

TOWN OF BARTONVILLE
FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

Independent Auditor's Report

To the Town Council
Town of Bartonville, Texas

I have audited the accompanying financial statements of the governmental activities and major funds of the Town of Bartonville, Texas as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Bartonville, Texas, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule and the schedule of pension plan funding progress be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements the collectively comprise the Town of Bartonville's basic financial statements. The schedule of property taxes and the schedule of restricted/designated cash accounts are presented for additional analysis and are not a part of the basic financial statements.

The schedule of property taxes and the schedule of restricted/designated cash accounts 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 my opinion, the schedule of property taxes and the schedule of restricted/designated cash accounts are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William C. Spore, P.C.

Keller, Texas

Certified Public Accountants

March 17, 2015

TOWN OF BARTONVILLE

CITY OFFICIALS

September 30, 2014

MAYOR	Bill Scherer
MAYOR PRO TEM	Jim Langford
COUNCILMEN	Jaclyn Carrington
	Betty Medlock
	Jeff Traylor
	Vacant
TOWN ADMINISTRATOR	Stacey Almond
TOWN SECRETARY	Tammy Dixon
INTERIM POLICE CHIEF	Bobby Dowell
MUNICIPAL COURT JUDGE	Robin Ramsay
ATTORNEY	Bob Hager

TOWN OF BARTONVILLE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Bartonville, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2014. The information provided here should be used in conjunction with the basic financial statements.

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

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

FINANCIAL HIGHLIGHTS

- The Town's government-wide assets exceeded its government-wide liabilities at September 30, 2014 by \$2,767,380, a decrease of \$314,053 from the prior year.
- At September 30, 2014 the Town's governmental funds reported combined fund balances of \$532,729, a decrease of \$70,304 from the prior year.
- The Town's capital assets, reported at cost less accumulated depreciation, total \$2,295,053 at September 30, 2014 while the Town's long-term debt totaled \$27,090 at September 30, 2014.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Reporting the Town as a Whole - Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities

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

The Statement of Net Position (page 10) presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities (page 11) presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences). Capital grant funds are reported as revenues in the Statement of Activities.

The Town currently only provides Governmental type activities. Governmental activities include basic services such as police, municipal court, inspection, streets and general administration. Permit revenues, sales taxes, and franchise fees finance most of these activities. The Town does not provide any Business-type activities such as water or sewer systems and related fees.

Reporting the Town's Most Significant Funds

Fund Financial Statements

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 14.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net position is as follows:

		NET POSITION	
		GOVERNMENTAL ACTIVITIES	
		2014	2013
Current and Other Assets	\$	619,936	\$ 665,520
Capital Assets		<u>2,295,053</u>	<u>2,550,575</u>
Total Assets		<u>2,914,989</u>	<u>3,216,095</u>
Current Liabilities		(147,609)	(107,675)
Long-Term Liabilities		<u>0</u>	<u>(26,987)</u>
Total Liabilities		<u>(147,609)</u>	<u>(134,662)</u>
Net Assets:			
Invested in Capital Assets, net			
of debt		2,322,143	2,603,111
Restricted		226,545	191,987
Unrestricted		<u>218,692</u>	<u>286,335</u>
Total Net Position	\$	<u>2,767,380</u>	\$ <u>3,081,433</u>

The Town's net position decreased by \$314,053 during the fiscal year ended September 30, 2014 to \$2,767,380. The largest portion of the Town's net position is its investment in capital assets, (land, building, equipment and infrastructure.) The Town uses these capital assets to provide services to the Town's citizens; consequently these assets are not available for future spending.

Analysis of Town's Operations

A summary of the Town's operations for the years ended September 30, 2014 & 2013 is as follows:

		CHANGES IN NET POSITION	
		2014	2013
REVENUES			
Program Revenues:			
Permits & Fees	\$	262,499	\$ 255,958
Municipal Court		55,583	74,293
Contributions & Grants		22,119	0
General Revenues:			
Property Taxes		480,646	471,481
Sales & Beverage Taxes		244,688	216,153
Franchise Fees		174,546	159,948
Sale of Assets		4,050	367,281
Interest Income		<u>1,126</u>	<u>1,673</u>
Total Revenues		<u>1,245,257</u>	<u>1,546,787</u>

PROGRAM EXPENSES		
General Government	467,019	468,633
Public Safety	613,343	573,328
Public Works	476,254	334,808
Interest on Long-Term Debt	2,694	45,048
Total Expenses	<u>1,559,310</u>	<u>1,421,817</u>
Increase (Decrease) in Net Position	\$ <u>(314,053)</u>	\$ <u>124,970</u>

For the fiscal year ended September 30, 2014 the Town's revenues totaled \$1,245,257, a decrease of \$301,530 from 2013. Fiscal year 2013 revenues include a gain on sale of assets of \$367,281 as the Town sold a parcel of land it owned to a developer, there were no comparable sales of assets in fiscal year 2014. Fiscal year 2014 revenues, excluding the gain on the sale of assets, totaled \$1,241,207, which is an increase of \$61,701 from the prior year revenues when excluding the gain from sale of assets.

Total government-wide expenses increased \$137,493 (10%) in 2014. In July 2014 the Town reached a separation agreement with its' former police chief. The agreement called for separation payments totaling \$80,000. These payments account for most of the increase in public safety expenses from 2013 to 2014.

Public works expenses increased \$141,446 (42%) as the Town completed road maintenance projects in 2014 totaling \$245,059 compared to \$60,031 in 2013.

The Town has had ongoing legal matters during the past three fiscal years. The Town has not been assessed any monetary damages as the result of the legal matters and does not expect any unfavorable outcomes at this time.

GOVERNMENTAL FUND ANALYSIS

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

A comparison of fiscal years 2014 and 2013 fund basis revenues is as follows:

	2014	2013
REVENUES		
Property Taxes	\$ 479,459	\$ 473,396
Sales & Beverage Taxes	244,688	216,153
Franchise Taxes	174,546	159,948
Permits & Fees	260,557	255,958
Municipal Court	55,583	74,293
Grants & Donations	22,119	0
Interest Income	1,126	1,673
Other Income	1,942	0
Proceeds from Capital Lease	0	47,490
Sale of Assets	4,050	745,281
TOTAL REVENUES	\$ <u>1,244,070</u>	\$ <u>1,974,192</u>

The Town's primary sources of revenues, property and sales taxes, franchise fees and permit revenues, increased \$55,795 (5%) from 2013 to 2014. During 2013 the Town sold a parcel of land it had acquired in 2010 for \$745,281. There were no comparable sales of assets in 2013. These sales proceeds in 2013 were used to payoff outstanding general obligation bonds and tax notes owed by the Town.

A comparison of fiscal years 2014 and 2013 fund basis expenditures is as follows:

	2014	2013
EXPENDITURES		
General Government	\$ 445,006	\$ 451,256
Public Safety	58,709	56,726
Police	506,989	485,861
Public Works	245,672	61,198
Capital Outlay - Public Works	0	401,446
Capital Outlay - General Government	4,100	4,950
Capital Outlay - Public Safety	25,393	60,934
Debt Service-Principal	25,446	786,606
Debt Service-Interest	3,059	22,538
TOTAL EXPENDITURES	\$ <u>1,314,374</u>	\$ <u>2,331,515</u>

The Town's capital outlay expenditures in 2013 include the purchase of real estate next to the Town's current Town Hall facilities at a cost of \$390,827. There were no comparable capital outlay expenditures in 2014.

As discussed above under the fund basis revenues, the Town sold a parcel of land for \$745,281. These sales proceeds, along with debt service property taxes collected by the Town, were used to fully retire the Town's outstanding 2004 General Obligation Bonds and the 2009 Tax Notes in April 2013, three years prior to their maturity. Paying the bonds and tax notes off prior to their maturity saved the Town \$56,000 in future interest payments. The debt service payments in 2014 related to capital lease payments related to the 2012 and 2013 purchase of police vehicles.

GENERAL FUND BUDGETARY HIGHLIGHTS

In December 2013 the Town Council amended the original budget. The amendment was made to reflect events that had occurred during the first three months of the fiscal year that had an impact on the original budget.

The Town's actual general fund revenues exceeded budgeted revenues by \$36,287. Actual revenues included \$22,119 in grants and donations, \$4,050 in proceeds from the sale of assets and \$21,159 in transfers from the Crime Control District. None of these items were included in budgeted revenues.

Actual general fund operating expenditures, excluding capital outlay expenditures, totaled \$1,252,870 which was \$205,557 more than budgeted operating expenditures. Due ongoing lawsuits the Town expended \$75,543 for legal services which exceeded budgeted legal fees by \$45,543.

Police department expenditures exceeded budgeted expenditures by \$51,975 primarily due to personnel costs related to the separation agreement with the Town's former police chief noted above. Police debt service expenditures included two capital lease payments totaling \$28,505. One of the lease payments was included in the police operating budget and the second payment was made using funds transferred from the Crime Control District (\$16,664). This transfer was included in actual revenues and was not included in the general fund budgeted revenues.

Actual street maintenance projects totaled \$245,059 compared to budgeted street maintenance projects of \$150,000.

During 2014 the Town expended \$26,593 for general fund capital outlays which were not included in the budget. These expenditures were funded by transfers from the Crime Control District (\$4,495) and from a grant received by the Town in the amount of \$20,899 which were not included in budgeted revenues.

The Town budgeted for the general fund to have a surplus of \$93,755, the actual general fund deficit was \$102,108.

CAPITAL ASSETS

The Town's investment in capital assets as of September 30, 2014 amounts to \$2,550,575 (net of depreciation). The investment in capital assets includes land, buildings, equipment and infrastructure. The Town's capital assets are as follows:

CAPITAL ASSETS AT YEAR END NET OF ACCUMULATED DEPRECIATION				
	2014		2013	
Land	\$	510,102	\$	510,102
Buildings		254,503		267,968
Equipment		82,590		94,065
Infrastructure		1,447,858		1,678,440
TOTAL	\$	<u>2,295,053</u>	\$	<u>2,550,575</u>

Additional information on the Town's capital assets can be found in Note 4.

DEBT ADMINISTRATION

The Town did not incur any additional long-term debt during 2014. Outstanding long-term debts are as follows:

OUTSTANDING DEBT AT YEAR END				
	2014		2013	
Capital Lease Payable		<u>27,090</u>		<u>52,536</u>
TOTAL	\$	<u>27,090</u>	\$	<u>52,536</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budgeted general fund revenues for fiscal year 2015 are \$960,705. These revenues include property tax revenues of \$503,630, based upon a tax rate of .19294 per \$100 of valuation, the same rate as the prior year. The 2014 budget anticipates the Town collecting \$120,000 of sales tax revenues, \$163,500 of franchise fees and \$107,350 of permits and fee revenues.

Budgeted general fund expenditures total \$915,867 including \$70,000 for legal fees, \$242,021 for administrative staff personnel costs, and \$396,130 for the police department. Street department budgeted expenditures include road improvement projects of \$205,000 for projects to be determined during 2014. These projects will be funded by \$150,000 from an interlocal agreement with the Town of Flower Mound and from \$30,000 of street sales revenues.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Town of Bartonville. If you have questions about this report or need any additional information, contact the Town Secretary at 1941 E. Jeter Road, Bartonville, TX 76226 or at (817) 430-4052.

TOWN OF BARTONVILLE
GOVERNMENT-WIDE
STATEMENT OF NET POSITION

September 30, 2014

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS	
Cash	\$ 53,367
Receivable-Sales Taxes & Franchise Fees	71,463
Receivable-Property Taxes	9,132
Prepaid Expenses	890
TOTAL CURRENT ASSETS	<u>134,852</u>
NONCURRENT ASSETS	
Restricted Cash	485,084
CAPITAL ASSETS:	
Land	510,102
Buildings & Improvements	372,375
Equipment	313,934
Infrastructure	4,476,039
Accumulated Depreciation	<u>(3,377,397)</u>
NET CAPITAL ASSETS	<u>2,295,053</u>
TOTAL NONCURRENT ASSETS	<u>2,780,137</u>
TOTAL ASSETS	<u>2,914,989</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	56,911
Accrued Liabilities	21,558
Accrued Compensated Absences	42,050
Capital Lease Payable	27,090
TOTAL CURRENT LIABILITIES	<u>147,609</u>
NONCURRENT LIABILITIES	
Capital Lease Payable	<u>0</u>
TOTAL NONCURRENT LIABILITIES	<u>0</u>
TOTAL LIABILITIES	<u>147,609</u>
NET POSITION	
Invested in Capital Asset, Net of Related Debt	2,322,143
Restricted For:	
Economic Development	204,535
Crime Control	22,010
Unrestricted	<u>218,692</u>
TOTAL NET POSITION	<u>\$ 2,767,380</u>

TOWN OF BARTONVILLE

**GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	FINES, FEES & CHARGES FOR SERVICES	DONATIONS	CAPITAL GRANTS	NET (EXPENSE) REVENUE
GOVERNMENTAL ACTIVITIES:					
General Government	\$ (467,019)	\$ 262,499	\$ 0	\$ 0	\$ (204,520)
Public Safety	(58,709)	0	0	0	(58,709)
Police	(554,634)	55,583	1,220	20,899	(476,932)
Public Works	(476,254)	0	0	0	(476,254)
Interest on Long-Term Debt	(2,694)	0	0	0	(2,694)
TOTAL GOVERNMENTAL ACTIVITIES	\$ (1,559,310)	\$ 318,082	\$ 1,220	\$ 20,899	(1,219,109)
GENERAL REVENUE					
Property Taxes					480,646
Sales & Beverage Taxes					244,688
Franchise Fees					174,546
Gain on Sale of Assets					4,050
Interest Income					1,126
TOTAL GENERAL REVENUE					905,056
CHANGE IN NET POSITION					(314,053)
NET POSITION - BEGINNING					3,081,433
NET POSITION - ENDING					\$ 2,767,380

TOWN OF BARTONVILLE
BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2014

	<u>GENERAL FUND</u>	<u>CAPITAL IMPROVEMENT FUND</u>	<u>COMMUNITY DEVELOPMENT CORPORATION</u>	<u>CRIME CONTROL DISTRICT</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash	\$ 214,767	\$ 100,817	\$ 199,283	\$ 23,584	\$ 538,451
Receivables:					
Sales Taxes & Franchise Fees	63,913	0	5,252	2,298	71,463
Property Taxes	9,132	0	0	0	9,132
Prepaid Expenses	890	0	0	0	890
TOTAL ASSETS	<u>288,702</u>	<u>100,817</u>	<u>204,535</u>	<u>25,882</u>	<u>619,936</u>
LIABILITIES					
Accounts Payable	53,039		0	3,872	56,911
Accrued Expenses	21,164	0	0	0	21,164
TOTAL LIABILITIES	<u>74,203</u>	<u>0</u>	<u>0</u>	<u>3,872</u>	<u>78,075</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue-Property Tax	9,132	0	0	0	9,132
FUND BALANCES					
Non-Spendable - Prepaid Expenses	890	0	0	0	890
Restricted For:					
Economic Development	0	0	204,535	0	204,535
Crime Control	0	0	0	22,010	22,010
Committed to:					
Capital Improvements	0	100,817	0	0	100,817
Roads	153,770	0	0	0	153,770
Unassigned, Reported In General Fund	50,707	0	0	0	50,707
TOTAL FUND BALANCES	<u>205,367</u>	<u>100,817</u>	<u>204,535</u>	<u>22,010</u>	<u>532,729</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 288,702</u>	<u>\$ 100,817</u>	<u>\$ 204,535</u>	<u>\$ 25,882</u>	<u>\$ 610,804</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF BARTONVILLE

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

September 30, 2014

Fund Balance	\$	532,729
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 Fund Balance Sheet.		2,295,053
Property Taxes receivable are not available to pay for current period period expenditures and therefore are deferred in the Fund Balance Sheet.		9,132
Long term liabilities are not due and payable in the current period and therefore are not reported in the Fund Balance Sheet:		
Capital Lease Payable		(27,090)
Accrued compensated absences & severance pay		(42,050)
Accrued interest		<u>(394)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>2,767,380</u></u>

TOWN OF BARTONVILLE

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2014

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	COMMUNITY DEVELOPMENT CORPORATION	CRIME CONTROL DISTRICT	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property Taxes	\$ 479,459	\$ 0	\$ 0	\$ 0	\$ 479,459
Sales & Beverage Taxes	157,244	0	60,510	26,934	244,688
Franchise Fees	174,546	0	0	0	174,546
Permits, Fees & Other Revenues	260,557	0	0	0	260,557
Municipal Court	55,583	0	0	0	55,583
Grants & Donations	22,119	0	0	0	22,119
Other Income	1,942	0	0	0	1,942
Interest Income	696	146	251	33	1,126
TOTAL REVENUES	<u>1,152,146</u>	<u>146</u>	<u>60,761</u>	<u>26,967</u>	<u>1,240,020</u>
EXPENDITURES					
General Government	417,381	0	27,625	0	445,006
Public Safety	58,709	0	0	0	58,709
Police	502,603	0	0	4,386	506,989
Public Works	245,672	0	0	0	245,672
Capital Outlay	26,593	2,900	0	0	29,493
Debt Service - Principle	25,446	0	0	0	25,446
Debt Service - Interest	3,059	0	0	0	3,059
TOTAL EXPENDITURES	<u>1,279,463</u>	<u>2,900</u>	<u>27,625</u>	<u>4,386</u>	<u>1,314,374</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHERS SOURC	<u>(127,317)</u>	<u>(2,754)</u>	<u>33,136</u>	<u>22,581</u>	<u>(74,354)</u>
OTHER SOURCES (USES)					
Transfer-Crime Control District	21,159	0	0	(21,159)	0
Sale of Assets	4,050	0	0	0	4,050
TOTAL OTHER SOURCES (USES)	<u>25,209</u>	<u>0</u>	<u>0</u>	<u>(21,159)</u>	<u>4,050</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(102,108)</u>	<u>(2,754)</u>	<u>33,136</u>	<u>1,422</u>	<u>(70,304)</u>
FUND BALANCE - BEGINNING	307,475	103,571	171,399	20,588	603,033
FUND BALANCE - ENDING	<u>\$ 205,367</u>	<u>\$ 100,817</u>	<u>\$ 204,535</u>	<u>\$ 22,010</u>	<u>\$ 532,729</u>

**TOWN OF BARTONVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2014

Net Change in Fund Balance - Governmental Funds	\$	(70,304)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However in the statement of net activities the cost of these assets is allocated over the estimated useful lives as depreciation expense:

Capital assets recorded in the current period		29,493
Depreciation expense on capital assets		(285,015)

Repayment on debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		25,446
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred Revenues - Property Taxes		1,187
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Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest		365
Compensated Absences		9,775
Severance Pay		(25,000)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(314,053)</u>
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TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -

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

The Town's financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America (GAAP) applicable to local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the Town are discussed below:

A. REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Bartonville (the primary government) and its component units. The following component units are included in the Town's reporting entity because of their operational and financial relationship with the Town.

Blended component units:

The Bartonville Community Development Corporation (the B.C.D.C.) is governed by a board of seven directors, all of whom are appointed by the Town Council of the Town of Bartonville and any of whom can be removed from office by the Town's Council at its' will. The B.C.D.C. was incorporated in the state of Texas as a non-profit industrial development corporation under the Development Corporation Act of 1979. The purpose of the B.C.D.C. is to promote economic development within the Town of Bartonville.

At its May 2010 election the citizens of the Town of Bartonville approved the creation of the Town of Bartonville Crime Control and Prevention District (the B.C.C.D.) an adopted a local sales and use tax of one-quarter of one percent (.25%) to fund the B.C.C.D. The District is governed by a board of seven directors, all of whom are appointed by the Town Council of the Town of Bartonville. The purpose of the B.C.C.D. is to provide training for the Town's police officers, purchase necessary equipment and technology needed to provide a higher level of crime prevention and crime control in the District and to provide avenues to inform and educate the citizens of the District in multiple crime control topics and applications. The B.C.C.D. began collecting sales tax revenues in October 2010.

Individual audited financial statements of the component units are not issued. Management issued financial statements can be obtained from the Town's administrative offices.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

B. BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE STATEMENTS:

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

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

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

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

The Town does not allocate indirect costs.

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

C: BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS:

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

The Town only provides Governmental Fund type activities. The Town has presented the following major funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources not accounted for in other funds.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Capital Improvement Fund - The Capital Improvement Fund is used to account for funds restricted or designated for future capital improvements.

Community Development Corporation Fund - The Community Development Corporation Fund is used to account for the financial resources of the Bartonville Community Development Corporation, a blended component unit of the Town. The fund balance of the Community Development Corporation is reserved to signify amounts that are restricted to be used for economic development within the scope of the Bartonville Community Development Corporation's by-laws.

Crime Control and Prevention District - The Crime Control and Prevention District Fund is used to account for the financial resources of the Bartonville Crime Control and Prevention District, a blended component unit of the Town. The fund balance of the Crime Control and Prevention District is reserved to signify amounts that are restricted to be used for crime control and prevention within the scope of the Bartonville Crime Control and Prevention District's governing code.

The Town does not provide any Business-type activities or have any Fiduciary Funds.

D: MEASUREMENT FOCUS/BASIS OF ACCOUNTING:

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

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

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

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

3. Revenue Recognition:

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

4. Use of Estimates:

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

5: New Accounting Principles:

The Town has adopted all current GASB pronouncements that are applicable to its operations and activities. Effective October 1, 2013 the Town implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement reclassifies certain items that were previously recorded as assets and liabilities, as deferred outflows or inflows of resources, and recognizes these items as outflows or inflows of resources. The accounting principles governing the reported amounts, financial presentations, and disclosures are subject to change from time to time based on new pronouncements and / or rules issued by various standards-setting bodies. The GASB has issued the following new statements that are potentially applicable to the Town of Cross Roads.

- Statement No. 68, *Accounting & Financial Reporting for Pensions*;
- Statement No. 70, *Combinations & Disposals of Government Operations*;
- Statement No.71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68.

The Town is currently studying these new pronouncements and will adopt them in the fiscal year ending September 2015, as required.

E. FINANCIAL STATEMENT AMOUNTS:

1. Cash and cash Equivalents:

The Town has defined cash and cash equivalents to include cash on hand and demand deposits and time deposits with an original maturity of 90 days or less.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

2. Capital Assets:

Capital assets which include land, buildings, office equipment, police equipment and infrastructure (roads, bridges and drainage systems) purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, or improvements and other capital outlays that significantly extend the useful lives of an assets are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line basis over the following estimated useful lives:

Buildings	5 - 40 years
Equipment	3 - 10 years
Infrastructure	15 years

3. Restricted Resources:

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

4. Compensated Absences:

The Town accrues accumulated unpaid comp and vacation time when earned by the employee. Unused compensatory time is paid upon termination. All comp and vacation time is accrued in the government-wide statements. A liability for these amounts is not recorded in the governmental fund statements and represents a reconciling item between the fund and government-wide presentations.

5. Deferred Outflows/Inflows of resources:

In addition to assets the statement of position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometime report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Town has only one type of item, which arises only under modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

6. Equity Classifications:

Government-wide Statements

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

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

Fund Statements

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

F: BUDGETS AND BUDGETARY ACCOUNTING:

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

- 1: Prior to September 1, the Town Secretary submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 2: Public hearings are conducted to obtain taxpayer comments.
- 3: Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- 4: Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 5: Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

For the fiscal year ending September 30, 2014 expenditures exceeded appropriations for the following departments and amounts:

General Government	\$ 51,601
Public Safety	\$ 7,809
Police	\$ 51,975
Public Works	\$ 94,172
Capital Outlay	\$ 26,593

NOTE 2: COMMITTED CASH:

By Town Council resolution the funds held in the “Street Maintenance” accounts at a local Bank are committed for Town road improvements. At September 30, 2014 the Town had committed road improvement funds totaling \$153,770.

By Town Council resolution the funds held in the “Capital Improvement” account at a local Bank are committed for Town capital improvements. At September 30, 2014 the Town had committed road improvement funds totaling \$100,817.

NOTE 3: DEPOSITS:

At September 30, 2014 the carrying amount of the Town’s cash accounts were \$538,451, made up of petty cash of \$300 and \$538,151 held in checking accounts at a local financial institution. The Town did not own any investments at September 30, 2014.

Deposit and Investment risk Disclosures:

(1) Custodial credit risk:

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

At September 30, 2014 the Town's bank balances (per bank) totaled \$557,336. Of the bank balances, \$250,000 was covered by federal depository insurance and \$307,336 was secured by collateral held by the pledging Bank's agent in the name of the Town. The Town was not exposed to custodial credit risk at September 30, 2014.

Securities pledged by the Town's depository institution at September 30, 2014 are as follows:

SECURITY	PAR	FMV
FHLB-letter of credit, maturity date 8/12/15	\$2,000,000	\$2,000,000

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

(2) Credit Risk:

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

(3) Concentration of credit risk:

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

(4) Interest rate risk:

This is the risk that changes in interest rates will adversely effect the fair value of an investment. The Town does not currently own any investments and, therefore, is not exposed to interest rate risk.

NOTE 4: CAPITAL ASSETS:

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

CAPITAL ASSETS GOVERNMENTAL ACTIVITIES	BEGINNING	ADDITIONS	DELETIONS/ TRANSFERS	ENDING
Land	\$ 510,102	\$ 0	\$ 0	\$ 510,102
Building & Improvements	369,475	2,900	0	372,375
Equipment	25,833	1,200	0	27,033
Police Equipment	294,960	25,393	(33,452)	286,901
Infrastructure	4,476,039	0	0	4,476,039
TOTAL AT HISTORICAL COST	<u>5,676,409</u>	<u>29,493</u>	<u>(33,452)</u>	<u>5,672,450</u>
 LESS ACCUMULATED DEPRECIATION				
Land	0	0	0	0
Building & Improvements	101,507	16,365	0	117,872
Equipment	20,390	3,097	0	23,487
Police Equipment	206,338	34,971	(33,452)	207,857
Infrastructure	2,797,599	230,582	0	3,028,181
TOTAL ACCUMULATED DEPRECIATION	<u>3,125,834</u>	<u>285,015</u>	<u>(33,452)</u>	<u>3,377,397</u>
 TOTAL CAPITAL ASSETS, NET	 <u>\$ 2,550,575</u>	 <u>\$ (255,522)</u>	 <u>\$ 0</u>	 <u>\$ 2,295,053</u>

DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL ACTIVITIES AS FOLLOWS:

General Government	\$ 19,463
Police	34,970
Public Works	230,582
TOTAL DEPRECIATION EXPENSE	<u>\$ 285,015</u>

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

NOTE 5: LONG-TERM DEBT:

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

	BEGINNING	ADDITIONS	PAYMENTS	ENDING	CURRENT PORTION
Capital Lease-First Financial	\$ 21,710	\$ 0	\$ 10,436	\$ 11,274	\$ 11,274
Capital Lease-N. Dallas Bank	<u>30,826</u>	<u>0</u>	<u>15,010</u>	<u>15,816</u>	<u>15,816</u>
TOTAL BONDS/LEASES	<u>52,536</u>	<u>0</u>	<u>25,446</u>	<u>27,090</u>	<u>27,090</u>
Compensated Absences	<u>26,825</u>	<u>15,225</u>	<u>0</u>	<u>42,050</u>	<u>0</u>
TOTAL GOVERNMENTAL	<u>\$ 79,361</u>	<u>\$ 15,225</u>	<u>\$ 25,446</u>	<u>\$ 69,140</u>	<u>\$ 27,090</u>

A description of the Town’s long-term debt is as follows:

Capital leases:

Capital lease with First Financial - the lease requires four annual payments of \$11,841 starting in March 2012. The lease bears interest at 6.0% and the lease proceeds were used to purchase a police vehicle, which serve as collateral for the lease.

Capital lease with North Dallas Bank - the lease requires three annual payments of \$16,664 starting in September 2013. The lease bears interest at 5.36% and the lease proceeds were used to purchase a police vehicle, which serve as collateral for the lease.

Annual lease payment for the Town’s capital leases are as follows:

YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2015	\$ 27,090	\$ 1,415	\$ 28,505
TOTALS	<u>\$ 27,090</u>	<u>\$ 1,415</u>	<u>\$ 28,505</u>

Severance Agreement:

During the fiscal year the Town reached a separation agreement with its former police chief. As part of the agreement the Town agreed to pay a “retirement severance” of \$30,000 payable in twelve equal monthly installments starting August 1, 2014. At September 30, 2014 ten payments remained outstanding totaling \$25,000. These remaining payments are included as part of the \$42,050 of “Compensated Absences” above and in the statement of net position as “Accrued Compensated Absences.”

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

NOTE 6: RETIREMENT PLAN:

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS. Plan provisions for the Town were as follows:

	Plan Year 2013	Plan Year 2014
Employee deposit rate	7.00%	7.00%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/20	60/5,0/20
Updated service credit	0% transfers	0% transfers
Annuity increase (to retirees)	0% of CPI	0% of CPI

Contributions:

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updates Service Credits and Annuity Increases.

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

The Town contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

The annual pension cost and the net pension obligation/(asset) are as follows:

Fiscal Year	2012	2013	2014
Annual required contribution rate	9.60%	11.30%	11.84%
Annual required contribution (ARC)	\$ 36,547	\$ 52,292	\$ 58,410
Interest on net pension obligation	\$ 0	\$ 0	\$ 0
Adjustment to the ARC	\$ 0	\$ 0	\$ 0
Annual pension cost	\$ 36,547	\$ 52,292	\$ 58,410
Contributions funded	\$ 36,547	\$ 52,292	\$ 58,410
Increase (decrease) in net pension obligation	\$ 0	\$ 0	\$ 0
Net pension obligation (asset) at beginning of year	\$ 0	\$ 0	\$ 0
Net pension obligation (asset) at end of year	\$ 0	\$ 0	\$ 0

The required contributions rates for 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012 are as follows:

	12/31/11	12/31/12	12/31/13
Actuarial valuation date	Projected	Projected	Entry Age
Actuarial cost method	Unit Credit	Unit Credit	Normal
Amortization method	Level % of payroll	Level % of payroll	Level % of payroll
Remaining amortization period	16.4 years; closed period	15.2 years; closed period	17.7 years; closed period
Amortization period for new gains/losses	12 years	13 years	19 years
	10-year	10-year	10-year
Asset valuation method	Smoothed Market	Smoothed Market	Smoothed Market
Actuarial assumptions:			
Investment rate of return	7.00%	7.00%	7.00%
	Varies by age & years of service	Varies by age & years of service	Varies by age & years of service
Projected salary increases	3.00%	3.00%	3.00%
Inflation factor	0.00%	0.00%	0.00%
Cost-of-living adjustments	0.00%	0.00%	0.00%

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

Funding Status and Funding Progress:

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Age Entry Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annual Purchase Rate factors, and (C) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Financial Report (CAFR).

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial valuation date		<u>12/31/13</u>
Actuarial valuation of assets	\$	498,383
Actuarial accrued liability	\$	776,746
Funded ratio		64.16%
Unfunded (overfunded) actuarial accrued liability	\$	278,363
Annual covered payroll	\$	498,014
UAAL as percentage of covered payroll		55.89%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarial determined amounts are subject to continual revision as actuarial results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTE 7: PROPERTY TAX:

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

TOWN OF BARTONVILLE

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

NOTE 8: RISK MANAGEMENT

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

NOTE 9: SUBSEQUENT EVENTS:

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
RESOURCES (INFLOWS)				
Property Taxes	\$ 478,168	\$ 478,168	\$ 479,459	\$ 1,291
Sales & Beverage Taxes	153,000	153,000	157,244	4,244
Franchise Fees	176,500	176,500	174,546	(1,954)
Permits & Fees	264,240	264,240	260,557	(3,683)
Municipal Court	65,000	65,000	55,583	(9,417)
Grants & Donations	0	0	22,119	22,119
Sale of Assets	0	0	4,050	4,050
Other Income	3,150	3,150	1,942	(1,208)
Interest Income	1,010	1,010	696	(314)
Transfer-Crime Control District	0	0	21,159	21,159
TOTAL RESOURCES	1,141,068	1,141,068	1,177,355	36,287
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government:				
Wages	184,144	159,333	150,822	8,511
Payroll Taxes	2,965	2,965	3,018	(53)
Retirement	19,902	19,902	17,223	2,679
Employee Medical Insurance & Vehicle	40,875	31,850	31,457	393
Contract Labor	2,500	2,500	2,605	(105)
Accounting & Auditing Services	3,500	3,500	3,500	0
Appraisal & Tax Collection Services	5,300	5,300	3,628	1,672
Codification Services	2,700	2,700	2,375	325
Elections	4,000	7,000	8,077	(1,077)
Engineering Services	6,000	6,000	14,455	(8,455)
Legal Services	30,000	30,000	75,543	(45,543)
Municipal Court	12,500	12,500	7,431	5,069
Building, Park & Equip. Maintenance	28,000	28,000	33,587	(5,587)
Copier Lease & Supplies	3,800	3,800	4,434	(634)
Dues, Subscriptions & Public Notices	4,030	4,030	3,880	150
Insurance	3,000	3,000	4,460	(1,460)
Supplies, Postage & Printing	20,500	20,500	26,009	(5,509)
Town Meetings & Events	1,700	1,700	2,013	(313)
Travel & Training	3,200	3,200	2,422	778
Utilities	18,000	18,000	20,442	(2,442)
Total General Government	396,616	365,780	417,381	(51,601)
Public Safety:				
Inspection & Code Enforcement	48,500	48,500	54,850	(6,350)
Child Safety	0	0	1,459	(1,459)
Animal Control	2,400	2,400	2,400	0
Total Public Safety	50,900	50,900	58,709	(7,809)

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
Police:				
Wages	364,950	316,062	356,928	(40,866)
Payroll Taxes	5,275	5,275	5,882	(607)
Retirement	42,758	34,449	41,187	(6,738)
Employee Medical Insurance	48,125	38,825	43,569	(4,744)
Insurance	13,032	13,032	16,516	(3,484)
Vehicle Fuel	15,000	12,750	12,558	192
Vehicle Maintenance	7,340	7,340	6,320	1,020
Supplies & Contract Services	18,900	18,900	11,780	7,120
Dues & Memberships	1,000	1,000	696	304
Criminal Investigations	1,500	1,500	993	507
Telephone	5,000	5,000	3,911	1,089
Uniforms	6,000	6,000	335	5,665
Travel & Training	6,000	6,000	1,928	4,072
Debt Service	13,000	13,000	28,505	(15,505)
Total Police	547,880	479,133	531,108	(51,975)
Public Works:				
Street Signs	1,500	1,500	613	887
Road Maintenance Projects	150,000	150,000	245,059	(95,059)
Total Public Works	151,500	151,500	245,672	(94,172)
Capital Outlay:				
Administration	0	0	1,200	(1,200)
Police	0	0	25,393	(25,393)
Total Capital Outlay	0	0	26,593	(26,593)
TOTAL APPROPRIATIONS	1,146,896	1,047,313	1,279,463	(232,150)
EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS	\$ (5,828)	\$ 93,755	\$ (102,108)	(195,863)
BEGINNING FUND BALANCE	\$ 307,475	\$ 307,475	\$ 307,475	
ENDING FUND BALANCE	\$ 301,647	\$ 401,230	\$ 205,367	

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT FUND

For the Year Ended September 30, 2014

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
RESOURCES (INFLOWS)				
Interest Income	\$ 500	\$ 500	\$ 146	\$ (354)
TOTAL RESOURCES	<u>500</u>	<u>500</u>	<u>146</u>	<u>(354)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Capital Improvements:				
Capital Outlay	0	0	2,900	(2,900)
TOTAL APPROPRIATIONS	<u>0</u>	<u>0</u>	<u>2,900</u>	<u>(2,900)</u>
EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ (2,754)</u>	<u>(3,254)</u>
BEGINNING FUND BALANCE	<u>\$ 103,571</u>	<u>\$ 103,571</u>	<u>\$ 103,571</u>	
ENDING FUND BALANCE	<u>\$ 104,071</u>	<u>\$ 104,071</u>	<u>\$ 100,817</u>	

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT CORPROATION

For the Year Ended September 30, 2014

	ORIGINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
RESOURCES (INFLOWS)			
Sales Taxes	\$ 54,000	\$ 60,510	\$ 6,510
Interest Income	300	251	(49)
TOTAL RESOURCES	<u>54,300</u>	<u>60,761</u>	<u>6,461</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Administration:			
Consulting Services	0	5,000	(5,000)
Development Grants	92,500	22,500	70,000
Dues & Memberships	0	125	(125)
TOTAL APPROPRIATIONS	<u>92,500</u>	<u>27,625</u>	<u>64,875</u>
EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS	\$ <u>(38,200)</u>	\$ <u>33,136</u>	<u>71,336</u>
BEGINNING FUND BALANCE	\$ <u>171,399</u>	\$ <u>171,399</u>	
ENDING FUND BALANCE	<u>\$ 133,199</u>	<u>\$ 204,535</u>	

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - CRIME CONTROL & PREVENTION DISTRICT

For the Year Ended September 30, 2014

	ORIGINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
RESOURCES (INFLOWS)			
Sales Taxes	\$ 20,400	\$ 26,934	\$ 6,534
Interest Income	0	33	33
TOTAL RESOURCES	20,400	26,967	6,567
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Police:			
Accounting & Auditing Services	1,000	500	500
Consulting Services	0	3,872	(3,872)
Dues & Memberships	800	0	800
Legal Services	1,000	0	1,000
Supplies, Printing & Postage	3,190	14	3,176
Training	10,000	0	10,000
Transfer to General Fund for:			
Debt Service	13,000	16,664	(3,664)
Capital Purchases	9,000	4,495	4,505
TOTAL APPROPRIATIONS	37,990	25,545	12,445
EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS	\$ (17,590)	\$ 1,422	19,012
BEGINNING FUND BALANCE	\$ 20,588	\$ 20,588	
ENDING FUND BALANCE	\$ 2,998	\$ 22,010	

TOWN OF BARTONVILLE
SCHEDULE OF PENSION PLAN FUNDING PROGRESS
For the Year Ended September 30, 2014

DEFINED BENEFIT RETIREMENT PLAN

	<u>12-31-13</u>	<u>12-31-12</u>	<u>12-31-11</u>
Actuarial Valuation Date			
Actuarial Value of Assets	\$ 498,383	432,004	341,150
Actuarial Accrued Liabilities (AAL)	776,746	780,804	682,522
Unfunded (Overfunded) AAL (UAAL)	278,363	348,800	341,372
Funded Ratio	64.16%	55.33%	49.98%
Covered Payroll	498,014	399,512	382,910
UAAL as a Percentage of Covered Payroll	55.89%	87.31%	89.15%

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BARTONVILLE
SCHEDULE OF PROPERTY TAXES

September 30, 2014

TAX YEAR	2013	2012	2011	2010
Assessed Value	\$ 248,335,446	\$ 242,551,488	\$ 246,127,812	\$ 235,095,470
Tax Rate per \$100 of Assessed Value	0.19294	0.19294	0.19294	0.19294
Total Tax Levy	\$ 479,138	\$ 467,979	\$ 474,879	\$ 453,593
Collections During Fiscal Year	\$ 477,127	\$ 465,344	\$ 469,435	\$ 450,752
% of Current Taxes Collected	99.58%	99.44%	98.85%	99.37%

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent on February 1 of the following year.

TOWN OF BARTONVILLE
RESTRICTED/COMMITTED CASH ACCOUNTS

September 30, 2014

RESTRICTED FUNDS:

GENERAL FUND

Security & Technology Funds	\$ <u>7,630</u>
TOTAL GENERAL FUND	\$ <u>7,630</u>

SPECIAL REVENUE FUNDS

Community Development Funds	\$ 199,283
Crime Control District	<u>23,584</u>
TOTAL SPECIAL REVENUE FUNDS	\$ <u>222,867</u>

COMMITTED FUNDS:

Designated for Roads	\$ 153,770
Capital Improvements	<u>100,817</u>
TOTAL COMMITTED FUNDS	\$ <u>254,587</u>

TOTAL RESTRICTED & COMMITTED FUNDS	\$ <u>485,084</u>
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WILLIAM C. SPORE, P.C.
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817-421-6619

To the Town Council
Town of Bartonville

In planning and performing my audit of the financial statements of the governmental activities and major fund of the Town of Bartonville as of and for the year ending September 30, 2014, in accordance with auditing standards generally accepted in the United States of America, I considered the Town of Bartonville' internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, I do not express an opinion on the effectiveness of the governmental unit's internal control.

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

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

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

William C. Spore, PC
Certified Public Accountants
March 17, 2015