
Recreation	3,925	1,697	-	5,622
Grand Total	<u>\$ 18,910,564</u>	<u>1,015,940</u>	<u>(117,359)</u>	<u>19,809,145</u>

CITY OF FAIRVIEW, TENNESSEE

Schedule of Changes in Property Taxes Receivable

June 30, 2019

<u>Tax Year</u>	<u>Balance June 30, 2018</u>	<u>Levy</u>	<u>Changes in Assessment</u>	<u>Collections</u>	<u>Balance June 30, 2019</u>
2018	\$ -	1,868,524	-	(1,834,201)	34,323
2017	37,573	-	(18)	(24,091)	13,464
2016	6,483	-	176	(5,518)	1,141
2015	2,248	-	101	(791)	1,558
2014	1,060	-	-	(380)	680
2013	1,565	-	-	(566)	999
2012	654	-	-	(119)	535
2011	1,248	-	-	(118)	1,130
2010	172	-	-	-	172
2009	334	-	-	-	334
2008	427	-	(427)	-	-
	<u>\$ 51,764</u>	<u>1,868,524</u>	<u>(168)</u>	<u>(1,865,784)</u>	<u>54,336</u>
					1,929,841
					<u>(4,933)</u>
					<u>\$ 1,979,244</u>

CITY OF FAIRVIEW, TENNESSEE

**Schedule of Debt Service Requirements -
General Obligation Debt**

June 30, 2019

<u>Fiscal Year</u>	<u>General Obligation Refunding Bonds - Series 2015</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 195,000	59,081
2021	195,000	55,181
2022	200,000	51,281
2023	205,000	47,281
2024	210,000	42,925
2025	215,000	37,937
2026	220,000	32,563
2027	225,000	27,063
2028	230,000	20,875
2029	240,000	14,550
2030	245,000	7,350
	<u>\$ 2,380,000</u>	<u>396,086</u>

CITY OF FAIRVIEW, TENNESSEE

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2019

CFDA Number	Grant Number	Program Name	Grantor Agency	(Receivable) Deferred Balance 6-30-18	Adjustments	Grant Receipts	Grant Expenditures	(Receivable) Deferred Balance 6-30-19
Federal Programs:								
20.600	Z17THS108	Govenors Highway Safety Program	U.S. Department of Transportation	*	(2,626)	-	2,626	-
20.600	Z19THSO94	Govenors Highway Safety Program	U.S. Department of Transportation	*	-	-	10,286	(10,286)
					<u>(2,626)</u>	<u>-</u>	<u>12,912</u>	<u>(10,286)</u>
			Total Federal Programs	\$	<u>(2,626)</u>	<u>-</u>	<u>12,912</u>	<u>(10,286)</u>

* Passed through the Tennessee Dept. of Transportation.

Note: All Financial Assistance Programs utilize the modified accrual basis of accounting.

OTHER REPORTS SECTION

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

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NASHVILLE, TN 37204-3109

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDIT STANDARDS*

To the Mayor and Commissioners
City of Fairview
Fairview, Tennessee

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fairview, Tennessee, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered, the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City'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 and correct, misstatements on a timely basis. *A material 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

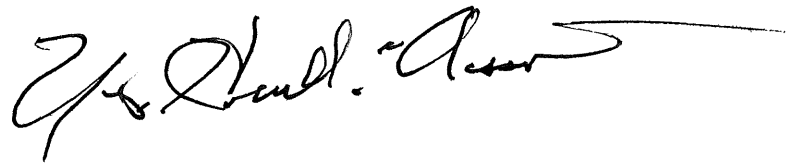
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "J. Paul. [unclear]", with a long horizontal flourish extending to the right.

November 8, 2019

CITY OF FAIRVIEW, TENNESSEE
Schedule of Findings and Recommendations

June 30, 2019

Current Year Findings

None

CITY OF FAIRVIEW, TENNESSEE

Schedule of Disposition of Prior Year Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2019

Financial Statement Findings

None.

Schedule of Expenditure of Federal Awards

There were no prior year findings in the Schedule of Expenditure of Federal Awards.