

CITY OF FAIRVIEW
BOARD OF COMMISSIONERS

JANUARY 18, 2018

7:00 P.M.

AGENDA

1. Roll Call
2. Call to order by Mayor Carroll
 - A. Prayer and Pledge
3. Approval of the Agenda
4. Public Hearing
 - A. Item 11A
 - B. Item 11B
 - C. Item 11C
 - D. Item 11D
5. Citizen Comments (Limited to the first 5 citizens to sign in and a limit of 3 minutes each).
6. Awards and/or Recognitions
7. Public Announcements
 - A. 2017 Fiscal Year End Audit Presentation
8. Staff Comments
9. Approval of the Minutes
10. Consent Agenda Consisting of Items as Follows
 - A. Minutes from the January 4, 2018 Board of Commissioners Meeting
 - B. Minutes from the January 4, 2018 Work Session
11. Old Business
 - A. Second and Final Reading of Ordinance 2017-01 PC, An Ordinance of the Municipal Planning Commission of the City of Fairview, Tennessee, to Amend the Zoning Ordinance as it Pertains to the RS-15 Zoning District
 - B. Second and Final Reading of Ordinance 2017-30, An Ordinance to Amend the City of Fairview Zoning Ordinance by Changing the Official Zoning Map for Tax Map 22, Parcel 69.01, Consisting of 2 Acres, Located at 7170 Horn Tavern Road, From a RS-40 (Low-Density Residential) Zoning District to a R-20 (Medium-Density Residential) Zoning District, Requested by Delores June Lambert
 - C. Second and Final Reading of Ordinance 2017-31, An Ordinance to Amend the City of Fairview Zoning Ordinance by Changing the Official Zoning Map for Tax Map 042, Parcel 63.00, Consisting of 6.6 Acres, Located on Fernvale Road, from a RS-40 (Low-Density Residential) Zoning District to a RM-12 Zoning District, Requested by Tim Mangrum
 - D. Second and Final Reading of Ordinance 2017-32, An Ordinance to Amend the City of Fairview Zoning Ordinance by Changing the Official Zoning Map for Tax Map 22, Parcels 134.07, Consisting of 8.34 Acres, Located at 500 Highway 96 North, from a RS-40 (Low-Density Residential) Zoning District to a R-20 (Medium-Density Residential) Zoning District, Requested by Habitat for Humanity
 - E. Second and Final Reading of Ordinance 2018-01, An Ordinance to Amend Bill #2016-18, Ordinance No. 932 by Revising the Named Safety Director
12. New Business
 - A. Appointments to Open Seats
 1. Tree Board (one seat)
 2. Planning Commission (one seat) – Sheree Qualls
 - B. Resolution 01-18, A Resolution Calling for a Public Hearing on the Proposed Annexation of Territory into the City of Fairview by Owner Consent and Approving a Plan of Services (7116 New Hope Rd)
 - C. Ordinance 2018-02, An Ordinance to Amend the City of Fairview Zoning Ordinance by Changing the Official Zoning Map for Tax Map 42, Parcel 77.08, Consisting of 5 Acres, Located at 7312 Taylor Road, From a RS-40 (Low-Density Residential) Zoning District to a R-20 (Medium-Density) Zoning District

D. Resolution 02-18, A Resolution of the Board of Commissioners of the City of Fairview, Tennessee, to Formally Accept the Subdivision Improvements Associated with Leverette Meadows Subdivision

E. Acceptance of 2017 Fiscal Year End Audit

13. City Manager Items for Discussion

A. Miscellaneous Updates

B. City Attorney Comments

14. Communications from the Mayor and Commissioners

15. Adjournment

ORDINANCE 2017-01 PC



AN ORDINANCE OF THE MUNICIPAL PLANNING COMMISSION OF THE CITY OF FAIRVIEW, TENNESSEE, TO AMEND THE ZONING ORDINANCE AS IT PERTAINS TO THE RS-15 ZONING DISTRICT.

WHEREAS, the City of Fairview has reevaluated the current provisions of the zoning ordinance as they pertain to residential districts in order to best serve the citizens of Fairview; and

WHEREAS, it has been determined that there is a need for additional flexibility in current district standards pertaining to the potential design of said residential districts; and

WHEREAS, the municipal Planning Commission of the City of Fairview made a favorable recommendation to the Board of Commissioners at the October 10, 2017, Planning Commission meeting in regards to this amendment to the municipal zoning ordinance;

NOW, THEREFORE, BE IT ORDAINED AS FOLLOWS:

SECTION ONE

That Article 5-101.2(5) of the municipal zoning ordinance of the City of Fairview, Tennessee, is hereby replaced with:

RS-15, Single Family Residential Districts

These districts are designated to provide suitable areas for medium density residential development characterized by an open appearance. Generally, the residential development will consist of single-family dwellings and accessory structures. These districts also include community facilities, public utilities, and open uses which serve specifically the residents of these districts or which benefit from being located in this district. Further, it is the intent of this ordinance that these districts be located so that the provision of appropriate urban services will be physically and economically facilitated to provide for the orderly expansion and associated maintenance of urban residential development within the urban area. It is the express purpose of this ordinance to exclude from these districts all buildings and other structures and uses having commercial characteristics, whether operated for profit or otherwise, except that conditional uses and home occupations specifically provided for in these regulations for these districts shall be considered as not having such characteristics if they otherwise conform to the provisions of this ordinance.

SECTION TWO

That Table 5-102A, Uses and Structures Allowable Within Residential Districts, be amended by removing in its entirety Note (2): "Following initial adoption of the zoning map, no property shall be reclassified to the RS-15 Zoning District, unless such district is overlain by a Residential Planned Unit Development District."

AND BE IT FURTHER ORDAINED THAT THIS ORDINANCE SHALL TAKE EFFECT ON THE EARLIEST DATE PERMITTED BY LAW, THE PUBLIC WELFARE REQUIRING IT.

Approved by Planning Commission _____

Passed First Reading December 7, 2017

Passed Second Reading _____

Public Hearing Held _____

Planning Commission Chairman

MAYOR

ATTEST:

CITY RECORDER

APPROVED AS TO FORM:

CITY ATTORNEY

11B

ORDINANCE #2017-30

AN ORDINANCE TO AMEND THE CITY OF FAIRVIEW ZONING ORDINANCE BY CHANGING THE OFFICIAL ZONING MAP FOR TAX MAP 22, PARCEL 69.01, CONSISTING OF 2 ACRES, LOCATED AT 7170 HORN TAVERN ROAD, FROM A RS-40 (LOW-DENSITY RESIDENTIAL) ZONING DISTRICT TO A R-20 (MEDIUM-DENSITY RESIDENTIAL) ZONING DISTRICT.

WHEREAS, a request has been made by Property Owner Delores June Lambert to rezone property located within the City of Fairview; and

WHEREAS, the City of Fairview Planning Commission, on December 12, 2017, made a favorable recommendation to the Board of Commissioners that this request be approved.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF FAIRVIEW BOARD OF COMMISSIONERS THAT:

SECTION 1. That the Zoning Ordinance be and is hereby amended by making certain changes to the Official Zoning Map for the City of Fairview, by changing the property identified as Tax Map 22, Parcel 69.01 from a RS-40 Zoning District to a R-20 Zoning District. This property consists of approximately 2 acres and is owned by Delores June Lambert, who has which is attached to and made a part of this ordinance as though copied herein.

SECTION 2. BE IT FURTHER ORDAINED, that the Codes and Planning Department is hereby authorized and directed, upon approval of this Ordinance, to cause the change to be made on the Official Zoning Map, as set out in Section 1 of this Ordinance, and to make notation thereon of reference to the date of passage and approval of this Ordinance.

SECTION 3. BE IT FURTHER ORDAINED, that this Ordinance take effect immediately after its passage and such change be published in a newspaper of general circulation, the welfare of the City of Fairview requiring it.

LEGAL STATUS PROVISIONS

Approved and certified by the Planning Commission:

Chairman

Date

Published in the Fairview Observer on _____

Public Hearing Held: _____

1st Reading: December 21, 2017

2nd Reading: _____

Approved by the Board of Commissioners:

Patti L. Carroll, Mayor

ATTEST:

Brandy Johnson, City Recorder

APPROVED AS TO FORM:

City Attorney

City of Fairview Planning Department

7100 City Center Way

Fairview, Tennessee 37062



Phone: 615-799-1572

Email: cityplanner@fairview-tn.org

RECOMMENDATIONS

2017-12

DATE: DECEMBER 13, 2017
TO: FAIRVIEW BOARD OF COMMISSIONERS
FROM: KRISTIN M. COSTANZO, CITY PLANNER
RE: FAIRVIEW MUNICIPAL PLANNING COMMISSION ACTION

- 6.1** Rezoning of Property, Requested by Jeff Wynn. Property located at 1179 and 1183 Highway 96 North (Tax Map 021, Parcels 23.10 and 23.11). 5.26 acres. Current zoning district: RS-40; Requested zoning district: CG, Commercial General. Property owned by Jeff Wynn.

Mike Anderson made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Jim Power, and all were in favor.

- 7.5** Rezoning of property, requested by Delores June Lambert. Property located at 7170 Horn Tavern Road (Tax Map 022, Parcel 69.01). 2 acres. Current zoning district: RS-40; Proposed zoning district: R-20.

Jim Power made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Christie Slaughter, and all were in favor.

- 7.6** Rezoning of property, requested by Tim Mangrum. Property located on Fernvale Road (Tax Map 042, Parcel 63.00). 6.6 acres. Current zoning district: RS-40; Proposed zoning district: RM-12.

Derek Burks made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Jim Power, and all were in favor.

- 7.7 Rezoning of property, requested by Habitat for Humanity. Property located at 500 Highway 96 North (Tax Map 022, Parcel 134.07). 8.34 acres. Current zoning district: RS-40; Proposed zoning district: R-20**

Jim Power made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Patti Carroll, and all were in favor.



ORDINANCE #2017-31

AN ORDINANCE TO AMEND THE CITY OF FAIRVIEW ZONING ORDINANCE BY CHANGING THE OFFICIAL ZONING MAP FOR TAX MAP 42, PARCEL 63.00, CONSISTING OF 6.6 ACRES, LOCATED ON FERVALE ROAD, FROM A RS-40 (LOW-DENSITY RESIDENTIAL) ZONING DISTRICT TO A RM-12 (RESIDENTIAL MIXED USE) ZONING DISTRICT.

WHEREAS, a request has been made by Purchaser of Property Tim Mangrum to rezone property located within the City of Fairview; and

WHEREAS, the City of Fairview Planning Commission, on December 12, 2017, made a favorable recommendation to the Board of Commissioners that this request be approved.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF FAIRVIEW BOARD OF COMMISSIONERS THAT:

SECTION 1. That the Zoning Ordinance be and is hereby amended by making certain changes to the Official Zoning Map for the City of Fairview, by changing the property identified as Tax Map 42, Parcel 63.00 from a RS-40 Zoning District to a RM-12 Zoning District. This property consists of approximately 6.6 acres and is being purchased by Tim Mangrum, who has authorized the submittal of application for the rezoning of this parcel, which is attached to and made a part of this ordinance as though copied herein.

SECTION 2. BE IT FURTHER ORDAINED, that the Codes and Planning Department is hereby authorized and directed, upon approval of this Ordinance, to cause the change to be made on the Official Zoning Map, as set out in Section 1 of this Ordinance, and to make notation thereon of reference to the date of passage and approval of this Ordinance.

SECTION 3. BE IT FURTHER ORDAINED, that this Ordinance take effect immediately after its passage and such change be published in a newspaper of general circulation, the welfare of the City of Fairview requiring it.

LEGAL STATUS PROVISIONS

Approved and certified by the Planning Commission:

Chairman

Date

Published in the Fairview Observer on _____

Public Hearing Held: _____

1st Reading: December 21, 2017

2nd Reading: _____

Approved by the Board of Commissioners:

Patti L. Carroll, Mayor

ATTEST:

Brandy Johnson, City Recorder

APPROVED AS TO FORM:

City Attorney

City of Fairview Planning Department

7100 City Center Way

Fairview, Tennessee 37062



Phone: 615-799-1572

Email: cityplanner@fairview-tn.org

RECOMMENDATIONS

2017-12

DATE: DECEMBER 13, 2017
TO: FAIRVIEW BOARD OF COMMISSIONERS
FROM: KRISTIN M. COSTANZO, CITY PLANNER
RE: FAIRVIEW MUNICIPAL PLANNING COMMISSION ACTION

- 6.1** Rezoning of Property, Requested by Jeff Wynn. Property located at 1179 and 1183 Highway 96 North (Tax Map 021, Parcels 23.10 and 23.11). 5.26 acres. Current zoning district: RS-40; Requested zoning district: CG, Commercial General. Property owned by Jeff Wynn.

Mike Anderson made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Jim Power, and all were in favor.

- 7.5** Rezoning of property, requested by Delores June Lambert. Property located at 7170 Horn Tavern Road (Tax Map 022, Parcel 69.01). 2 acres. Current zoning district: RS-40; Proposed zoning district: R-20.

Jim Power made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Christie Slaughter, and all were in favor.

- 7.6** Rezoning of property, requested by Tim Mangrum. Property located on Fernvale Road (Tax Map 042, Parcel 63.00). 6.6 acres. Current zoning district: RS-40; Proposed zoning district: RM-12.

Derek Burks made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Jim Power, and all were in favor.

- 7.7** Rezoning of property, requested by Habitat for Humanity. Property located at 500 Highway 96 North (Tax Map 022, Parcel 134.07). 8.34 acres. Current zoning district: RS-40; Proposed zoning district: R-20

Jim Power made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Patti Carroll, and all were in favor.

11D

ORDINANCE #2017-32

AN ORDINANCE TO AMEND THE CITY OF FAIRVIEW ZONING ORDINANCE BY CHANGING THE OFFICIAL ZONING MAP FOR TAX MAP 22, PARCEL 134.07, CONSISTING OF 8.34 ACRES, LOCATED AT 500 HIGHWAY 96 NORTH, FROM A RS-40 (LOW-DENSITY RESIDENTIAL) ZONING DISTRICT TO A R-20 (MEDIUM-DENISTY RESIDENTIAL) ZONING DISTRICT.

WHEREAS, a request has been made by Habitat for Humanity to rezone property located within the City of Fairview; and

WHEREAS, the City of Fairview Planning Commission, on December 12, 2017, made a favorable recommendation to the Board of Commissioners that this request be approved.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF FAIRVIEW BOARD OF COMMISSIONERS THAT:

SECTION 1. That the Zoning Ordinance be and is hereby amended by making certain changes to the Official Zoning Map for the City of Fairview, by changing the property identified as Tax Map 22, Parcel 134.07 from a RS-40 Zoning District to a R-20 Zoning District. This property consists of approximately 8.34 acres and is owned by Habitat for Humanity, who has authorized the submittal of application for the rezoning of this parcel, which is attached to and made a part of this ordinance as though copied herein.

SECTION 2. BE IT FURTHER ORDAINED, that the Codes and Planning Department is hereby authorized and directed, upon approval of this Ordinance, to cause the change to be made on the Official Zoning Map, as set out in Section 1 of this Ordinance, and to make notation thereon of reference to the date of passage and approval of this Ordinance.

SECTION 3. BE IT FURTHER ORDAINED, that this Ordinance take effect immediately after its passage and such change be published in a newspaper of general circulation, the welfare of the City of Fairview requiring it.

LEGAL STATUS PROVISIONS

Approved and certified by the Planning Commission:

Chairman

Date

Published in the Fairview Observer on _____

Public Hearing Held: _____

1st Reading: December 17, 2017

2nd Reading: _____

Approved by the Board of Commissioners:

Patti L. Carroll, Mayor

ATTEST:

Brandy Johnson, City Recorder

APPROVED AS TO FORM:

City Attorney

City of Fairview Planning Department

7100 City Center Way

Fairview, Tennessee 37062



Phone: 615-799-1572

Email: cityplanner@fairview-tn.org

RECOMMENDATIONS

2017-12

DATE: DECEMBER 13, 2017
TO: FAIRVIEW BOARD OF COMMISSIONERS
FROM: KRISTIN M. COSTANZO, CITY PLANNER
RE: FAIRVIEW MUNICIPAL PLANNING COMMISSION ACTION

- 6.1** Rezoning of Property, Requested by Jeff Wynn. Property located at 1179 and 1183 Highway 96 North (Tax Map 021, Parcels 23.10 and 23.11). 5.26 acres. Current zoning district: RS-40; Requested zoning district: CG, Commercial General. Property owned by Jeff Wynn.

Mike Anderson made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Jim Power, and all were in favor.

- 7.5** Rezoning of property, requested by Delores June Lambert. Property located at 7170 Horn Tavern Road (Tax Map 022, Parcel 69.01). 2 acres. Current zoning district: RS-40; Proposed zoning district: R-20.

Jim Power made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Christie Slaughter, and all were in favor.

- 7.6** Rezoning of property, requested by Tim Mangrum. Property located on Fernvale Road (Tax Map 042, Parcel 63.00). 6.6 acres. Current zoning district: RS-40; Proposed zoning district: RM-12.

Derek Burks made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Jim Power, and all were in favor.

- 7.7** Rezoning of property, requested by Habitat for Humanity. Property located at 500 Highway 96 North (Tax Map 022, Parcel 134.07). 8.34 acres. Current zoning district: RS-40; Proposed zoning district: R-20

Jim Power made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Patti Carroll, and all were in favor.

ORDINANCE NO. 2018-01



AN ORDINANCE TO AMEND BILL #2016-18, ORDINANCE NO. 932 BY I
NAMED SAFETY DIRECTOR

Be it Ordained by the City of Fairview, Tennessee as follows:

WHEREAS, the City of Fairview hereby updates the Occupational Safety and Health Program Plan for our employees by revising the named Safety Director.

Therefore, be it Ordained by the Board of Commissioners of the City of Fairview, Tennessee that there be and is hereby amended as follows:

Chapter 4, Section 4-306. Administration. For the purposes of this Ordinance, **Jake Warren** is designated as the Safety Director of Occupational Safety and Health to perform duties and to exercise powers assigned to plan, develop, and administer the Program Plan. The Safety Director shall develop a plan of operation for the Program Plan in accordance with Rules of Tennessee Department of Labor and Workforce Development Occupational Safety and Health, SAFETY AND HEALTH PROVISIONS FOR THE PUBLIC SECTOR, CHATPER 0800-01-05, as authorized by T.C.A., Title 50.

BE IT FURTHER ORDAINED, If any section, sub-section, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions hereof.

BE IT FINALLY ORDAINED, that this Ordinance shall take effect having been passed, property signed, certified, and has met all other legal requirements, and as otherwise provided by law, fifteen days (15) days after its first passage or upon second reading, whichever is later, the general welfare of the City of Fairview requiring it.

MAYOR

CITY RECORDER

APPROVED AS TO FORM:

CITY ATTORNEY

Passed First Reading January 4, 2018

Passed Second Reading _____

12B

RESOLUTION 01-18

A RESOLUTION CALLING FOR A PUBLIC HEARING ON THE PROPOSED ANNEXATION OF TERRITORY INTO THE CITY OF FAIRVIEW BY OWNER CONSENT AND APPROVING A PLAN OF SERVICES

Tax Map 018, Parcel 73.00
7116 New Hope Road
Owner: Shannon L. Crutcher

WHEREAS, the City of Fairview, having been petitioned by interested persons, proposes the extension of its corporate limits by the annexation of certain territory adjoining its existing boundaries and within its urban growth boundaries by owner consent; and

WHEREAS, a Plan of Services for the territory proposed for annexation by owner consent has been reviewed by the Fairview Planning Commission; and

WHEREAS, the governing body desires to conduct a public hearing on the proposed annexation and plan of services;

NOW THEREFORE BE IT RESOLVED by the City of Fairview Tennessee as follows:

A. That a public hearing is hereby scheduled for 7:00 pm on March 15, 2018, at Fairview City Hall on the proposed annexation of territory by owner consent, and Plan of Services, to wit:

Tax Map 018, Parcel 73.00, 7116 New Hope Road owned by Shannon L. Crutcher

B. That a copy of this Resolution, describing the territory proposed for annexation by owner consent, along with the Plan of Services, shall be promptly sent to the last known address listed in the office of the Williamson County property assessor for each property owner of record within the territory proposed for annexation, with such being sent by first class mail and mailed no later than fourteen (14) calendar days prior to the scheduled date of the hearing on the proposed annexation.

C. That a copy of this Resolution shall also be published by posting copies of it in at least three (3) public places in the territory proposed for annexation and in a like number of public places in the City of Fairview, and by publishing notice of the Resolution at or about the same time in the Observer, a newspaper of general circulation in such territory and the City of Fairview.

D. That notice of the time, place and purpose of a public hearing on the proposed annexation by owner consent and the Plan of Services shall be published in a newspaper of general circulation in the City of Fairview not less than fifteen (15) days before the hearing, which notice included the locations of a minimum of three (3) copies of the Plan of Services for public inspection during all business hours from the date of notice until the public hearing.

E. That written notice of the proposed annexation shall be sent to the affected school system as soon as possible, but in no event less than thirty (30) days before the public hearing.

WHEREUPON, the Mayor declared the Resolution adopted, affixed a signature and the date thereto, and directed that the same be recorded.

Mayor

Date:

ATTEST: City Recorder

Approved as to Form and Legality this ___ day of _____, 20____

City Attorney

12C

ORDINANCE #2018-02

AN ORDINANCE TO AMEND THE CITY OF FAIRVIEW ZONING ORDINANCE BY CHANGING THE OFFICIAL ZONING MAP FOR TAX MAP 42, PARCEL 77.08, CONSISTING OF 5 ACRES, LOCATED AT 7312 TAYLOR ROAD, FROM A RS-40 (LOW-DENSITY RESIDENTIAL) ZONING DISTRICT TO A R-20 (MEDIUM-DENSITY RESIDENTIAL) ZONING DISTRICT.

WHEREAS, a request has been made by Property Owner Kenny Taylor to rezone property located within the City of Fairview; and

WHEREAS, the City of Fairview Planning Commission, on January 9, 2018, made a favorable recommendation to the Board of Commissioners that this request be approved.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF FAIRVIEW BOARD OF COMMISSIONERS THAT:

SECTION 1. That the Zoning Ordinance be and is hereby amended by making certain changes to the Official Zoning Map for the City of Fairview, by changing the property identified as Tax Map 42, Parcel 77.08 from a RS-40 Zoning District to a R-20 Zoning District. This property consists of approximately 5 acres and is owned by Kenny Taylor, who has which is attached to and made a part of this ordinance as though copied herein.

SECTION 2. BE IT FURTHER ORDAINED, that the Codes and Planning Department is hereby authorized and directed, upon approval of this Ordinance, to cause the change to be made on the Official Zoning Map, as set out in Section 1 of this Ordinance, and to make notation thereon of reference to the date of passage and approval of this Ordinance.

SECTION 3. BE IT FURTHER ORDAINED, that this Ordinance take effect immediately after its passage and such change be published in a newspaper of general circulation, the welfare of the City of Fairview requiring it.

LEGAL STATUS PROVISIONS

Approved and certified by the Planning Commission:

Chairman

Date

Published in the Fairview Observer on _____

Public Hearing Held: _____

1st Reading: _____

2nd Reading: _____

Approved by the Board of Commissioners:

Patti L. Carroll, Mayor

ATTEST:

Brandy Johnson, City Recorder

APPROVED AS TO FORM:

City Attorney

City of Fairview Planning Department

7100 City Center Way

Fairview, Tennessee 37062



Phone: 615-799-1572

Email: cityplanner@fairview-tn.org

RECOMMENDATIONS

2018-01

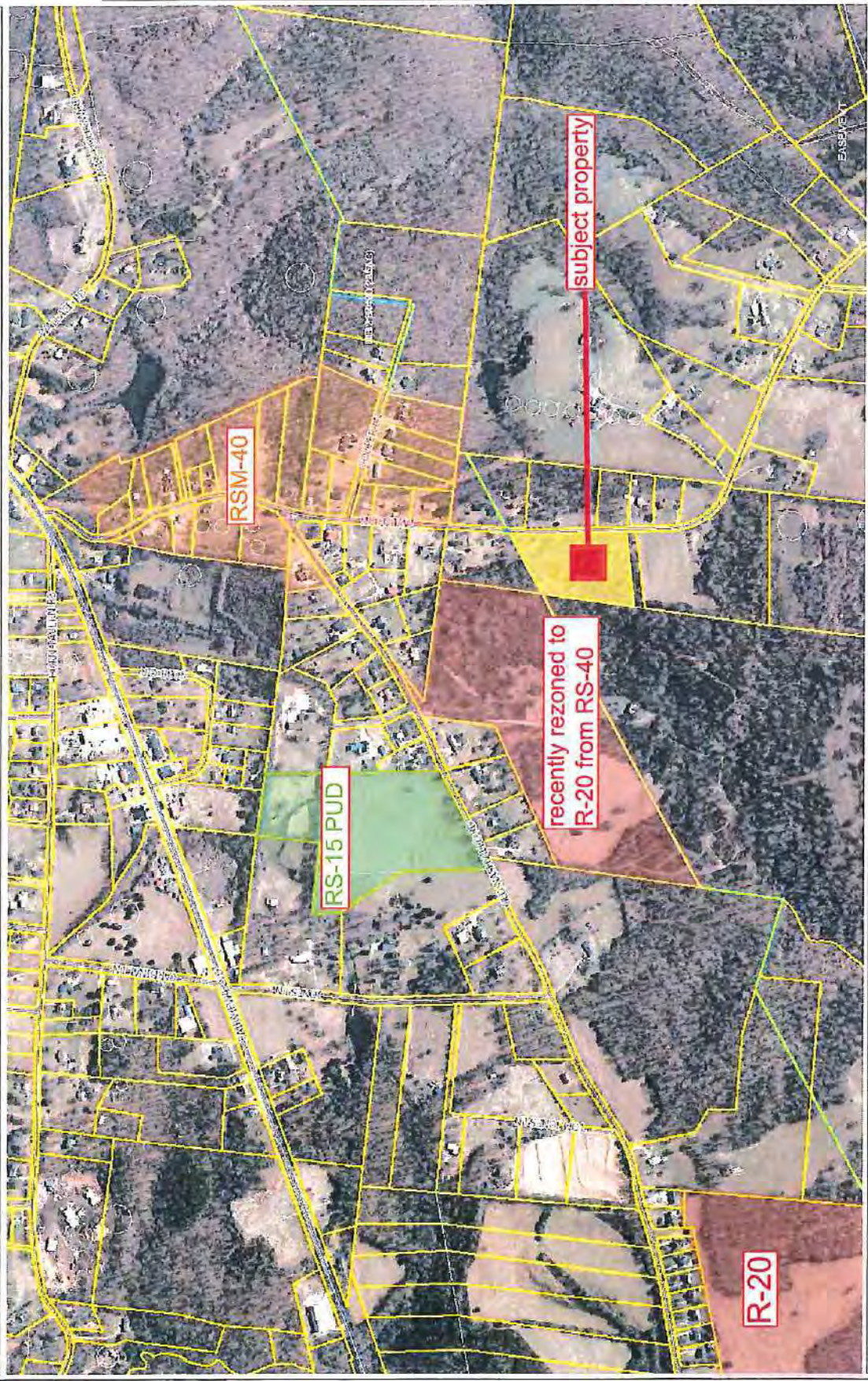
DATE: JANUARY 10, 2018
TO: FAIRVIEW BOARD OF COMMISSIONERS
FROM: KRISTIN M. COSTANZO, CITY PLANNER
RE: FAIRVIEW MUNICIPAL PLANNING COMMISSION ACTION

NEW BUSINESS

2. Recommendation to the Board of Commissioners on the Rezoning of Property, requested by Kenny Taylor. Property located at 7312 Taylor Road (Tax Map 042, Parcel 77.08). 5 acres. Current zoning district: RS-40; Proposed zoning district: R-20.

Mike Anderson made a motion to send a favorable recommendation to the Board of Commissioners, which was seconded by Daniel Jenkins, and all were in favor.

Tools & Features Demonstration Site



0.2
 0 0.10 0.2 Miles
 N:\0_1083_ShortName_Tennessee_FPS_4100_Feet
 © Latitude Geographics Group, Inc



Legend	
Parcels	Yellow outline
Notes	Blue circle
Miscellaneous	Light blue
Establishment	Light green
Exemptions	Light orange
Conflicts	Light purple
Lines	Light blue
Corporate Limits	Light green
BRENTWOOD	Light blue
FAIRVIEW	Light green
FRANKLIN	Light orange
KLENSVILLE	Light purple
SPRING HILL	Light blue
THOMPSONS STATION	Light green
Parks	Light green
Centerlines	Red line
Interstate	Thick red line
Address	Thin red line
Local Streets	Thin red line
Major Arterial	Thin red line
Major Collector	Thin red line
Minor Arterial	Thin red line
Minor Collector	Thin red line
No Name	Thin red line
Unclassified	Thin red line
Private	Thin red line
Rivers	Blue line
Williamson2011.sld	Blue line
Red Band_1	Red square
Green Band_2	Green square
Blue Band_3	Blue square

1:6,375

Notes
 This map was automatically generated using Geocortex Essentials

This map is a user-generated static output from an internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.
 THIS MAP IS NOT TO BE USED FOR NAVIGATION

RESOLUTION NO. 02-18

12D

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE CITY OF
FAIRVIEW, TENNESSEE, TO FORMALLY ACCEPT THE SUBDIVISION
IMPROVEMENTS ASSOCIATED WITH LEVERETTE MEADOWS SUBDIVISION.**

WHEREAS, on September 5, 2007, the City of Fairview entered into a Subdivision Development Agreement with Gary McDonald (developer) for public improvements associated with Leverette Meadows, Phase One; and

WHEREAS, on June 4, 2008, the City of Fairview entered into a Subdivision Development Agreement with Gary McDonald (developer) for public improvements associated with Leverette Meadows, Phase Two; and

WHEREAS, Gary McDonald (developer) has completed the subdivision improvements associated with Leverette Meadows Subdivision, Phase One and Phase Two, as required in the above referenced agreements; and

WHEREAS, the City of Fairview has received the as-built drawings for the Leverette Meadows Subdivision as required in Article 3-105 of the Subdivision Regulations of the City of Fairview; and

WHEREAS, the engineer for the City of Fairview has inspected the subdivision improvements and has determined that said improvements have been constructed in substantial compliance with the approved improvement plans and as reflected on the as-built drawings for Leverette Meadows Subdivision; and

WHEREAS, the municipal Planning Commission of the City of Fairview made a favorable recommendation to the Board of Commissioners at the September 12, 2017, Planning Commission meeting to accept the Leverette Meadows Subdivision;

NOW, THEREFORE, the Board of Commissioners of the City of Fairview hereby resolves as follows:

- a) The Subdivision Improvements associated with Leverette Meadows Subdivision as shown on the final plat for Phase One as recorded in Plat Book 48, Page 20, and Phase Two as recorded in Plat Book 51, Page 63, with the Williamson County Register of Deeds have been accepted for public maintenance, including the streets, sidewalks, utilities, and stormwater management systems; and

- b) In accordance with the Leverette Meadows Subdivision final plats, all easements, sidewalks, and streets within the project boundaries, including Sheena Lane, Gladys Court, Leverette Drive, Millie Louise Court, and Libby Lane, shown on the plats as dedicated to public use are accepted; and
- c) The bond required by the Subdivision Development Agreement for the construction and maintenance of the public improvements associated with Leverette Meadows Subdivision may be released.

Approved and adopted this _____ day of _____, 2018.

Mayor

Attest:

City Recorder

APPROVED AS TO FORM:

City Attorney



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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CITY OF FAIRVIEW, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2017

CITY OF FAIRVIEW, TENNESSEE

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CITY OF FAIRVIEW, TENNESSEE

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CITY OF FAIRVIEW, TENNESSEE

Directory of Officials

June 30, 2017

<u>Name</u>	<u>Title</u>
Patti Carroll	Mayor
Toney Sutton	Vice Mayor
Allen Bissell	Commissioner
Shannon Crutcher	Commissioner
Stuart Johnson	Commissioner
Wayne Hall	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

(615) 385-1008
FAX (615) 385-1208

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, 2017 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, 2017, 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 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 September 23, 2017 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

September 23, 2017



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, 2017. 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 \$21,032,649 as compared to \$20,680,596 at the end of the prior fiscal year. Of this amount, \$2,965,260 (unrestricted net position) may be used to meet the government's on-going obligations to citizens and creditors as compared to \$1,952,033 for the prior fiscal year.
- The government's total net position increased by \$352,053 during the current fiscal year as compared to an increase of \$686,785 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 \$3,569,971, an increase of \$1,079,665 in comparison to the prior year. Approximately \$1,776,653 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 \$3,202,149 or 61% of total general fund expenditures as compared to \$2,289,353 or 43% of the total general fund expenditures of the prior fiscal year.
- The City's total bond debt decreased by \$162,390 (or approximately 11%) 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 19-34 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 40-43 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 \$21,032,649 at the close of the most recent fiscal year as compared to \$20,680,596 at the close of the prior fiscal year.

By far the largest portion of the City's net position (82%) 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

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 5,502,607	4,382,722
Capital assets, net of depreciation	20,131,982	20,992,484
Net pension asset	15,757	263,969
Deferred outflows of resources	369,686	171,329
Total assets	<u>\$ 26,020,032</u>	<u>25,810,504</u>
Deferred inflows of resources	\$ 1,842,341	1,882,780
Long-term liabilities due in more than one year	2,607,224	2,793,473
Long-term liabilities due within one year	318,601	294,617
Other liabilities	187,703	159,037
Total liabilities and deferred inflows	<u>4,955,869</u>	<u>5,129,908</u>
Net position:		
Net Investment in capital assets	17,347,483	18,023,069
Restricted	719,906	704,545
Unrestricted	2,965,260	1,952,982
Total net position	<u>\$ 21,032,649</u>	<u>20,680,596</u>

An additional portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$2,965,260 as compared to \$1,952,033 in 2016 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 increased by \$352,053 during the current fiscal year as compared to an increase of \$686,785 during the prior fiscal year.

Key elements of this increase are as follows:

City of Fairview's Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 413,323	331,705
Operating grants and contributions	278,995	442,547
Capital grants and contributions	171,478	472,688
General revenues:		
Property taxes	1,779,667	1,759,763
Sales taxes	2,022,778	1,891,068
Other taxes	1,706,250	1,384,778
Other	111,878	43,397
Total revenues	<u>6,484,369</u>	<u>6,325,946</u>
Expenditures/Expenses:		
General government	1,735,376	1,400,874
Public safety	2,727,015	2,577,771
Streets	661,484	573,964
State Street Aid	70,551	217,567
Financial Administration	172,178	164,655
Parks and recreation	312,258	255,172
Codes Administration	233,699	114,331
City Court	124,176	117,944
Miscellaneous	24,859	129,754
Interest expense on long-term debt	70,720	87,129
Total expenses	<u>6,132,316</u>	<u>5,639,161</u>
Change in net position	352,053	686,785
Net position, beginning of year, as restated	20,680,596	19,993,811
Net position, end of year	<u>\$ 21,032,649</u>	<u>20,680,596</u>

Financial Analysis of the Financial Statements (Continued):

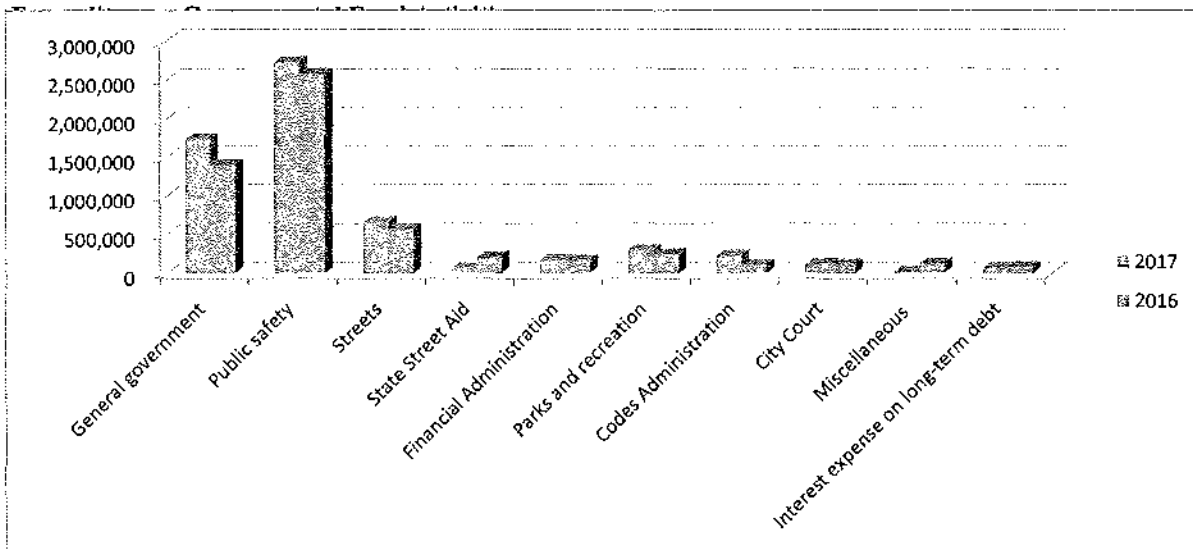
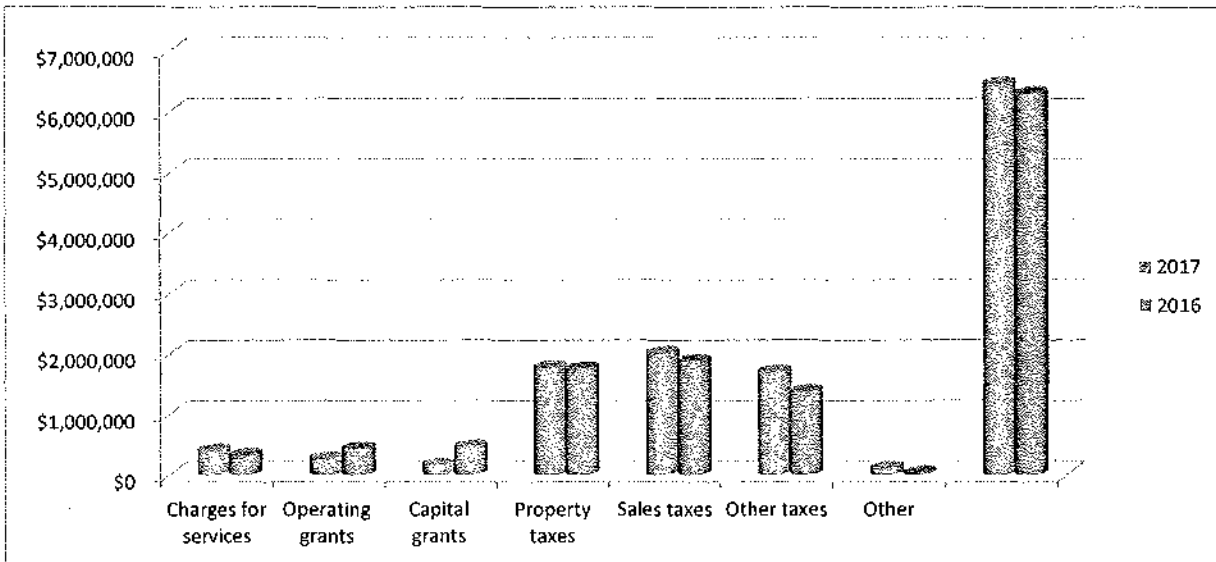
Governmental Activities:

The most significant decrease in actual continued revenue sources was derived from grant revenue which decreased by approximately \$300,000 largely as a result of the decrease in grant programs in fiscal year 2017. This decrease was offset by an increases of approximately \$150,000 in local sales and property tax and an increase of approximately \$180,000 in facilities tax resulting in an overall increase in total revenues of \$158,423.

Total expenditures increased approximately \$493,000 or 9% from the prior year. A large part of the increase, approximately \$330,000 was attributed to increases in general government contract services and insurance for 2017.

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



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 \$3,569,969, an increase of \$1,079,665 in comparison with the prior year. Approximately 49% of this total amount (\$1,776,653) constitutes unassigned fund balance, which is available for spending at the government's discretion, the remainder of fund balance (\$1,796,318) 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 \$1,776,653. 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 55% of total general fund expenditures.

The fund balance of the City's general fund increased by \$912,794 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 \$314,000 largely as a result of the decrease in grant revenues earned in fiscal year 2017. This decrease was offset by an increases of approximately \$180,000 in local sales and property tax and an increase of approximately \$98,000 in building licenses resulting in a slight decrease in total revenues of \$3,930. Total expenditures remained largely the same, decreasing slightly by \$45,503.

Changes in both the above components combined to increase net revenues over expenditures of the General Fund by \$41,573 over the prior year.

General Fund Budgetary Highlights

<u>Departem</u> t	<u>Budgeted Amounts</u>	
	<u>Original</u>	<u>Final</u>
General Government	\$ 1,161,991	1,649,033
Financial Administration	174,464	174,464
City Court	121,502	128,002
Codes Administration	227,867	259,867
Police Department	1,487,807	1,503,907
Fire Department	908,134	917,134
Streets	230,524	225,524
State Street Aid	272,590	272,590
Parks and Recreation	249,968	353,768
Debt service	107,140	107,140
 Total Expenditures	 \$ 4,941,987	 5,591,429

Capital Assets

The City of Fairview's investment in capital assets from its governmental type activities as of June 30, 2017 amounted to \$20,131,982 (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 3%.

Capital Assets, Continued

Capital Asset Type:	June 30, 2017	June 30, 2016
Land and land improvements	\$ 2,492,600	2,492,600
Buildings and improvements	4,277,477	4,277,477
Machinery and equipment	4,018,634	3,920,003
Infrastructure	27,407,978	27,407,978
Total Capital Assets	38,196,689	38,098,058
Less accumulated depreciation	(18,064,707)	(17,105,574)
Total	\$ 20,131,982	20,992,484

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 bonded debt outstanding of \$2,755,000. The entire amount is secured first by the full faith and credit of the City.

	June 30, 2017	June 30, 2016
City of Fairview's Outstanding Debt		
General Obligation Bonds and Notes	\$ 2,755,000	2,935,000
Capital Lease Obligations	-	-
	\$ 2,755,000	2,935,000

During 2016, the City issued \$2,935,000 in refunding debt and refunded various bonds and capital lease obligations in In 2017 \$180,000 of that debt was repaid.

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 2018 is not expected to change from that experienced in 2017, 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 \$1,776,653. General Fund Balance in the amount of \$732,975 was required to balance the 2017-18 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, 2017

	<u>Governmental Activities</u>	<u>Total</u>
Assets		
Cash and cash equivalents		
Unrestricted	\$ 3,096,531	3,096,531
Total Cash and Cash Equivalents	<u>3,096,531</u>	<u>3,096,531</u>
Receivables:		
Property tax, net of allowance for doubtful accounts	1,777,127	1,777,127
Other governments	628,949	628,949
Total Receivables	<u>2,406,076</u>	<u>2,406,076</u>
Non depreciable capital assets	2,492,600	2,492,600
Depreciable capital assets, net of accumulated depreciation	17,639,382	17,639,382
Total Assets	<u>25,634,589</u>	<u>25,634,589</u>
Deferred Outflows of Resources:		
TCRS pension plan	369,686	369,686
Total Deferred Outflows	<u>369,686</u>	<u>369,686</u>
Total Assets and Deferred Outflows	\$ <u>26,004,275</u>	<u>26,004,275</u>
Liabilities		
Liabilities:		
Accounts payable	\$ 51,204	51,204
Accrued liabilities	136,499	136,499
Long-term liabilities:		
Net pension liability-TCRS	15,757	15,757
Net OPEB obligation payable	7,725	7,725
Due within one year	318,601	318,601
Due in more than one year	2,599,499	2,599,499
Total Liabilities	<u>3,129,285</u>	<u>3,129,285</u>
Deferred Inflow of Resources:		
Unlevied property tax	1,737,000	1,737,000
TCRS pension plan	105,341	105,341
Total Deferred Inflows	<u>1,842,341</u>	<u>1,842,341</u>
Net Position		
Net investment in capital assets	17,347,483	17,347,483
Restricted for:		
Public Safety	95,230	95,230
Facilities tax	272,592	272,592
State Street Aid	352,084	352,084
Unrestricted	2,965,260	2,965,260
Total Net Position	<u>21,032,649</u>	<u>21,032,649</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ <u>26,004,275</u>	<u>26,004,275</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2017

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	\$	1,735,376	226,605	261,595	144,119	(1,103,057)	(1,103,057)
Public safety		2,727,015	152,071	17,400	27,359	(2,530,185)	(2,530,185)
Streets		661,484	4,640	-	-	(656,844)	(656,844)
State Street Aid		70,551	-	-	-	(70,551)	(70,551)
Financial Administration		172,178	-	-	-	(172,178)	(172,178)
Parks and recreation		312,258	30,007	-	-	(282,251)	(282,251)
Codes Administration		233,699	-	-	-	(233,699)	(233,699)
City Court		124,176	-	-	-	(124,176)	(124,176)
Miscellaneous		24,859	-	-	-	(24,859)	(24,859)
Interest expense on long-term debt		70,720	-	-	-	(70,720)	(70,720)
Total Government Activities		<u>6,132,316</u>	<u>413,323</u>	<u>278,995</u>	<u>171,478</u>	<u>(5,268,520)</u>	<u>(5,268,520)</u>
Total Primary Government	\$	<u>6,132,316</u>	<u>413,323</u>	<u>278,995</u>	<u>171,478</u>	<u>(5,268,520)</u>	<u>(5,268,520)</u>
General Revenues:							
						\$	
						1,779,667	1,779,667
						2,022,778	2,022,778
						232,306	232,306
						83,147	83,147
						106,709	106,709
						247,991	247,991
						133,909	133,909
						103,356	103,356
						40,695	40,695
						667,851	667,851
						90,286	90,286
						16,954	16,954
						94,924	94,924
						<u>5,620,573</u>	<u>5,620,573</u>
						352,053	352,053
						<u>20,680,596</u>	<u>20,680,596</u>
						\$ <u>21,032,649</u>	<u>21,032,649</u>

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

**Balance Sheet
Governmental Funds**

June 30, 2017

Assets	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 2,726,761	369,770	3,096,531
Accounts receivable:			
Property tax	1,781,060	-	1,781,060
Other governments	628,949	-	628,949
Total Receivables	<u>2,410,009</u>	<u>-</u>	<u>2,410,009</u>
 Total Assets	 <u>\$ 5,136,770</u>	 <u>369,770</u>	 <u>5,506,540</u>
 Liabilities			
Accounts payable	\$ 51,204	-	51,204
Accrued liabilities	<u>112,357</u>	<u>1,948</u>	<u>114,305</u>
 Total Liabilities	 <u>163,561</u>	 <u>1,948</u>	 <u>165,509</u>
 Deferred Inflow of Resources-Unavailable Revenues	 <u>1,771,060</u>	 <u>-</u>	 <u>1,771,060</u>
 Fund Equity			
Fund Balance:			
Restricted for:			
Public Safety	-	95,230	95,230
Public Facilities	-	272,592	272,592
State Street Aid	352,084	-	352,084
Committed for:			
Stabilization	263,939	-	263,939
Parks	111,770	-	111,770
School Facilities	596,673	-	596,673
Tree Bank	101,030	-	101,030
Assigned to:			
Appropriated in 2017-18 budget	732,975		732,975
Unassigned	<u>1,043,678</u>	<u>-</u>	<u>1,043,678</u>
Total Fund Equity	<u>3,202,149</u>	<u>367,822</u>	<u>3,569,971</u>
 Total Liabilities, Deferred Inflows and Fund Equity	 <u>\$ 5,136,770</u>	 <u>369,770</u>	 <u>5,506,540</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, 2017

Amounts reported for fund balance - total governmental funds		\$	3,569,971
 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			38,196,689
Less accumulated depreciation			(18,064,707)
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds			
Property tax			30,127
 Liabilities not due and payable currently and not recorded in the governmental funds			
Bonds Payable	(2,755,000)		
Premium, net of amortization	(29,499)		
Compensated absences	(133,601)		
Accrued interest	(22,194)		(2,940,294)
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			(7,725)
Net pension asset	(15,757)		
Deferred inflow of resources-TCRS Plan	515,414		
Deferred outflow of resources-TCRS Plan	(251,069)		
			248,588
 Net position of governmental activities		 \$	 <u>21,032,649</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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 4,352,511	247,991	4,600,502
Licenses and permits	182,744	-	182,744
Intergovernmental	1,374,582	-	1,374,582
Fines and forfeits	133,179	14,842	148,021
Charges for services	34,057	-	34,057
Miscellaneous	114,509	38,352	152,861
Total Revenues	<u>6,191,582</u>	<u>301,185</u>	<u>6,492,767</u>
Expenditures:			
Current:			
General government	1,564,281	-	1,564,281
Police department	1,471,652	5,004	1,476,656
Fire department	888,895	-	888,895
Streets	200,002	-	200,002
State Street Aid	91,442	-	91,442
Financial administration	163,869	-	163,869
Parks and recreation	236,964	-	236,964
City court	123,573	-	123,573
Codes administration	213,239	-	213,239
Other program costs	-	24,859	24,859
Debt service	107,947	104,451	212,398
Capital outlay	216,924	-	216,924
Total Expenditures	<u>5,278,788</u>	<u>134,314</u>	<u>5,413,102</u>
Excess (deficiency) of revenues over expenditures	912,794	166,871	1,079,665
Fund Balance, Beginning of Year	<u>2,289,355</u>	<u>200,951</u>	<u>2,490,306</u>
Fund Balance, End of Year	<u>\$ 3,202,149</u>	<u>367,822</u>	<u>3,569,971</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, 2017

Net change in fund balances-total governmental funds:	\$	1,079,665
 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	179,665	
Depreciation expense	<u>(1,040,166)</u>	(860,501)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Property tax		(8,399)
 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>180,000</u>	184,917
 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 in net OPEB obligation	(3,667)	
(Increase) decrease in compensated absences	(18,984)	
(Increase) decrease in accrued interest	(4,648)	
Decrease in pension expense-TCRS	<u>(16,330)</u>	<u>(43,629)</u>
 Change in net position of governmental activities	 \$	 <u>352,053</u>

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property and utility taxes	\$ 1,704,500	1,704,500	1,744,858	40,358
Local option sales tax	1,914,000	1,914,000	2,022,778	108,778
Wholesale beer tax	265,000	265,000	232,306	(32,694)
Wholesale liquor tax	90,000	90,000	83,147	(6,853)
Business tax	98,000	98,000	106,709	8,709
Tax penalties and interest	5,000	5,000	7,517	2,517
Natural gas franchise fee	52,000	52,000	43,208	(8,792)
Cable TV franchise tax	105,000	105,000	103,356	(1,644)
Hotel / Motel tax	8,500	8,500	8,632	132
Total Taxes	<u>4,242,000</u>	<u>4,242,000</u>	<u>4,352,511</u>	<u>110,511</u>
Licenses and Permits:				
Building permits	3,700	3,700	4,640	940
Other fees and permits	124,375	124,375	178,104	53,729
Total Licenses and Permits	<u>128,075</u>	<u>128,075</u>	<u>182,744</u>	<u>54,669</u>
Intergovernmental:				
Income tax	31,057	31,057	4,824	(26,233)
Beer tax	4,000	4,000	3,864	(136)
Mixed drink tax	10,000	10,000	9,912	(88)
Sales tax	630,000	630,000	667,851	37,851
School facilities tax	150,000	150,000	133,909	(16,091)
State Street Aid Revenue:				
State motor fuel tax	149,500	149,500	151,953	2,453
Gasoline 3 cent tax	22,300	22,300	24,387	2,087
Gas 1989 tax	43,200	43,200	46,026	2,826
Petroleum special tax	16,000	16,000	16,175	175
T.V.A. in-lieu of taxes	90,350	90,350	90,286	(64)
Excise tax	6,750	6,750	12,859	6,109
Telecommunications sales tax	720	720	604	(116)
Appropriations from County	14,400	14,400	14,400	-
Police and fire incentives	19,800	19,800	17,400	(2,400)
Federal and State grants	160,600	160,600	180,132	19,532
Total Intergovernmental	<u>1,348,677</u>	<u>1,348,677</u>	<u>1,374,582</u>	<u>25,905</u>
Fines and Forfeits:				
Fines and costs	150,500	150,500	133,179	(17,321)
Charges for Services:				
Accident reports	6,500	6,500	4,050	(2,450)
Animal control	-	-	-	-
Parks & recreation fees	1,000	1,000	2,870	1,870
Special events	17,000	17,000	23,385	6,385
Other fees	2,000	2,000	3,752	1,752
Total Charges for Services	<u>26,500</u>	<u>26,500</u>	<u>34,057</u>	<u>7,557</u>
Miscellaneous Revenues:				
Interest income	2,500	2,500	9,275	6,775
Donations	2,000	2,000	2,000	-
Sale of Capital Assets	5,000	5,000	8,311	3,311
Other miscellaneous revenue	60,020	60,020	94,923	34,903
Total Miscellaneous Revenue	<u>69,520</u>	<u>69,520</u>	<u>114,509</u>	<u>44,989</u>
Total Revenue	<u>\$ 5,965,272</u>	<u>5,965,272</u>	<u>6,191,582</u>	<u>226,310</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Current:				
Personnel costs	\$ 166,491	175,133	168,567	6,566
Contractual services	273,900	556,800	595,413	(38,613)
Supplies and materials	11,100	12,100	12,221	(121)
Insurance	684,000	684,000	697,175	(13,175)
Other projects	17,500	148,000	90,905	57,095
Capital outlay	9,000	73,000	75,419	(2,419)
Total General Government	<u>1,161,991</u>	<u>1,649,033</u>	<u>1,639,700</u>	<u>9,333</u>
Financial Administration				
Current:				
Personnel costs	157,714	157,714	156,385	1,329
Contractual services	3,100	3,100	2,154	946
Supplies	6,150	6,150	5,330	820
Capital outlay	7,500	7,500	5,679	1,821
Total Financial Administration	<u>174,464</u>	<u>174,464</u>	<u>169,548</u>	<u>4,916</u>
City Court				
Current:				
Personnel costs	115,432	116,932	118,612	(1,680)
Contractual services	4,070	9,070	3,870	5,200
Supplies	2,000	2,000	1,091	909
Capital outlay	-	-	-	-
Total City Court	<u>121,502</u>	<u>128,002</u>	<u>123,573</u>	<u>4,429</u>
Codes Administration				
Current:				
Personnel costs	201,317	204,317	194,829	9,488
Contractual services	7,300	35,300	11,787	23,513
Supplies	5,250	6,250	6,623	(373)
Capital outlay	14,000	14,000	14,656	(656)
Total Codes Administration	<u>227,867</u>	<u>259,867</u>	<u>227,895</u>	<u>31,972</u>
Public Safety:				
Police Department:				
Current:				
Personnel costs	1,194,099	1,202,099	1,168,000	34,099
Contractual services	32,250	33,050	35,653	(2,603)
Operating supplies	63,000	81,800	97,973	(16,173)
Insurance	2,494	2,494	2,494	-
Other	1,000	1,000	-	1,000
Fleet maintenance:				
Personnel costs	54,464	54,464	57,011	(2,547)
Contractual services	20,000	27,500	40,188	(12,688)
Supplies	116,000	96,000	70,333	25,667
Capital outlay	4,500	5,500	5,920	(420)
Total Police Department	<u>1,487,807</u>	<u>1,503,907</u>	<u>1,477,572</u>	<u>26,335</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, 2017

	Final	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Fire Department:				
Current:				
Personnel costs	808,634	830,634	814,458	16,176
Contractual services	30,000	40,000	42,667	(2,667)
Supplies	38,500	31,500	31,770	(270)
Capital outlay	31,000	15,000	15,621	(621)
Total Fire Department	908,134	917,134	904,516	12,618
Total Public Safety	2,395,941	2,421,041	2,382,088	38,953
Streets:				
Current:				
Personnel costs	220,024	215,024	195,928	19,096
Contractual services	2,500	2,500	600	1,900
Supplies	6,500	6,500	3,474	3,026
Capital outlay	1,500	1,500	864	636
Total Streets	230,524	225,524	200,866	24,658
State Street Aid				
Current:				
Contractual services	49,000	49,000	31,738	17,262
Supplies	5,000	5,000	2,735	2,265
Street paving	162,000	162,000	18,379	143,621
Debt service	38,590	38,590	38,590	-
Capital outlay-street paving	18,000	18,000	17,699	301
Total State Street Aid	272,590	272,590	109,141	163,449
Parks and Recreation:				
Current:				
Personnel costs	205,968	205,968	187,568	18,400
Contractual services	14,600	29,600	25,939	3,661
Supplies	24,700	25,900	22,757	3,143
Spectator events				
Insurance				
Other	-	12,500	700	11,800
Capital outlay	4,700	79,800	81,066	(1,266)
Total Parks and Recreation	249,968	353,768	318,030	35,738
Debt service:				
Debt service	107,140	107,140	107,947	(807)
Total Debt service	107,140	107,140	107,947	(807)
Total Expenditures	4,941,987	5,591,429	5,278,788	312,641
Excess (deficiency) of revenues over expenditures	1,023,285	373,843	912,794	538,951
Fund Balance, Beginning of Year	2,289,355	2,289,355	2,289,355	-
Fund Balance, End of year	\$ 3,312,640	2,663,198	3,202,149	538,951

See accompanying notes to financial statements.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements

June 30, 2017

(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, 2017, 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

June 30, 2017

(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, 2017

(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, 2017. Amounts which were available at June 30, 2017 have been recorded as revenue. Property taxes which will be levied October 1, 2017 in the amount of \$1,737,000 have also been recorded as a receivable with offsetting deferred revenue to reflect amounts not available at June 30, 2017.

Supply Inventory

Inventory items are considered expenditures/expenses when used (consumption method). Inventories are valued as follows:

Enterprise (Water & Sewer) Fund - Inventory, principally materials, supplies and replacement parts, is valued at the lower of cost (first-in, first-out) or market.

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2017

(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 outflow of resources include the deferred amount on bond refunding. The deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding bonds.

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 Town’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, 2017

(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, 2017. Payments may be made during the period from October 1 through February 28. Current tax collections of \$1,705,517 for the fiscal year ended June 30, 2017 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, 2017

(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 \$263,939 and shown as committed fund balance at June 30, 2017. 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, 2017

(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 2017, 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, 2016, 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, 2017, consisted of the following:

<u>Fund</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Combined Total</u>
Property taxes:			
Delinquent	\$ 44,060	-	44,060
2016 Levy-Unavailable	1,737,000	-	1,737,000
Other governments:			
State shared	541,866	-	541,866
Grants	87,083	-	87,083
Less: allowance for doubtful accounts	<u>(3,933)</u>	<u>-</u>	<u>(3,933)</u>
Total	<u>\$ 2,406,076</u>	<u>-</u>	<u>2,406,076</u>

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2017

(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, 2016</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Capital Asset - Cost</u>				
Non depreciable capital assets:				
Land and Land Improvements\$	2,492,600	-	-	2,492,600
Construction in progress	-	-	-	-
	<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	3,920,003	179,664	(81,033)	4,018,634
Infrastructure	27,407,978	-	-	27,407,978
Total depreciable capital assets	<u>35,605,458</u>	<u>179,664</u>	<u>(81,033)</u>	<u>35,704,089</u>
Total capital assets	\$ <u>38,098,058</u>	<u>179,664</u>	<u>(81,033)</u>	<u>38,196,689</u>
	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Accumulated Depreciation</u>				
Buildings and improvements	\$ 1,046,835	470,690	-	1,517,525
Equipment	2,463,266	110,863	(81,033)	2,493,096
Infrastructure	13,595,473	458,613	-	14,054,086
Total Accumulated Depreciation	<u>17,105,574</u>	<u>1,040,166</u>	<u>(81,033)</u>	<u>18,064,707</u>
Total Depreciable Capital Assets, Net of Depreciation	\$ <u>18,499,884</u>			<u>17,639,382</u>
Total Capital Assets, Net of Depreciation	\$ <u>20,992,484</u>			<u>20,131,982</u>

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

General Government	\$ 216,658
Public Safety	363,937
Highways and Streets	458,613
Parks and Recreation	<u>958</u>
Total	\$ <u>1,040,166</u>

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2017

(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 2017.

	<u>Interest Rates</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
General Obligation						
Bonds, Series 2015	2-3%	<u>2,935,000</u>	-	<u>(180,000)</u>	<u>2,755,000</u>	<u>185,000</u>
		2,935,000	-	(180,000)	2,755,000	185,000
Add premium		<u>34,415</u>	-	<u>(4,917)</u>	<u>29,498</u>	-
Total general obligation bonds		<u>2,969,415</u>	-	<u>(184,917)</u>	<u>2,784,498</u>	<u>185,000</u>
Compensated Absences		<u>114,617</u>	<u>18,984</u>	-	<u>133,601</u>	<u>133,601</u>
Total		<u>\$3,084,032</u>	<u>18,984</u>	<u>(184,917)</u>	<u>2,918,099</u>	<u>318,601</u>

Debt service requirements to maturity for the Governmental Activities debt, as of June 30, 2016, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 185,000	66,581
2019	190,000	62,881
2020	195,000	59,081
2021	195,000	55,181
2022	200,000	51,281
2023-2027	1,075,000	187,769
2028-2030	<u>715,000</u>	<u>42,775</u>
Total	\$ <u>2,755,000</u>	<u>525,549</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, 2017

(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.

General Information about the Pension Plan (Continued)

Employees covered by benefit terms. At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees / beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	54
Active employees	<u>47</u>
	<u>117</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, 2017, the actuarially determined contribution (ADC) for Fairview was \$161,077 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, 2017

(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, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2017

(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	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 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)

	<u>Total Pension Liability</u>	<u>Increase (Decrease) Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	(a)	(b)	(a) - (b)
Balance at 6/30/15	<u>\$4,662,073</u>	<u>4,926,042</u>	<u>(263,969)</u>
Changes for the year:			
Service cost	178,654	-	178,654
Interest	357,365	-	357,365
Differences between expected and actual experience	35,793	-	35,793
Contributions - Employer	-	164,928	(164,928)
Contributions- Employees	-	-	-
Net investment income	-	130,793	(130,793)
Benefit payments, including refunds of employee contributions	(151,727)	(151,727)	-
Administrative expense	-	(3,635)	3,635
Net changes	<u>420,085</u>	<u>140,359</u>	<u>279,726</u>
Balance at 6/30/16	<u>\$ 5,082,158</u>	<u>5,066,401</u>	<u>15,757</u>

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2017

(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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
City of Fairview's net Pension liability (asset)	\$ <u>790,433</u>	<u>15,757</u>	<u>(616,493)</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, 2017, City of Fairview recognized pension expense of \$77,250.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2017, City of Fairview reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 36,671	(105,341)
Net difference between projected and actual earning on pension plan investments	171,938	-
Contributions subsequent to the measurement date of June 30, 2016	<u>161,077</u>	<u>-</u>
Total	\$ <u>369,686</u>	<u>(105,341)</u>

The amount shown above for "Contribution subsequent to the measurement date of June 30, 2016," 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, 2017

(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:

2018	\$	7,408
2019		7,408
2020		80,271
2021		38,121
2022		(9,683)
Thereafter		(20,258)

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, 2017, the City reported a payable of 0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

(7) Other Post-employment Benefit (OPEB) Plan

Benefits Provided

The City provides medical benefits to eligible retirees until they reach the Medicare eligibility age. The City pays 50% of the eligible retiree and 50% of the eligible spouse, if applicable coverage. The retiree pays the portion of the premium not paid by the City. All active employees who retire directly from the City and meet the eligibility criteria may participate.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 was enacted on December 8, 2003. As a result of this legislation, employer providing drug coverage to Medicare eligible members, that is, at least actuarially equivalent to the standard benefit provided by Medicare, will be eligible to receive a subsidy. GASB has taken the position that any federal subsidy received should be reported as revenue to the plan sponsor and not used as an offset to the GASB 45 liabilities. The following information is prepared on that basis.

Eligibility

Retirement at age 60 with 15 or more years of service or at age 55 with 25 years or more of service. A spouse of a retiree is eligible for subsidized coverage if covered at least 5 continuous years prior to retirement.

Membership

The number of participants at June 30, 2017, was as follows:

	<u>Employee</u>	<u>Dependents</u>
Active	17	35
Retired	-	-
Total	<u>17</u>	<u>35</u>

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2017

(7) Other Post-Employment Benefit Plan (Continued)

Funding Policy

The City funds postemployment health care benefits on a pay-as-you-go basis. The City has not established an Other Employment Benefits Trust Fund in order to accumulate and invest assets necessary to pay for the accumulated liability and related claims.

<u>Annual Required Contribution/Net OPEB Obligation</u>	<u>2017</u>
Service cost	\$ 3,667
Unfunded actuarial accrued liability amortization	<u> -</u>
Annual Required Contribution (ARC)	3,667
Net OPEB Obligation, June 30, 2016	<u>4,058</u>
Net OPEB Obligation, June 30, 2017	<u>\$ 7,725</u>

Actuarial Methods and Assumptions

Valuation date	July 1, 2016
Actuarial method	Projected Unit Cost Method.
Amortization method	Percentage of payroll
Amortization period	Open 30 year period
Investment rate of return	4% net of expenses
Payroll growth rate	3%
Mortality table	RP-2014 Total with projection MP-2015

CITY OF FAIRVIEW, TENNESSEE

Notes to Financial Statements, Continued

June 30, 2017

(8) 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.

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.

(9) 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.

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,

	2014	2015	2016
Total pension liability			
Service cost	\$ 169,875	170,397	178,654
Interest	313,189	339,727	357,365
Differences between actual and expected experience	8,028	(135,439)	35,793
Benefit payments, including refunds of employee contributions	<u>(131,702)</u>	<u>(143,821)</u>	<u>(151,727)</u>
Net change in total pension liability	359,390	230,864	420,085
Total pension liability, beginning of year	<u>4,071,819</u>	<u>4,431,209</u>	<u>4,662,073</u>
Total pension liability, ending of year (a)	<u>\$ 4,431,209</u>	<u>4,662,073</u>	<u>5,082,158</u>
 Plan fiduciary net position			
Contributions, employer	\$ 250,211	168,877	164,928
Contributions, employee	-	-	-
Net investment income	666,704	146,850	130,793
Benefit payments, including refunds of employee contributions	<u>(131,702)</u>	<u>(143,821)</u>	<u>(151,727)</u>
Administrative expenses	<u>(1,892)</u>	<u>(2,701)</u>	<u>(3,635)</u>
Net change in plan fiduciary net position	783,321	169,205	140,359
Plan fiduciary net position, beginning of year	<u>3,973,516</u>	<u>4,756,837</u>	<u>4,926,042</u>
Plan fiduciary net position, ending of year (b)	<u>\$ 4,756,837</u>	<u>4,926,042</u>	<u>5,066,401</u>
 Net Pension Liability (asset) ending of year (a)-(b)	<u>\$ (325,628)</u>	<u>(263,969)</u>	<u>15,757</u>
 Plan fiduciary net position, as a percentage of total pension liability	107.35%	105.66%	99.69%
 Covered-employee payroll	\$ 2,134,899	2,282,120	2,228,762
 Net pension liability (asset) as a percentage of covered-employee payroll	-15.25%	-11.57%	0.71%

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 250,211	168,877	164,928	161,077
Contributions in relation to the actuarially determined contribution	<u>(250,211)</u>	<u>(168,877)</u>	<u>(164,928)</u>	<u>(161,077)</u>
Contribution deficiency (excess)	\$ <u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
 Covered-employee payroll	\$ 2,134,899	2,282,120	2,233,892	2,173,434
 Contributions as a percentage of covered employee payroll	11.72%	7.40%	7.38%	7.41%

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, 2017

Valuation date: Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2016 actuarial valuation.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	1 year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation.
Investment Rate of Return	7.5 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

Combining and Individual Nonmajor Fund Financial Statements

CITY OF FAIRVIEW, TENNESSEE

Combining Balance Sheet

Non Major Governmental Funds

June 30, 2017

	<u>Special Revenue Funds</u>		Total
	<u>Drug</u>	<u>Facilities Tax</u>	Nonmajor
	<u>Fund</u>	<u>Fund</u>	<u>Government</u>
			<u>Funds</u>
<u>Assets</u>			
Cash and cash investments	\$ 97,178	272,592	369,770
Total Assets	<u>\$ 97,178</u>	<u>272,592</u>	<u>369,770</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ -	-	-
Accrued costs	1,948	-	1,948
Total Liabilities	<u>1,948</u>	<u>-</u>	<u>1,948</u>
Fund balance:			
Restricted for:			
Public Safety	95,230	-	95,230
Public Facilities	-	272,592	272,592
Total Fund Balance	<u>95,230</u>	<u>272,592</u>	<u>367,822</u>
Total Liabilities and Fund Balance	<u>\$ 97,178</u>	<u>272,592</u>	<u>369,770</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, 2017

	<u>Special Revenue Funds</u>		Total
	<u>Drug</u>	<u>Facilities Tax</u>	Nonmajor
	<u>Fund</u>	<u>Fund</u>	<u>Government</u>
			<u>Funds</u>
Revenues:			
Taxes:			
Facilities tax	-	247,991	247,991
Fines and Forfeits:			
Drug related fines	14,842	-	14,842
Miscellaneous:			
Interest	162	-	162
Other income	38,190	-	38,190
Total Revenues	<u>53,194</u>	<u>247,991</u>	<u>301,185</u>
Expenditures:			
Current:			
Drug fund operations:			
Personnel	-	-	-
Contractual services	875	-	875
Supplies	2,397	-	2,397
Other	1,732	-	1,732
Program expenses	10,000	14,859	24,859
Debt service	-	104,451	104,451
Capital outlay	-	-	-
Total Expenditures	<u>15,004</u>	<u>119,310</u>	<u>134,314</u>
Excess (deficiency) of revenues over expenditures	38,190	128,681	166,871
Fund Balance, beginning of year	<u>57,040</u>	<u>143,911</u>	<u>200,951</u>
Fund Balance, end of year	<u>\$ 95,230</u>	<u>272,592</u>	<u>367,822</u>

CITY OF FAIRVIEW, TENNESSEE

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

Drug Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance:
	Original	Final		Favorable (Unfavorable)
Revenues:				
Fines and forfeits:				
Drug-related fines	\$ 16,000	16,000	14,842	(1,158)
Miscellaneous income				
Other income	19,045	19,045	38,352	19,307
Total revenues	35,045	35,045	53,194	18,149
Expenditures:				
Current:				
Contractual services	2,500	2,500	875	1,625
Supplies	4,000	4,000	2,397	1,603
Other	12,500	12,500	11,732	768
Total expenditures	19,000	19,000	15,004	3,996
Excess (deficiency) of revenues over expenditures and other sources (uses)	16,045	16,045	38,190	22,145
Fund Balance, beginning of year	57,040	57,040	57,040	-
Fund Balance, end of year	\$ 73,085	73,085	95,230	22,145

CITY OF FAIRVIEW, TENNESSEE

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

Facilities Tax Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes:				
Facilities tax	\$ 71,075	71,075	247,991	176,916
Total revenues	<u>71,075</u>	<u>71,075</u>	<u>247,991</u>	<u>176,916</u>
Expenditures:				
Current:				
Services	15,000	15,000	14,859	141
Debt service	<u>104,451</u>	<u>104,451</u>	<u>104,451</u>	<u>-</u>
Total expenditures	<u>119,451</u>	<u>119,451</u>	<u>119,310</u>	<u>141</u>
Excess (deficiency) of revenues over expenditures	(48,376)	(48,376)	128,681	177,057
Fund Balance, beginning of year	<u>143,911</u>	<u>143,911</u>	<u>143,911</u>	<u>-</u>
Fund Balance, end of year	\$ <u><u>95,535</u></u>	<u><u>95,535</u></u>	<u><u>272,592</u></u>	<u><u>177,057</u></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, 2017

Capital Asset Type:	Cost / Estimated Cost			
	Balance June 30, 2016	Additions	Transfers/ Disposals	Balance June 30, 2017
Land and land improvements	\$ 2,492,600	-	-	2,492,600
Buildings and improvements	4,277,477	-	-	4,277,477
Machinery and equipment	3,920,003	179,664	(81,033)	4,018,634
Infrastructure	27,407,978	-	-	27,407,978
Total	\$ 38,098,058	179,664	(81,033)	38,196,689

Capital Asset Type:	Accumulated Depreciation			
	Balance June 30, 2016	Additions	Transfers/ Disposals	Balance June 30, 2017
Buildings	\$ 1,046,835	470,690	-	1,517,525
Machinery and equipment	2,463,266	110,863	(81,033)	2,493,096
Infrastructure	13,595,473	458,613	-	14,054,086
Total	\$ 17,105,574	1,040,166	(81,033)	18,064,707

CITY OF FAIRVIEW, TENNESSEE

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

For the Year Ended June 30, 2017

	Cost / Estimated Cost			Balance June 30, 2017
	Balance June 30, 2016	Additions	Transfers/ Disposals	
General Government	\$ 5,019,367	124,993	(81,033)	5,063,327
Public Safety	3,329,016	47,271	-	3,376,287
Highways and Streets	27,407,978	-	-	27,407,978
Parks and Recreation	2,341,697	7,400	-	2,349,097
Grand Total	<u>\$ 38,098,058</u>	<u>179,664</u>	<u>(81,033)</u>	<u>38,196,689</u>

	Accumulated Depreciation			Balance June 30, 2016
	Balance June 30, 2016	Additions	Transfers/ Disposals	
General Government	\$ 2,293,863	216,658	(81,033)	2,429,488
Public Safety	1,214,967	363,937	-	1,578,904
Highways and Streets	13,595,473	458,614	-	14,054,087
Recreation	1,271	958	-	2,229
Grand Total	<u>\$ 17,105,574</u>	<u>1,040,166</u>	<u>(81,033)</u>	<u>18,064,707</u>

CITY OF FAIRVIEW, TENNESSEE

Schedule of Changes in Property Taxes Receivable

June 30, 2017

<u>Tax Year</u>	<u>Balance June 30, 2016</u>	<u>Levy</u>	<u>Changes in Assessment</u>	<u>Collections</u>	<u>Balance June 30, 2016</u>
2016	\$ -	1,737,094	(584)	(1,705,517)	30,993
2015	46,735	-	-	(40,497)	6,238
2014	5,331	-	-	(3,573)	1,758
2013	1,934	-	-	(259)	1,675
2012	953	-	-	-	953
2011	1,510	-	-	-	1,510
2010	172	-	-	-	172
2009	362	-	-	(28)	334
2008	427	-	-	-	427
	<u>\$ 57,424</u>	<u>1,737,094</u>	<u>(584)</u>	<u>(1,749,874)</u>	<u>44,060</u>
					Add 2017-18 Estimated Levy 1,737,000
					Less Allowance for Uncollectible (3,933)
					<u>\$ 1,777,127</u>

Note: Delinquent property taxes are turned over to the Clerk and Master of the County Chancery Court each year for collection. All of the taxes above, except for the 2016 tax year, are delinquent and are subject to collection proceedings.

CITY OF FAIRVIEW, TENNESSEE

Schedule of Debt Service Requirements -
General Obligation Debt

June 30, 2017

Fiscal Year	General Obligation Refunding Bonds - Series 2015	
	Principal	Interest
2018	\$ 185,000	66,581
2019	190,000	62,881
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>\$ 2,755,000</u>	<u>525,549</u>

CITY OF FAIRVIEW, TENNESSEE
Schedule of Federal and State Financial Assistance
For the Year Ended June 30, 2017

CFDA Number	Grant Number	Program Name	Grantor Agency	(Receivable) Deferred Balance 6-30-16	Adjustments	Grant Receipts	Grant Expenditures	(Receivable) Deferred Balance 6-30-17
Federal Programs:								
16.738	Contract 30017	JAG grant	U.S. Dept of Justice Transportation	\$ -	-	9,980	(9,980)	-
20.600	Z13GHS112	Govenors Highway Safety Program	U.S. Department of Transportation	** (1,070)	-	10,837	(9,767)	-
20.600	Z17THS161	Govenors Highway Safety Program	U.S. Department of Transportation	** -	-	7,612	(7,612)	-
				<u>(1,070)</u>	<u>-</u>	<u>18,449</u>	<u>(17,379)</u>	<u>-</u>
20.205	SRTS-9400(54)	Safe Routes to School	U.S. Department of Transportation	** -	-	44,721	(131,804)	(87,083)
20.205	STP- M-9324 (1)	Resurfacing Grant	U.S. Department of Transportation	* (19,444)	-	19,444	-	-
20.205	Project 112379.00	Roadscape Project	U.S. Department of Transportation	* (61,600)	-	73,915	(12,315)	-
				<u>(81,044)</u>	<u>-</u>	<u>138,080</u>	<u>(144,119)</u>	<u>(87,083)</u>
			Total Federal Programs	\$ (82,114)	-	166,509	(171,478)	(87,083)

* Passed through the Tennessee Dept. of Transportation.

** Passed through the Tennessee Dept. of Safety.

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

OTHER REPORTS SECTION

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 23, 2017.

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, and therefore, material weaknesses or significant deficiencies, may exist that have not been identified. Given these limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying Schedule of Findings and Recommendations, that we consider to be significant deficiencies, Findings (2016-002 and (2016-003).

Compliance and Other Matters

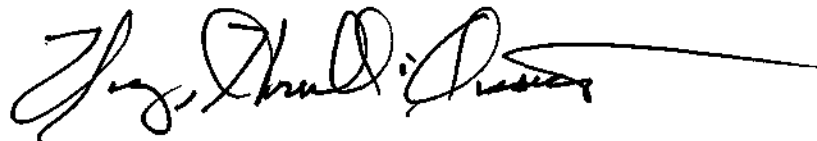
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

City of Fairview's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.



September 23, 2017

CITY OF FAIRVIEW, TENNESSEE
Schedule of Findings and Recommendations

June 30, 2017

Prior Year Findings

Finding-(2016-001)-Unrecorded Bank Account

We discovered an account with First Bank that had not been recorded in the City's general ledger. The account name was indicated by the Bank as "Chief of Police" account. It appears the account was purposely created to specifically account for the confidential funds related to Drug Fund operations by the Police Chief. Although the police chief has control of the confidential funds checking account, the comptroller requires the police chief to be accountable for drug funds transferred into it. Quarterly reports concerning account activity are to be completed by the police chief or designee and submitted to the city finance using prescribed reporting forms.

Recommendation: We recommend that all bank accounts of the City be recorded in the City's general ledger with all Disposition accounts being subjected to the internal controls of the City

Disposition:

City management changed the name of the account "Chief of Police" to "Drug Investigation" and added it to the General Ledger. The account was reconciled in the same manner as all other city accounts. The finding was corrected.

Finding-(2016-002)-General Fixed Asset Records

General fixed asset detail records are not maintained by the City. In the past detail general fixed asset and depreciation records were maintained by the external accounting firm performing the annual audit of the City and reviewed by the City at the end of each year.

Recommendation: We recommended the City maintain these detail records and establish procedures for identifying and recording the acquisition and disposal of general fixed assets at the time of purchase and/or disposition. Assets should be recorded in the detail records at the time of acquisition or disposal along with related cost and estimated useful life information. Depreciation information should be updated for year-end financial reporting purposes.

Disposition:

Record of additions and disposals were maintained by City officials during the 2016-17 fiscal year. However, due to time constraints City Management did not update the detail fixed asset records.

CITY OF FAIRVIEW, TENNESSEE

Schedule of Findings and Recommendations

June 30, 2016

Prior Year Findings (Continued)

Finding-(2016-003)-Internal Control Manual

We noted the City had not finalized its Internal Control Manual at the end of the fiscal year as requested by the State Comptroller's Office.

Recommendation: We recommended the City finalize and adopt the Internal control manual as requested by the State Comptroller.

Disposition:

The Internal Control Manual is still in process and yet to be finalized.

Finding-(2016-004)-Building Permits

During our examination, we noted an error in the calculation of a building permit, the error appeared to result from an input oversight in not using the correct dollar level rate.

Recommendation: We suggested consideration be given to having all the permit fee calculations recomputed by another employee independent of the transaction.

Disposition:

No exceptions were noted in the calculation of building permit fees tested as part of our examination. Accordingly, it appears the process is functioning as intended.

FINDING-(2015-001) Financial Reporting

The City must maintain effective internal controls over financial reporting that would identify, during the regular course of operations, financial reporting errors. We noted financial reporting errors occurring during the year ending June 30, 2015, including but not limited to improper amounts reported for cash, grants receivable, deferred inflows, accounts payable, accrued expenses, and fund balances. It appears the conditions occurred due to lack of effective controls over financial reporting. As a result several general ledger amounts for balance sheet accounts were not reported at correct amounts.

Recommendations: The City should implement stronger internal controls over financial reporting, emphasizing the use of checks and balances and the City Manager's oversight. Further, the City should increase staff training on financial reporting.

Disposition: Financial records produced by the City were generally prepared on the modified accrual basis and required adjustment primarily for items that arose subsequent to close out of the accounting records with the related adjustments proposed by the auditor being reviewed and accepted by City finance personnel. The situation appears to be resolved.

CITY OF FAIRVIEW, TENNESSEE

Schedule of Disposition of Prior Year Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2017

Financial Statement Findings

Finding Number	Finding Title	Finding Status
2016-001	Unrecorded Bank Account Original Finding #2016-001	Corrected
2016-002	General Fixed Asset Records Original Finding #2016-002	Partially Corrected
2016-003	Internal Control Manual Original Finding # 2016-003	Partially Corrected
2016-004	Building Permits Original Finding #2016-004	Corrected
2015-001	Financial Reporting Original Finding #2015-001	Corrected

Schedule of Expenditure of Federal Awards

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

CITY OF FAIRVIEW, TENNESSEE

Corrective Action Plan

For the Fiscal Year Ended June 30, 2017

The City of Fairview, Tennessee submits the following corrective action plan for the year ended June 30, 2017. Management's responses and proposed corrective action relate to corresponding Finding Numbers on the Schedule of Findings and Recommendations.

Significant Deficiencies:

Finding (2016-002)-General Fixed Assets

During fiscal year 2017-18 we will endeavor to update the detail general fixed asset records, including the depreciation schedule.

Finding (2016-003) Internal Control Manual

The City's internal control manual was completed subsequent to completion of the 2016-17 audit and will be available to the auditors for the 2017-18 fiscal year.