

**TOWN OF BARTONVILLE**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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**Certified Public Accountants**  
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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 September 30, 2013, and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Bartonville, Texas, management. My responsibility is to express an opinion on these general purpose financial statements based upon my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Town of Bartonville, Texas, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules 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.

My audit was conducted for the purpose of forming an opinion on the Town of Bartonville's basic financial statements taken as a whole. The other supplementary information schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*William C. Spore, P.C.*

Certified Public Accountants

January 21, 2014

**TOWN OF BARTONVILLE**

**CITY OFFICIALS**

**September 30, 2013**

<b>MAYOR</b>	<b>Ron Robertson</b>
<b>MAYOR PRO TEM</b>	<b>Jim Farrell</b>
<b>COUNCILMEN</b>	<b>Jim Langford</b>
	<b>Bill Scherer</b>
	<b>Vacant</b>
	<b>Vacant</b>
<b>INTERIM ADMINISTRATOR</b>	<b>Stacey Almond</b>
<b>SECRETARY</b>	<b>Tammy Dixon</b>
<b>POLICE CHIEF</b>	<b>Dave Howell</b>
<b>MUNICIPAL COURT JUDGE</b>	<b>Robin Ramsay</b>
<b>ATTORNEY</b>	<b>Bob Hager</b>

## **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, 2013. 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, 2013 by \$3,081,433, a increase of \$124,970 from the prior year.
- At September 30, 2013 the Town's governmental funds reported combined fund balances of \$603,033, a decrease of \$357,323 from the prior year.
- The Town's capital assets, reported at cost less accumulated depreciation, total \$2,550,575 at September 30, 2013 while the Town's long-term debt totaled \$52,536 at September 30, 2013.

### **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 Assets 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 Assets (page 10) presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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 Assets 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 assets are as follows:

		NET ASSETS	
		GOVERNMENTAL ACTIVITIES	
		2013	2012
Current and Other Assets	\$	665,520	\$ 1,039,654
Capital Assets		<u>2,550,575</u>	<u>2,778,398</u>
Total Assets		<u>3,216,095</u>	<u>3,818,052</u>
Current Liabilities		(107,675)	(269,879)
Long-Term Liabilities		<u>(26,987)</u>	<u>(591,710)</u>
Total Liabilities		<u>(134,662)</u>	<u>(861,589)</u>
Net Assets:			
Invested in Capital Assets, net			
of debt		2,603,111	2,013,508
Restricted		191,987	306,260
Unrestricted		<u>286,335</u>	<u>636,695</u>
Total Net Assets	\$	<u>3,081,433</u>	\$ <u>2,956,463</u>

The Town's net assets increased by \$124,970 during the fiscal year ended September 30, 2013 to \$3,081,433. The largest portion of the Town's net assets 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, 2013 & 2012 is as follows:

		CHANGES IN NET ASSETS	
		2013	2012
REVENUES			
Program Revenues:			
Permits & Fees	\$	255,958	\$ 254,671
Municipal Court		74,293	71,593
Contributions & Grants		0	0
General Revenues:			
Property Taxes		471,481	478,072
Sales & Beverage Taxes		216,153	206,420
Franchise Fees		159,948	158,148
Sale of Assets		367,281	0
Interest Income		<u>1,673</u>	<u>9,567</u>
Total Revenues		<u>1,546,787</u>	<u>1,178,471</u>

PROGRAM EXPENSES			
General Government		468,633	492,672
Public Safety		573,328	418,228
Public Works		334,808	371,875
Interest on Long-Term Debt		45,048	45,582
Total Expenses		<u>1,421,817</u>	<u>1,328,357</u>
Increase (Decrease) in Net Assets	\$	<u>124,970</u>	\$ <u>(149,886)</u>

For the fiscal year ended September 30, 2013 the Town's revenues totaled \$1,547,787. The revenues include a gain on sale of assets of \$367,281 as the Town sold a parcel of land it owned to a developer. Revenues excluding the gain on the sale of assets totaled \$1,179,506, which is an increase of \$1,035 from the prior year revenues.

Total government-wide expenses increased \$93,460 (7%) in 2013. Due to decreases in personnel expenses, legal fees and building and park maintenance costs, general government expenses decreased \$24,039. The Town police department added police officers during the fiscal year which resulted in an increase in total public safety expenses in 2013 when compared to 2012.

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 2013 and 2012 fund basis revenues is as follows:

	2013	2012	CHANGE	% CHANGE
<b>REVENUES</b>				
Property Taxes	\$ 473,396	\$ 476,138	\$ (2,742)	-1%
Sales & Beverage Taxes	216,153	206,420	9,733	5%
Franchise Taxes	159,948	158,148	1,800	1%
Permits & Fees	255,958	254,671	1,287	1%
Municipal Court	74,293	71,593	2,700	4%
Denton County-ICA	0	0	0	--
Donations	0	0	0	--
Interest Income	1,673	9,567	(7,894)	-83%
Proceeds from Capital Lease	47,490	43,176	4,314	10%
Sale of Assets	745,281	0	745,281	--
<b>TOTAL REVENUES</b>	<b>\$ <u>1,974,192</u></b>	<b>\$ <u>1,219,713</u></b>	<b>\$ <u>754,479</u></b>	

The Town's primary sources of revenues, property and sales taxes, franchise fees and permit revenues, increased slightly from 2012 to 2013. During 2013 the Town sold a parcel of land it had acquired in 2010 for \$745,281. These sales proceeds were used to payoff outstanding general obligation bonds and tax notes owed by the Town.

The Town purchased a new police vehicle in 2013 which was financed by a capital lease. For fund reporting purposes the proceeds from the capital lease of \$47,490 are considered revenues in the year received. The Town also purchased a new police vehicle in the prior fiscal year using lease proceeds of \$47,490 to fund the purchase.

A comparison of fiscal years 2013 and 2012 fund basis expenditures is as follows:

	2013	2012	CHANGE	% CHANGE
<b>EXPENDITURES</b>				
General Government	\$ 451,256	\$ 473,694	\$ (22,438)	-5%
Public Safety	56,726	54,481	2,245	4%
Police	485,861	337,248	148,613	44%
Public Works	61,198	93,084	(31,886)	-34%
Capital Outlay - Public Works	401,446	24,900	376,546	1512%
Capital Outlay - General Government	4,950	0	4,950	--
Capital Outlay - Public Safety	60,934	57,830	3,104	5%
Debt Service-Principal	786,606	191,524	595,082	311%
Debt Service-Interest	22,538	38,837	(16,299)	-42%
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,331,515</b>	<b>\$ 1,271,598</b>	<b>\$ 1,059,917</b>	

The town increased the number of police officers in the police department during 2013 which caused police personnel costs to increase over \$130,000 from the prior fiscal year. 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. The real estate was purchased using funds in the Capital Improvement Fund (\$245,827) and funds from the Bartonville Economic Development Corporation (\$145,000).

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.

### GENERAL FUND BUDGETARY HIGHLIGHTS

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

The Town's actual general fund revenues included transfers from the Community Development Corporation (\$10,620), transfers from the Crime Control and Prevention District (\$12,549) and the proceeds from a capital lease (\$47,490). These other sources of funds total \$70,659 and were not included in the budget.

Actual operating revenues, other than the revenue items mentioned in the previous paragraph, were less than budgeted operating revenues by \$44,671 (4.5%) as property tax (\$5,693), sales tax (\$14,457), franchise fees (\$10,052) and permit (\$14,281) revenues collected were less than anticipated in the amended budget.

Actual general fund operating expenditures, excluding capital outlay expenditures, totaled \$1,070,502 which was \$8,179 more than budgeted operating expenditures. During 2013 the Town expended \$76,504 for general fund capital outlays which were not included in the budget. These expenditures were funded by transfers from the Community Development Corporation and the Crime Control and Prevention District along with the proceeds from a capital lease; all of which were not included in budgeted revenues.

The Town budgeted for the general fund to have a deficit of \$77,000 which was to be paid from fund balances on hand at the beginning of the fiscal year. The actual general fund deficit was \$135,695.

### **CAPITAL ASSETS**

The Town's investment in capital assets as of September 30, 2013 amounts to \$2,550,575 (net of depreciation). The investment in capital assets includes land, buildings, equipment and infrastructure. Major capital additions during the year included a new police vehicle and real estate purchased at 96 McMakin Road. Dispositions of capital assets during the year included the sale of real estate at 2001 Jeter Road. The Town's capital assets are as follows:

#### CAPITAL ASSETS AT YEAR END NET OF ACCUMULATED DEPRECIATION

		2013		2012
Land	\$	510,102	\$	497,276
Buildings		267,968		284,285
Equipment		94,065		55,407
Infrastructure		<u>1,678,440</u>		<u>1,941,430</u>
TOTAL	\$	<u>2,550,575</u>	\$	<u>2,778,398</u>

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

## DEBT ADMINISTRATION

The Town incurred additional long-term debts during 2013 through a capital lease for the purchase of a police vehicle. The General Obligation Bonds and Tax Notes owed by the Town at the end of September 2012 were fully retired in April 2013. Outstanding long-term debts are as follows:

### OUTSTANDING DEBT AT YEAR END

	2013	2012
General Obligation Bonds	\$ 0	\$ 375,000
Tax Notes Payable	0	385,000
Capital Lease Payable	<u>25,549</u>	<u>31,652</u>
TOTAL	\$ <u>25,549</u>	\$ <u>791,652</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 2014 are \$990,868. These revenues include property tax revenues of \$471,968, 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, \$176,500 of franchise fees and \$114,250 of permits and fee revenues.

Budgeted general fund expenditures total \$996,896 including \$30,000 for legal fees, \$247,886 for administrative staff personnel costs, and \$547,880 for the police department.

2014 Budgeted expenditures exceed 2014 budgeted revenues by \$6,028. This deficit will be funded from general fund reserves on hand at September 30, 2013.

Street and capital improvement budgeted expenditures include road improvement projects of \$120,000 for projects to be determined during 2014.

## 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 ASSETS**

*September 30, 2013*

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 402,139
Receivable-Sales Taxes & Franchise Fees	65,717
Receivable-Property Taxes	7,945
<b>TOTAL CURRENT ASSETS</b>	<u>475,801</u>
<b>NONCURRENT ASSETS</b>	
Restricted Cash	189,719
<b>CAPITAL ASSETS:</b>	
Land	510,102
Buildings & Improvements	369,475
Equipment	320,793
Infrastructure	4,476,039
Accumulated Depreciation	<u>(3,125,834)</u>
<b>NET CAPITAL ASSETS</b>	<u>2,550,575</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>2,740,294</u>
<b>TOTAL ASSETS</b>	<u>3,216,095</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	25,158
Accrued Liabilities	30,143
Accrued Compensated Absences	26,825
Capital Lease Payable	25,549
<b>TOTAL CURRENT LIABILITIES</b>	<u>107,675</u>
<b>NONCURRENT LIABILITIES</b>	
Capital Lease Payable	<u>26,987</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>26,987</u>
<b>TOTAL LIABILITIES</b>	<u>134,662</u>
<b>NET ASSETS</b>	
Invested in Capital Asset, Net of Related Debt	2,603,111
Restricted For:	
Debt Service	0
Economic Development	171,399
Crime Control	20,588
Unrestricted	<u>286,335</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,081,433</u>

**TOWN OF BARTONVILLE**

**GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES**

*For the Year Ended September 30, 2013*

<b>FUNCTIONS/PROGRAMS</b>	<u><b>EXPENSES</b></u>	<u><b>FINES, FEES &amp; CHARGES FOR SERVICES</b></u>	<u><b>DONATIONS</b></u>	<u><b>NET (EXPENSE) REVENUE</b></u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ (469,310)	\$ 255,958	\$ 0	\$ (213,352)
Public Safety	(56,726)	0	0	(56,726)
Police	(515,925)	74,293	0	(441,632)
Public Works	(334,808)	0	0	(334,808)
Interest on Long-Term Debt	(45,048)	0	0	(45,048)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (1,421,817)</b>	<b>\$ 330,251</b>	<b>\$ 0</b>	<b>(1,091,566)</b>
<b>GENERAL REVENUE</b>				
Property Taxes				471,481
Sales & Beverage Taxes				216,153
Franchise Fees				159,948
Gain on Sale of Assets				367,281
Interest Income				1,673
<b>TOTAL GENERAL REVENUE</b>				<b>1,216,536</b>
<b>CHANGE IN NET ASSETS</b>				<b>124,970</b>
<b>NET ASSETS - BEGINNING</b>				<b>2,956,463</b>
<b>NET ASSETS - ENDING</b>				<b>\$ 3,081,433</b>

**TOWN OF BARTONVILLE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

September 30, 2013

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL IMPROVEMENT FUND</u>	<u>COMMUNITY DEVELOPMENT CORPORATION</u>	<u>CRIME CONTROL DISTRICT</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>						
Cash	\$ 302,323	\$ 0	\$ 103,571	\$ 167,188	\$ 18,776	\$ 591,858
Receivables:						
Sales Taxes & Franchise Fees	59,694	0	0	4,211	1,812	65,717
Property Taxes	7,945	0	0	0	0	7,945
<b>TOTAL ASSETS</b>	<u>369,962</u>	<u>0</u>	<u>103,571</u>	<u>171,399</u>	<u>20,588</u>	<u>665,520</u>
<b>LIABILITIES</b>						
Accounts Payable	25,158	0		0	0	25,158
Accrued Expenses	29,384	0	0	0	0	29,384
Deferred Revenues	7,945	0	0	0	0	7,945
<b>TOTAL LIABILITIES</b>	<u>62,487</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,487</u>
<b>FUND BALANCES</b>						
Restricted For:						
Debt Service	0	0	0	0	0	0
Economic Development	0	0	0	171,399	0	171,399
Crime Control	0	0	0	0	20,588	20,588
Committed to:						
Capital Improvements	0	0	103,571	0	0	103,571
Roads	121,976	0	0	0	0	121,976
Unassigned, Reported In General Fund	185,499	0	0	0	0	185,499
<b>TOTAL FUND BALANCES</b>	<u>307,475</u>	<u>0</u>	<u>103,571</u>	<u>171,399</u>	<u>20,588</u>	<u>603,033</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE:</b>	<u>\$ 369,962</u>	<u>\$ 0</u>	<u>\$ 103,571</u>	<u>\$ 171,399</u>	<u>\$ 20,588</u>	<u>\$ 665,520</u>

TOWN OF BARTONVILLE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET ASSETS

September 30, 2013

Fund Balance	\$	603,033
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Fund Balance Sheet.		2,550,575
Property Taxes receivable are not available to pay for current period period expenditures and therefore are deferred in the Fund Balance Sheet.		7,945
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		(52,536)
Accrued compensated absences		(26,825)
Accrued interest		<u>(759)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>3,081,433</u></b>

**TOWN OF BARTONVILLE**

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

*For the Year Ended September 30, 2013*

	<b>GENERAL FUND</b>	<b>DEBT SERVICE FUND</b>	<b>CAPITAL IMPROVEMENT FUND</b>	<b>COMMUNITY DEVELOPMENT CORPORATION</b>	<b>CRIME CONTROL DISTRICT</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>						
Property Taxes	\$ 371,451	\$ 101,945	\$ 0	\$ 0	\$ 0	\$ 473,396
Sales & Beverage Taxes	138,743	0	0	54,195	23,215	216,153
Franchise Fees	159,948	0	0	0	0	159,948
Permits, Fees & Other Revenues	102,669	0	150,000	0	0	252,669
Municipal Court	74,293	0	0	0	0	74,293
Other Income	3,289	0	0	0	0	3,289
Interest Income	803	34	471	338	27	1,673
<b>TOTAL REVENUES</b>	<u>851,196</u>	<u>101,979</u>	<u>150,471</u>	<u>54,533</u>	<u>23,242</u>	<u>1,181,421</u>
<b>EXPENDITURES</b>						
General Government	451,933	0	0	0	0	451,933
Public Safety	56,726	0	0	0	0	56,726
Police	472,140	0	0	0	13,044	485,184
Public Works	61,198	0	0	0	0	61,198
Capital Outlay	76,504	0	390,826	0	0	467,330
Debt Service - Principle	26,606	760,000	0	0	0	786,606
Debt Service - Interest	1,899	20,639	0	0	0	22,538
<b>TOTAL EXPENDITURES</b>	<u>1,147,006</u>	<u>780,639</u>	<u>390,826</u>	<u>0</u>	<u>13,044</u>	<u>2,331,515</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHERS SOURC</b>	<u>(295,810)</u>	<u>(678,660)</u>	<u>(240,355)</u>	<u>54,533</u>	<u>10,198</u>	<u>(1,150,094)</u>
<b>OTHER SOURCES (USES)</b>						
Transfer-Community Development Corp.	10,620	0	895,000	(905,620)	0	0
Transfer-Crime Control District	12,549	0	0	0	(12,549)	0
Transfer-Debt Service Fund	89,456	(89,456)	0	0	0	0
Transfer-Capital Improvement Fund	0	762,000	(762,000)	0	0	0
Sale of Assets	0	0	0	745,281	0	745,281
Proceeds from Capital Lease	47,490	0	0	0	0	47,490
<b>TOTAL OTHER SOURCES (USES)</b>	<u>160,115</u>	<u>672,544</u>	<u>133,000</u>	<u>(160,339)</u>	<u>(12,549)</u>	<u>792,771</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(135,695)</u>	<u>(6,116)</u>	<u>(107,355)</u>	<u>(105,806)</u>	<u>(2,351)</u>	<u>(357,323)</u>
<b>FUND BALANCE - BEGINNING</b>	443,170	6,116	210,926	277,205	22,939	960,356
<b>FUND BALANCE - ENDING</b>	<u>\$ 307,475</u>	<u>\$ 0</u>	<u>\$ 103,571</u>	<u>\$ 171,399</u>	<u>\$ 20,588</u>	<u>\$ 603,033</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, 2013*

Net Change in Fund Balance - Governmental Funds	\$	(357,323)
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		467,330
Depreciation expense on capital assets		(317,153)
Cost of Assets Sold		(378,000)
The issuance of debt is revenue in the governmental funds, but increases long-term liabilities in the statement of net assets:		(47,490)
Repayment on debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		786,606
Debt issue cost is an expenditure in the governmental funds, but is amortized over the life of related debt in the statement of net assets:		
Amortization of Debt Issue Costs		(26,762)
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		(1,915)
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		4,252
Compensated Absences		(4,575)
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>124,970</u></b>

# TOWN OF BARTONVILLE

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

### 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 American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Town has elected to not apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. 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. Separate financial statements of the B.C.D.C. can be obtained from the Town's administrative offices.

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.) and 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. Separate financial statements of the B.C.C.D. can be obtained from the Town's police office.

## TOWN OF BARTONVILLE

### NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

#### **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 Assets 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 assets are reported in three parts- invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. 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 assets 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, 2013

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the Town. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

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 assets and the operating statements present increases (revenues) and decreases (expenses) in total assets. Under the accrual basis of accounting revenues are recognized when earned and expensed are recognized at the time the liability is incurred.

# TOWN OF BARTONVILLE

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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

### 3. Revenue Recognition:

The 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. No new statements required adoption for the year ended September 30, 2013. 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 Bartonville and its components units.

- Statement No. 68, *Accounting & Financial Reporting for Pensions*
- Statement No. 70, *Combinations & Disposals of Government Operations*

New pronouncements not yet in effect as of September 30, 2013, are not expected to have any significant impact on the Town's financial position, results of operations, or cash flows. The Town is currently studying these new pronouncements and will adopt them in the fiscal year ending September 2013, as required.

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

**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.

**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. Equity Classifications:**

*Government-wide Statements*

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

a: Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Any outstanding debt is reduced by any unspent debt proceeds at the end of the fiscal year before the reduction discussed above.

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

- b. Restricted net assets - Consists of net assets with constraints placed on the use either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the criteria of “restricted” or “invested in capital assets, net of related debt.”

*Fund Statements*

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

For the fiscal year ending September 30, 2013 expenditures exceeded appropriations for the following departments and amounts:

General Government	\$ 13,241
Public Safety	\$ 5,726
Police	\$ 9,514
Capital Outlay	\$76,504

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

**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, 2013 the Town had committed road improvement funds totaling \$121,976.

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, 2013 the Town had committed road improvement funds totaling \$103,571.

**NOTE 3: DEPOSITS:**

At September 30, 2013 the carrying amount of the Town's cash accounts were \$591,858, made up of petty cash of \$300 and \$591,858 held in checking accounts at a local financial institution. The Town did not own any investments at September 30, 2013.

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, 2013 the Town's bank balances (per bank) totaled \$596,044. Of the bank balances, \$250,000 was covered by federal depository insurance and \$346,044 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, 2013.

Securities pledged by the Town's depository institution at September 30, 2013 are as follows:

SECURITY	PAR	FMV
FHLB-letter of credit	\$2,000,000	\$2,000,000

(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.

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

(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, therefor, 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, therefor, is not exposed to interest rate risk.

**NOTE 4: CAPITAL ASSETS:**

Capital asset activity for the fiscal year ended September 30, 2013 is as follows:

CAPITAL ASSETS GOVERNMENTAL ACTIVITIES	BEGINNING	ADDITIONS	DELETIONS/ TRANSFERS	ENDING
Land	\$ 497,276	\$ 390,826	\$ (378,000)	\$ 510,102
Building & Improvements	369,475	0	0	369,475
Equipment	28,392	4,950	(7,509)	25,833
Police Equipment	234,026	60,934	0	294,960
Infrastructure	4,465,419	10,620	0	4,476,039
<b>TOTAL AT HISTORICAL COST</b>	<u>5,594,588</u>	<u>467,330</u>	<u>(385,509)</u>	<u>5,676,409</u>
 LESS ACCUMULATED DEPRECIATION				
Land	0	0	0	0
Building & Improvements	85,190	16,317	0	101,507
Equipment	26,489	1,410	(7,509)	20,390
Police Equipment	180,522	25,816	0	206,338
Infrastructure	2,523,989	273,610	0	2,797,599
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>2,816,190</u>	<u>317,153</u>	<u>(7,509)</u>	<u>3,125,834</u>
 <b>TOTAL CAPITAL ASSETS, NET</b>	 <u>\$ 2,778,398</u>	 <u>\$ 150,177</u>	 <u>\$ (378,000)</u>	 <u>\$ 2,550,575</u>

DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL ACTIVITIES AS FOLLOWS:

General Government	\$ 17,727
Police	25,816
Public Works	273,610
<b>TOTAL DEPRECIATION EXPENSE</b>	<u>\$ 317,153</u>

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

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

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

	BEGINNING	ADDITIONS	PAYMENTS	ENDING	CURRENT PORTION
Series 2004, G.O. Refunding Bonds	\$ 375,000	\$ 0	\$ 375,000	\$ 0	\$ 0
Series 2009 Tax Notes	385,000	0	385,000	0	0
Capital Lease-First Financial	31,652	0	9,942	21,710	10,539
Capital Lease-Gov't Capital	<u>0</u>	<u>47,490</u>	<u>16,664</u>	<u>30,826</u>	<u>15,010</u>
<b>TOTAL BONDS/LEASES</b>	<u>791,652</u>	<u>47,490</u>	<u>786,606</u>	<u>52,536</u>	<u>25,549</u>
Compensated Absences	<u>22,250</u>	<u>13,943</u>	<u>9,368</u>	<u>26,825</u>	<u>0</u>
<b>TOTAL GOVERNMENTAL</b>	<u>\$ 813,902</u>	<u>\$ 61,433</u>	<u>\$ 795,974</u>	<u>\$ 79,361</u>	<u>\$ 25,549</u>

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

**General Obligation Bonds:**

Series 2004 General Obligation Bonds, dated May 2004. These bonds were paid off in advance of their maturity date in April 2013.

**Tax Notes:**

Series 2009 Tax Notes, dated November 17, 2009. The tax notes were paid off in advance of their maturity date in April 2013.

**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 Government Capital Corporation - 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.

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

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

YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2014	\$ 25,549	\$ 2,956	\$ 28,505
2015	26,987	1,518	28,505
<b>TOTALS</b>	<b>\$ <u>52,536</u></b>	<b>\$ <u>4,474</u></b>	<b>\$ <u>57,010</u></b>

**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 by writing to TMRS, PO Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS’ website at [www.TMRS.com](http://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 <u>2012</u>	Plan Year <u>2013</u>
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	100% transfers	0% transfers
Annuity increase (to retirees)	70% 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 Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

active member's projected benefit allocated annually; the prior service cost 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 reporting benefits, such as updates service credits and annuity increases.

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.

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

	2011		2012		2013
Annual required contribution rate	8.72%		9.60%		11.30%
Annual required contribution (ARC)	\$ 33,635	\$	36,547	\$	52,292
Interest on net pension obligation	\$ 0	\$	0	\$	0
Adjustment to the ARC	\$ 0	\$	0	\$	0
Annual pension cost	\$ 33,635	\$	36,547	\$	52,292
Contributions funded	\$ 33,635	\$	36,547	\$	52,292
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 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011 are as follows:

Actuarial valuation date	12/31/10	12/31/11	12/31/12
Actuarial cost method	Projected Unit Credit Level % of payroll	Projected Unit Credit Level % of payroll	Projected Unit Credit Level % of payroll
Amortization method	17.3 years; closed period	16.4 years; closed period	15.2 years; closed period
Remaining amortization period	12 years	12 years	13 years
Amortization period for new gains/losses	10-year Smoothed	10-year Smoothed	10-year Smoothed
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Investment rate of return	7.00%	7.00%	7.00%
Projected salary increases	Varies by age & years of service	Varies by age & years of service	Varies by age & years of service
Inflation factor	3.00%	3.00%	3.00%
Cost-of-living adjustments	2.10%	0.00%	0.00%

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

Funding Status and Funding Progress - The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

Actuarial valuation date		<u>12/31/12</u>
Actuarial valuation of assets	\$	432,004
Actuarial accrued liability	\$	780,804
Funded ratio		55.33%
Unfunded (overfunded) actuarial accrued liability	\$	348,800
Annual covered payroll	\$	399,512
UAAL as percentage of covered payroll		87.31%

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.

**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.

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

**NOTE 9: SUBSEQUENT EVENTS:**

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through January 21, 2014 (the date that the Town Council approved the financial statements). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there are no non-recognized Type II subsequent events which would require additional disclosure.

## **REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
<b>RESOURCES (INFLOWS)</b>				
Property Taxes	\$ 485,515	\$ 377,144	\$ 371,451	\$ (5,693)
Sales & Beverage Taxes	178,200	153,200	138,743	(14,457)
Franchise Fees	171,200	170,000	159,948	(10,052)
Permits & Fees	113,650	116,950	102,669	(14,281)
Municipal Court	70,000	50,000	74,293	24,293
Other Income	4,168	2,200	3,289	1,089
Interest Income	7,532	3,500	803	(2,697)
Transfer-Community Development Corp	0	0	10,620	10,620
Transfer-Crime Control District	0	0	12,549	12,549
Transfer-Debt Service Fund	0	112,329	89,456	(22,873)
Proceeds from Capital Lease	0	0	47,490	47,490
<b>TOTAL RESOURCES</b>	<b>1,030,265</b>	<b>985,323</b>	<b>1,011,311</b>	<b>25,988</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
General Government:				
Wages	182,262	183,096	171,239	11,857
Payroll Taxes	3,496	3,595	3,129	466
Retirement	18,939	18,939	18,516	423
Employee Medical Insurance & HSA	32,000	32,000	30,001	1,999
Contract Labor	900	2,500	3,751	(1,251)
Accounting & Auditing Services	3,000	3,500	3,500	0
Appraisal & Tax Collection Services	5,500	5,500	5,232	268
Codification Services	3,500	3,500	350	3,150
Elections	2,600	2,600	1,752	848
Engineering Services	6,000	6,000	11,836	(5,836)
Legal Services	55,000	55,000	72,067	(17,067)
Municipal Court	12,500	12,500	16,961	(4,461)
Building, Park & Equip. Maintenance	35,250	35,250	35,967	(717)
Copier Lease & Supplies	3,800	3,800	4,023	(223)
Dues, Subscriptions & Public Notices	5,700	5,700	3,696	2,004
Insurance	3,200	3,200	2,833	367
Supplies, Postage & Printing	13,600	13,600	18,663	(5,063)
Town Meetings & Events	9,200	9,200	8,697	503
Travel & Training	20,535	20,535	19,268	1,267
Utilities	18,000	18,000	20,452	(2,452)
<b>Total General Government</b>	<b>434,982</b>	<b>438,015</b>	<b>451,933</b>	<b>(13,918)</b>
Public Safety:				
Inspection & Code Enforcement	44,800	48,300	54,326	(6,026)
Animal Control	2,700	2,700	2,400	300
<b>Total Public Safety</b>	<b>47,500</b>	<b>51,000</b>	<b>56,726</b>	<b>(5,726)</b>

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
<b>Police:</b>				
Wages	267,148	310,888	307,399	3,489
Payroll Taxes	5,645	5,875	5,529	346
Retirement	29,354	31,800	33,776	(1,976)
Employee Medical Insurance & HSA	44,725	48,973	47,949	1,024
Insurance	12,600	13,032	13,198	(166)
Vehicle Fuel	15,000	15,000	18,120	(3,120)
Vehicle Maintenance	8,000	8,000	8,182	(182)
Supplies	17,740	20,740	19,236	1,504
Dues & Memberships	1,500	1,500	976	524
Criminal Investigations	2,500	2,500	1,035	1,465
Telephone	4,200	5,000	4,812	188
Uniforms	6,000	6,000	5,631	369
Travel & Training	10,500	10,500	6,297	4,203
Debt Service	12,000	12,000	28,505	(16,505)
<b>Total Police</b>	<b>436,912</b>	<b>491,808</b>	<b>500,645</b>	<b>(8,837)</b>
<b>Public Works:</b>				
Street Signs	1,500	1,500	1,167	333
Road Maintenance Projects	80,000	80,000	60,031	19,969
<b>Total Public Works</b>	<b>81,500</b>	<b>81,500</b>	<b>61,198</b>	<b>20,302</b>
<b>Capital Outlay:</b>				
Administration	0	0	4,950	(4,950)
Police	0	0	60,934	(60,934)
Public Works	0	0	10,620	(10,620)
<b>Total Capital Outlay</b>	<b>0</b>	<b>0</b>	<b>76,504</b>	<b>(76,504)</b>
<b>TOTAL APPROPRIATIONS</b>	<b>1,000,894</b>	<b>1,062,323</b>	<b>1,147,006</b>	<b>(84,683)</b>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS</b>	<b>\$ 29,371</b>	<b>\$ (77,000)</b>	<b>\$ (135,695)</b>	<b>(58,695)</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$ 443,170</b>	<b>\$ 443,170</b>	<b>\$ 443,170</b>	
<b>ENDING FUND BALANCE</b>	<b>\$ 472,541</b>	<b>\$ 366,170</b>	<b>\$ 307,475</b>	

**TOWN OF BARTONVILLE**

**BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND**

*For the Year Ended September 30, 2013*

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
<b>RESOURCES (INFLOWS)</b>				
Property Taxes	\$ 106,871	\$ 106,871	\$ 101,945	\$ (4,926)
Interest Income	300	300	34	(266)
Transfer from General Fund	8,000	0	0	0
Transfer from Capital Fund	363,000	764,352	762,000	(2,352)
<b>TOTAL RESOURCES</b>	<u>478,171</u>	<u>871,523</u>	<u>863,979</u>	<u>(7,544)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Debt Service:				
General Obligation Bonds, Series 2004	382,000	377,344	384,286	(6,942)
Tax Notes, Series 2009	107,171	387,862	396,353	(8,491)
Transfer-General Fund	0	112,329	89,456	22,873
<b>TOTAL APPROPRIATIONS</b>	<u>489,171</u>	<u>877,535</u>	<u>870,095</u>	<u>7,440</u>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS</b>	\$ <u>(11,000)</u>	\$ <u>(6,012)</u>	\$ <u>(6,116)</u>	<u>(104)</u>
<b>BEGINNING FUND BALANCE</b>	\$ <u>6,116</u>	\$ <u>6,116</u>	\$ <u>6,116</u>	
<b>ENDING FUND BALANCE</b>	\$ <u><u>(4,884)</u></u>	\$ <u><u>104</u></u>	\$ <u><u>0</u></u>	

**BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT FUND**

*For the Year Ended September 30, 2013*

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
<b>RESOURCES (INFLOWS)</b>				
Interlocal Revenues	\$ 150,000	\$ 150,000	\$ 150,000	\$ 0
Interest Income	2,000	500	471	(29)
Transfer from Comm. Devel. Corp	0	895,000	895,000	0
<b>TOTAL RESOURCES</b>	<u>152,000</u>	<u>1,045,500</u>	<u>1,045,471</u>	<u>(29)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Capital Improvements:				
Capital Outlay	0	390,826	390,826	0
Transfer to Debt Service	363,000	764,347	762,000	2,347
<b>TOTAL APPROPRIATIONS</b>	<u>363,000</u>	<u>1,155,173</u>	<u>1,152,826</u>	<u>2,347</u>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS</b>	\$ <u>(211,000)</u>	\$ <u>(109,673)</u>	\$ <u>(107,355)</u>	<u>2,318</u>
<b>BEGINNING FUND BALANCE</b>	\$ <u>210,926</u>	\$ <u>210,926</u>	\$ <u>210,926</u>	
<b>ENDING FUND BALANCE</b>	\$ <u><u>(74)</u></u>	\$ <u><u>101,253</u></u>	\$ <u><u>103,571</u></u>	

**TOWN OF BARTONVILLE**

**BUDGETARY COMPARISON SCHEDULE - CRIME CONTROL & PREVENTION DISTRICT**

*For the Year Ended September 30, 2013*

	<b>ORIGINAL BUDGET</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>RESOURCES (INFLOWS)</b>			
Sales Taxes	\$ 20,400	\$ 23,215	\$ 2,815
Interest Income		27	27
<b>TOTAL RESOURCES</b>	<b>20,400</b>	<b>23,242</b>	<b>2,842</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
<b>Police:</b>			
Accounting & Auditing Services	1,000	500	500
Dues & Memberships	800	0	800
Insurance	0	140	(140)
Legal Services	1,000	0	1,000
Supplies, Printing & Postage	3,477	12,404	(8,927)
Training	10,000	0	10,000
Transfer to General Fund for:			
Debt Service	0	4,664	(4,664)
Capital Purchases	20,000	7,885	12,115
<b>TOTAL APPROPRIATIONS</b>	<b>36,277</b>	<b>25,593</b>	<b>10,684</b>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS</b>	<b>\$ (15,877)</b>	<b>\$ (2,351)</b>	<b>13,526</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$ 22,939</b>	<b>\$ 22,939</b>	
<b>ENDING FUND BALANCE</b>	<b>\$ 7,062</b>	<b>\$ 20,588</b>	

**TOWN OF BARTONVILLE**  
**SCHEDULE OF PENSION PLAN FUNDING PROGRESS**

**For the Year Ended September 30, 2013**

**DEFINED BENEFIT RETIREMENT PLAN**

	12-31-12	12-31-11	12-31-10
Actuarial Valuation Date			
Actuarial Value of Assets	\$ 432,004	341,150	262,213
Actuarial Accrued Liabilities (AAL)	780,804	682,522	576,819
Unfunded (Overfunded) AAL (UAAL)	348,800	341,372	314,606
Funded Ratio	55.33%	49.98%	45.46%
Covered Payroll	399,512	382,910	370,810
UAAL as a Percentage of Covered Payroll	87.31%	89.15%	84.84%

## **OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF BARTONVILLE**  
**SCHEDULE OF PROPERTY TAXES**

September 30, 2013

TAX YEAR	2012	2011	2010	2009
Assessed Value	\$ 242,551,488	\$ 246,127,812	\$ 235,095,470	\$ 229,478,975
Tax Rate per \$100 of Assessed Value	0.19294	0.19294	0.19294	0.19294
Total Tax Levy	\$ 467,979	\$ 474,879	\$ 453,593	\$ 442,757
Collections During Fiscal Year	\$ 465,344	\$ 469,435	\$ 450,752	\$ 438,928
% of Current Taxes Collected	99.44%	98.85%	99.37%	99.14%

**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, 2013**

**RESTRICTED FUNDS:**

**GENERAL, DEBT SERVICE & CIP FUNDS**

Interest & Sinking Debt Service Funds	\$	0
Security & Technology Funds		<u>3,755</u>
<b>TOTAL GENERAL, DEBT SERVICE &amp; CIP FUND</b>	<b>\$</b>	<b><u>3,755</u></b>

**SPECIAL REVENUE FUNDS**

Community Development Funds	\$	167,188
Crime Control District		<u>18,776</u>
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>\$</b>	<b><u>185,964</u></b>

**COMMITTED FUNDS:**

Designated for Roads	\$	121,976
Capital Improvements		<u>103,571</u>
<b>TOTAL COMMITTED FUNDS</b>	<b>\$</b>	<b><u>225,547</u></b>

<b>TOTAL RESTRICTED &amp; COMMITTED FUNDS</b>	<b>\$</b>	<b><u>415,266</u></b>
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**TOWN OF BARTONVILLE  
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS  
GOVERNMENTAL LONG - TERM DEBT**

September 30, 2013

<b>Capital Lease - First Financial</b>			
Original Amount		43,176	
Interest Rate		6.000%	
<b>YEAR ENDING SEPTEMBER 30,</b>	<b>ANNUAL INTEREST</b>	<b>ANNUAL PRINCIPLE</b>	<b>TOTAL REQUIREMENTS</b>
2014	\$ 1,302	\$ 10,539	\$ 11,841
2015	670	11,171	11,841
<b>TOTALS</b>	\$ <u>1,972</u>	\$ <u>21,710</u>	\$ <u>23,682</u>

<b>Capital Lease - Government Capital</b>			
Original Amount		47,490	
Interest Rate		5.360%	
<b>YEAR ENDING SEPTEMBER 30,</b>	<b>ANNUAL INTEREST</b>	<b>ANNUAL PRINCIPLE</b>	<b>TOTAL REQUIREMENTS</b>
2014	\$ 1,654	\$ 15,010	\$ 16,664
2015	848	15,816	16,664
<b>TOTALS</b>	\$ <u>2,502</u>	\$ <u>30,826</u>	\$ <u>33,328</u>

<b>TOTAL ALL GOVERNMENTAL LONG-TERM DEBTS</b>			
<b>YEAR ENDING SEPTEMBER 30,</b>	<b>INTEREST</b>	<b>PRINCIPLE</b>	<b>TOTAL REQUIREMENTS</b>
2014	\$ 2,956	\$ 25,549	\$ 28,505
2015	1,518	26,987	28,505
<b>TOTALS</b>	\$ <u>4,474</u>	\$ <u>52,536</u>	\$ <u>57,010</u>

**WILLIAM C. SPORE, P.C.**  
**Certified Public Accountants**  
**200 N. Rufe Snow Dr., Ste 116**  
**Keller, TX 76248**  
**817-421-6619**

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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, 2013, 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  
January 21, 2014