

**TOWN OF BARTONVILLE**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

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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, 2012, 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, 2012, 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 15, 2013

**TOWN OF BARTONVILLE**

**CITY OFFICIALS**

**September 30, 2012**

|                              |                        |
|------------------------------|------------------------|
| <b>MAYOR</b>                 | <b>Ron Robertson</b>   |
| <b>MAYOR PRO TEM</b>         | <b>Carla Anderson</b>  |
| <b>COUNCILMEN</b>            | <b>Jim Farrell</b>     |
|                              | <b>Ryan Litherland</b> |
|                              | <b>Bill Reaves</b>     |
|                              | <b>Jim Strange</b>     |
| <b>ADMINISTRATOR</b>         | <b>Debbie Millican</b> |
| <b>SECRETARY</b>             | <b>Tammy Fowlett</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, 2012. 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, 2012 by \$2,956,463, a decrease of \$149,886 from the prior year.
- At September 30, 2012 the Town's governmental funds reported combined fund balances of \$960,356, a decrease of \$51,885 from the prior year.
- The Town's capital assets, reported at cost less accumulated depreciation, total \$2,778,398 at September 30, 2012 while the Town's long-term debt totaled \$791,652 at September 30, 2012.

### **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 |                     |
|                                 |    | 2012                    | 2011                |
| Current and Other Assets        | \$ | 1,039,654               | \$ 1,119,386        |
| Capital Assets                  |    | <u>2,778,398</u>        | <u>3,017,786</u>    |
| Total Assets                    |    | <u>3,818,052</u>        | <u>4,137,172</u>    |
| Current Liabilities             |    | (269,879)               | (270,823)           |
| Long-Term Liabilities           |    | <u>(591,710)</u>        | <u>(760,000)</u>    |
| Total Liabilities               |    | <u>(861,589)</u>        | <u>(1,030,823)</u>  |
|                                 |    |                         |                     |
| Net Assets:                     |    |                         |                     |
| Invested in Capital Assets, net |    |                         |                     |
| of debt                         |    | 2,013,508               | 2,111,104           |
| Restricted                      |    | 306,260                 | 278,925             |
| Unrestricted                    |    | <u>636,695</u>          | <u>716,320</u>      |
| Total Net Assets                | \$ | <u>2,956,463</u>        | \$ <u>3,106,349</u> |

The Town's net assets decreased by \$149,886 during the fiscal year ended September 30, 2012 to \$2,956,463. 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, 2012 & 2011 is as follows:

|                        |    | CHANGES IN NET ASSETS |                  |
|------------------------|----|-----------------------|------------------|
|                        |    | 2012                  | 2011             |
| REVENUES               |    |                       |                  |
| Program Revenues:      |    |                       |                  |
| Permits & Fees         | \$ | 254,671               | \$ 283,888       |
| Municipal Court        |    | 71,593                | 67,091           |
| Contributions & Grants |    | 0                     | 388,374          |
| General Revenues:      |    |                       |                  |
| Property Taxes         |    | 478,072               | 457,420          |
| Sales & Beverage Taxes |    | 206,420               | 173,839          |
| Franchise Fees         |    | 158,148               | 158,642          |
| Interest Income        |    | <u>9,567</u>          | <u>14,992</u>    |
| Total Revenues         |    | <u>1,178,471</u>      | <u>1,544,246</u> |



| PROGRAM EXPENSES                  |                     |                   |
|-----------------------------------|---------------------|-------------------|
| General Government                | 492,672             | 465,607           |
| Public Safety                     | 418,228             | 422,240           |
| Public Works                      | 371,875             | 338,793           |
| Interest on Long-Term Debt        | 45,582              | 43,616            |
| Total Expenses                    | <u>1,328,357</u>    | <u>1,270,256</u>  |
| Increase (Decrease) in Net Assets | \$ <u>(149,886)</u> | \$ <u>273,990</u> |

For the fiscal year ended September 30, 2012 the Town's revenues totaled \$1,178,471. Total revenues decreased \$365,775 from the prior fiscal year primarily due to several nonrecurring contributions received in 2011. The economic conditions in the Town improved during 2012 as property tax and sales revenues increased due to increases in property tax valuations in the Town and an increase in retail sales reported by local vendors. Due to a decrease in zoning/subdivision fees and the issuance of fewer commercial building permits in 2012 compared to 2011, total permit and fee revenues decreased \$29,217 (10%) in 2012.

Total government-wide expenses increased \$58,101 in 2012 from 2011 primarily due to an increase in legal fees (\$13,064) and building, equipment and parks maintenance (\$31,947). These increased expenses were partially offset by a decrease in engineering fees (\$11,890 decrease) and inspection services (\$5,217 decrease). The Town has had ongoing legal matters during the past two 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 2012 and 2011 fund basis revenues is as follows:

|                             | 2012                | 2011                | CHANGE              | % CHANGE |
|-----------------------------|---------------------|---------------------|---------------------|----------|
| <b>REVENUES</b>             |                     |                     |                     |          |
| Property Taxes              | \$ 476,138          | \$ 456,525          | \$ 19,613           | 4%       |
| Sales & Beverage Taxes      | 206,420             | 173,839             | 32,581              | 19%      |
| Franchise Taxes             | 158,148             | 158,642             | (494)               | 0%       |
| Permits & Fees              | 254,671             | 283,888             | (29,217)            | -10%     |
| Municipal Court             | 71,593              | 67,091              | 4,502               | 7%       |
| Denton County-ICA           | 0                   | 4,522               | (4,522)             | --       |
| Donations                   | 0                   | 383,852             | (383,852)           | --       |
| Interest Income             | 9,567               | 14,992              | (5,425)             | -36%     |
| Proceeds from Capital Lease | 43,176              | 0                   | 43,176              | --       |
| <b>TOTAL REVENUES</b>       | <u>\$ 1,219,713</u> | <u>\$ 1,543,351</u> | <u>\$ (323,638)</u> |          |

Due to an increase in taxable property in the Town, the Town's property tax collections increased without the Town increasing the property tax rate, which remained the same in 2012 as it was in 2010. Sales tax revenues increased 19% during 2012 while permit and fee revenues decreased 10%. Prior year revenues include Denton County-ICA revenues of \$4,522 and donation revenues of \$383,852. These were nonrecurring revenues and the Town did not receive any comparable revenues in 2012.

The Town purchased a new police vehicle in 2012 which was financed by a capital lease. For fund reporting purposes the proceeds from the capital lease of \$43,176 are considered revenues in the year received. There were no comparable revenues in 2011.

A comparison of fiscal years 2012 and 2011 fund basis expenditures is as follows:

|                                     | 2011                | 2011                | CHANGE                | % CHANGE |
|-------------------------------------|---------------------|---------------------|-----------------------|----------|
| <b>EXPENDITURES</b>                 |                     |                     |                       |          |
| General Government                  | \$ 473,694          | \$ 444,236          | \$ 29,458             | 7%       |
| Public Safety                       | 54,481              | 60,567              | (6,086)               | -10%     |
| Police                              | 337,248             | 329,893             | 7,355                 | 2%       |
| Public Works                        | 93,084              | 107,302             | (14,218)              | -13%     |
| Capital Outlay - Public Works       | 24,900              | 525,480             | (500,580)             | -95%     |
| Capital Outlay - General Government | 0                   | 390,646             | (390,646)             | -100%    |
| Capital Outlay - Public Safety      | 57,830              | 390,646             | (332,816)             | -85%     |
| Debt Service-Principal              | 191,524             | 186,897             | 4,627                 | 2%       |
| Debt Service-Interest               | 38,837              | 33,915              | 4,922                 | 15%      |
| <b>TOTAL EXPENDITURES</b>           | <b>\$ 1,271,598</b> | <b>\$ 2,469,582</b> | <b>\$ (1,197,984)</b> |          |

The Town's total 2012 expenditures include \$82,370 of capital outlays compared to \$916,126 expended for capital outlays in 2011. Excluding capital outlays, 2012 expenditures total \$1,188,868 compared to \$1,162,818; an increase of 2.24%.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During 2012 the Town Council amended the original police department budget. The amendment did not increase the originally budgeted departmental total expenditures but increased or decreased selected individual line items and was made to include expenditures that were not anticipated at the time the original budget was passed.

The Town's actual general fund revenues included transfers from the Community Development Corporation (\$29,815), transfers from the Crime Control and Prevention District (\$11,109) and the proceeds from a capital lease (\$43,176). These other sources of funds total \$84,100 and were not included in the budget.

Budgeted operating revenues exceeded actual operating revenues by \$76,836 (9%) as sales tax (\$27,408) and permit (\$51,091) revenues collected were less than anticipated in the budget.

Actual operating expenditures totaled \$964,692 which is \$22,053 (2%) less than budgeted operating expenditures. During 2012 the Town expended \$82,730 for 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 and the proceeds from a capital lease; all of which were not budgeted.

The Town budgeted for the general fund to have a deficit of \$177,000 which was to be paid from fund balances on hand at the beginning of the fiscal year. Due to sales tax and permit revenues collections being less than budgeted the general fund had an actual deficit of \$230,433, a negative variance of \$53,433 from the budget.

### **CAPITAL ASSETS**

The Town's investment in capital assets as of September 30, 2012 amounts to \$2,778,398 (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 a water well at McMakin park. The Town's capital assets are as follows:

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

|                |           | 2012                    |           | 2011                    |
|----------------|-----------|-------------------------|-----------|-------------------------|
| Land           | \$        | 497,276                 | \$        | 497,276                 |
| Buildings      |           | 284,285                 |           | 300,602                 |
| Equipment      |           | 55,407                  |           | 24,587                  |
| Infrastructure |           | 1,941,430               |           | 2,195,321               |
| <b>TOTAL</b>   | <b>\$</b> | <b><u>2,778,398</u></b> | <b>\$</b> | <b><u>3,017,786</u></b> |

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

### **DEBT ADMINISTRATION**

The Town incurred additional long-term debts during 2012 through a capital lease for the purchase of a police vehicle. All of the required payments on its long-term debts were made in a timely manner. Outstanding long-term debts are as follows:

#### OUTSTANDING DEBT AT YEAR END

|                          |           | 2012                  |           | 2011                  |
|--------------------------|-----------|-----------------------|-----------|-----------------------|
| General Obligation Bonds | \$        | 375,000               | \$        | 470,000               |
| Tax Notes Payable        |           | 385,000               |           | 470,000               |
| Capital Lease Payable    |           | 31,652                |           | 0                     |
| <b>TOTAL</b>             | <b>\$</b> | <b><u>791,652</u></b> | <b>\$</b> | <b><u>940,000</u></b> |

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 2013 are \$1,027,765. These revenues include property tax revenues of \$485,515, based upon a tax rate of .19294 per \$100 of valuation, the same rate as the prior year. The 2013 budget anticipates the Town collecting \$175,000 of sales tax revenues and \$113,650 of permits and fee revenues.

Budgeted expenditures total \$1,027,765 and include transferring \$106,871 of property tax revenues to the debt service fund and \$436,912 for the police department.

Budgeted expenditures include \$55,000 for legal fees, \$35,250 for building, equipment and parks maintenance and funds to hire and outfit an additional police officer.

The Town budgeted to transfer \$363,000 from the capital fund to the debt service fund which, along with \$106,871 of budgeted debt service property taxes, will provide the Town with sufficient funds to make its required annual debt service payments and retire 100% of the outstanding 2004 general obligation bonds during the 2013 fiscal year.

Street and capital improvement budgeted expenditures include road improvement projects of \$80,000 for projects to be determined during 2013.

## **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, 2012*

|  | <b>GOVERNMENTAL<br/>ACTIVITIES</b> |
|--|------------------------------------|
| <b>ASSETS</b>                                      |                                    |
| <b>CURRENT ASSETS</b>                              |                                    |
| Cash   | \$ 639,144                         |
| Receivable-Sales Taxes & Franchise Fees            | 64,911                             |
| Receivable-Property Taxes                          | 9,860                              |
| <b>TOTAL CURRENT ASSETS</b>                        | <u>713,915</u>                     |
| <b>NONCURRENT ASSETS</b>                           |                                    |
| Restricted Cash                                    | 298,977                            |
| Unamortized Bond Issue Costs (Net of Amortization) | 26,762                             |
| <b>CAPITAL ASSETS:</b>                             |                                    |
| Land   | 497,276                            |
| Buildings & Improvements                           | 369,475                            |
| Equipment  | 262,418                            |
| Infrastructure                                     | 4,465,419                          |
| Accumulated Depreciation                           | <u>(2,816,190)</u>                 |
| <b>NET CAPITAL ASSETS</b>                          | <u>2,778,398</u>                   |
| <b>TOTAL NONCURRENT ASSETS</b>                     | <u>3,104,137</u>                   |
| <b>TOTAL ASSETS</b>                                | <u>3,818,052</u>                   |
| <b>LIABILITIES</b>                                 |                                    |
| <b>CURRENT LIABILITIES</b>                         |                                    |
| Accounts Payable                                   | 16,411                             |
| Accrued Liabilities                                | 31,276                             |
| Accrued Compensated Absences                       | 22,250                             |
| General Obligation Refunding Bond Payable          | 100,000                            |
| Tax Notes Payable                                  | 90,000                             |
| Capital Lease Payable                              | 9,942                              |
| <b>TOTAL CURRENT LIABILITIES</b>                   | <u>269,879</u>                     |
| <b>NONCURRENT LIABILITIES</b>                      |                                    |
| General Obligation Refunding Bond Payable          | 275,000                            |
| Tax Notes Payable                                  | 295,000                            |
| Capital Lease Payable                              | 21,710                             |
| <b>TOTAL NONCURRENT LIABILITIES</b>                | <u>591,710</u>                     |
| <b>TOTAL LIABILITIES</b>                           | <u>861,589</u>                     |
| <b>NET ASSETS</b>                                  |                                    |
| Invested in Capital Asset, Net of Related Debt     | 2,013,508                          |
| Restricted For:                                    |                                    |
| Debt Service                                       | 6,116                              |
| Economic Development                               | 277,205                            |
| Crime Control                                      | 22,939                             |
| Unrestricted                                       | 636,695                            |
| <b>TOTAL NET ASSETS</b>                            | <u>\$ 2,956,463</u>                |

**TOWN OF BARTONVILLE**

**GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES**

*For the Year Ended September 30, 2012*

| <b>FUNCTIONS/PROGRAMS</b>                | <u><b>EXPENSES</b></u> | <u><b>FINES, FEES &amp;<br/>CHARGES FOR<br/>SERVICES</b></u> | <u><b>DONATIONS</b></u> | <u><b>NET<br/>(EXPENSE)<br/>REVENUE</b></u> |
|--|------------------------|--|-------------------------|---|
| <b>GOVERNMENTAL ACTIVITIES:</b>          |                        |  |                         |   |
| General Government                       | \$ (492,672)           | \$ 254,671   | \$                      | \$ (238,001)                                |
| Public Safety                            | (54,481)               | 0  | 0                       | (54,481)                                    |
| Police                                   | (363,747)              | 71,593   | 0                       | (292,154)                                   |
| Public Works                             | (371,875)              | 0  | 0                       | (371,875)                                   |
| Interest on Long-Term Debt               | (45,582)               | 0  | 0                       | (45,582)                                    |
| <b>TOTAL GOVERNMENTAL<br/>ACTIVITIES</b> | <b>\$ (1,328,357)</b>  | <b>\$ 326,264</b>  | <b>\$ 0</b>             | <b>(1,002,093)</b>                          |
| <br><b>GENERAL REVENUE</b>               |                        |  |                         |   |
| Property Taxes                           |                        |  |                         | 478,072                                     |
| Sales & Beverage Taxes                   |                        |  |                         | 206,420                                     |
| Franchise Fees                           |                        |  |                         | 158,148                                     |
| Interest Income                          |                        |  |                         | 9,567                                       |
| <b>TOTAL GENERAL REVENUE</b>             |                        |  |                         | <b>852,207</b>                              |
| <b>CHANGE IN NET ASSETS</b>              |                        |  |                         | <b>(149,886)</b>                            |
| <b>NET ASSETS - BEGINNING</b>            |                        |  |                         | <b>3,106,349</b>                            |
| <b>NET ASSETS - ENDING</b>               |                        |  |                         | <b>\$ 2,956,463</b>                         |

**TOWN OF BARTONVILLE**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

September 30, 2012

|  | <b>GENERAL<br/>FUND</b> | <b>DEBT<br/>SERVICE<br/>FUND</b> | <b>CAPITAL<br/>IMPROVEMENT<br/>FUND</b> | <b>COMMUNITY<br/>DEVELOPMENT<br/>CORPORATION</b> | <b>CRIME<br/>CONTROL<br/>DISTRICT</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--|-------------------------|----------------------------------|---|--|---------------------------------------|---|
| <b>ASSETS</b>                                |                         |                                  |   |  |                                       |   |
| Cash   | \$ 432,400              | \$ 6,116                         | \$ 210,926                              | \$ 267,761                                       | \$ 20,918                             | \$ 938,121                              |
| Receivables:                                 |                         |                                  |   |  |                                       |   |
| Sales Taxes & Franchise Fees                 | 58,090                  | 0                                | 0                                       | 4,800  | 2,021                                 | 64,911                                  |
| Property Taxes                               | 9,860                   | 0                                | 0                                       | 0  | 0                                     | 9,860                                   |
| Interfund Receivable/Payable                 | (4,644)                 | 0                                | 0                                       | 4,644  | 0                                     | 0                                       |
| <b>TOTAL ASSETS</b>                          | <u>495,706</u>          | <u>6,116</u>                     | <u>210,926</u>                          | <u>277,205</u>                                   | <u>22,939</u>                         | <u>1,012,892</u>                        |
| <b>LIABILITIES</b>                           |                         |                                  |   |  |                                       |   |
| Accounts Payable                             | 16,411                  | 0                                |   | 0  | 0                                     | 16,411                                  |
| Accrued Expenses                             | 26,265                  | 0                                | 0                                       | 0  | 0                                     | 26,265                                  |
| Deferred Revenues                            | 9,860                   | 0                                | 0                                       | 0  | 0                                     | 9,860                                   |
| <b>TOTAL LIABILITIES</b>                     | <u>52,536</u>           | <u>0</u>                         | <u>0</u>                                | <u>0</u>   | <u>0</u>                              | <u>52,536</u>                           |
| <b>FUND BALANCES</b>                         |                         |                                  |   |  |                                       |   |
| Restricted For:                              |                         |                                  |   |  |                                       |   |
| Debt Service                                 | 0                       | 6,116                            | 0                                       | 0  | 0                                     | 6,116                                   |
| Economic Development                         | 0                       | 0                                | 0                                       | 277,205  | 0                                     | 277,205                                 |
| Crime Control                                | 0                       | 0                                | 0                                       | 0  | 22,939                                | 22,939                                  |
| Committed to:                                |                         |                                  |   |  |                                       |   |
| Capital Improvements                         | 0                       | 0                                | 210,926                                 | 0  | 0                                     | 210,926                                 |
| Roads  | 183,998                 | 0                                | 0                                       | 0  | 0                                     | 183,998                                 |
| Operating Reserve                            | 202,033                 | 0                                | 0                                       | 0  | 0                                     | 202,033                                 |
| Unassigned, Reported In General Fund         | 57,139                  | 0                                | 0                                       | 0  | 0                                     | 57,139                                  |
| <b>TOTAL FUND BALANCES</b>                   | <u>443,170</u>          | <u>6,116</u>                     | <u>210,926</u>                          | <u>277,205</u>                                   | <u>22,939</u>                         | <u>960,356</u>                          |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE:</b> | <u>\$ 495,706</u>       | <u>\$ 6,116</u>                  | <u>\$ 210,926</u>                       | <u>\$ 277,205</u>                                | <u>\$ 22,939</u>                      | <u>\$ 1,012,892</u>                     |

TOWN OF BARTONVILLE

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

September 30, 2012

|  |           |                                |
|--|-----------|--------------------------------|
| Fund Balance   | \$        | 960,356                        |
| Amounts reported for governmental activities in the<br>Statement of Net Assets are different because:  |           |                                |
| Capital assets used in governmental activities are not financial resources<br>and therefore are not reported in the Fund Balance Sheet.            |           | 2,778,398                      |
| Property Taxes receivable are not available to pay for current period<br>period expenditures and therefore are deferred in the Fund Balance Sheet. |           | 9,860                          |
| Debt issue costs are current expenditures in the fund statement of<br>revenues & expenditures but are amortized in the statement of net assets.    |           | 26,762                         |
| Long term liabilities are not due and payable in the current period and<br>therefore are not reported in the Fund Balance Sheet:                   |           |                                |
| General obligation bonds payable   |           | (375,000)                      |
| Tax notes payable  |           | (385,000)                      |
| Capital Lease Payable  |           | (31,652)                       |
| Accrued compensated absences   |           | (22,250)                       |
| Accrued interest   |           | <u>(5,011)</u>                 |
| <b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>   | <b>\$</b> | <b><u><u>2,956,463</u></u></b> |



**TOWN OF BARTONVILLE**

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

*For the Year Ended September 30, 2012*

| <b>REVENUES</b>   | <b>GENERAL<br/>FUND</b> | <b>DEBT<br/>SERVICE<br/>FUND</b> | <b>CAPITAL<br/>IMPROVEMENT<br/>FUND</b> | <b>COMMUNITY<br/>DEVELOPMENT<br/>CORPORATION</b> | <b>CRIME<br/>CONTROL<br/>DISTRICT</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|---|-------------------------|----------------------------------|---|--|---------------------------------------|---|
| Property Taxes  | \$ 260,667              | \$ 215,471                       | \$ 0                                    | \$ 0   | \$ 0                                  | \$ 476,138                              |
| Sales & Beverage Taxes  | 132,442                 | 0                                | 0                                       | 51,758   | 22,220                                | 206,420                                 |
| Franchise Fees  | 158,148                 | 0                                | 0                                       | 0  | 0                                     | 158,148                                 |
| Permits, Fees & Other Revenues  | 100,959                 | 0                                | 150,000                                 | 0  | 0                                     | 250,959                                 |
| Municipal Court   | 71,593                  | 0                                | 0                                       | 0  | 0                                     | 71,593                                  |
| Other Income  | 3,712                   | 0                                | 0                                       | 0  | 0                                     | 3,712                                   |
| Interest Income   | 5,388                   | 917                              | 1,212                                   | 2,016  | 34                                    | 9,567                                   |
| <b>TOTAL REVENUES</b>   | <u>732,909</u>          | <u>216,388</u>                   | <u>151,212</u>                          | <u>53,774</u>                                    | <u>22,254</u>                         | <u>1,176,537</u>                        |
| <b>EXPENDITURES</b>   |                         |                                  |   |  |                                       |   |
| General Government  | 473,694                 | 0                                | 0                                       | 0  | 0                                     | 473,694                                 |
| Public Safety   | 54,481                  | 0                                | 0                                       | 0  | 0                                     | 54,481                                  |
| Police  | 331,612                 | 0                                | 0                                       | 0  | 5,636                                 | 337,248                                 |
| Public Works  | 93,084                  | 0                                | 0                                       | 0  | 0                                     | 93,084                                  |
| Capital Outlay  | 82,730                  | 0                                | 0                                       | 0  | 0                                     | 82,730                                  |
| Debt Service - Principle  | 11,524                  | 180,000                          | 0                                       | 0  | 0                                     | 191,524                                 |
| Debt Service - Interest   | 316                     | 38,521                           | 0                                       | 0  | 0                                     | 38,837                                  |
| <b>TOTAL EXPENDITURES</b>   | <u>1,047,441</u>        | <u>218,521</u>                   | <u>0</u>                                | <u>0</u>   | <u>5,636</u>                          | <u>1,271,598</u>                        |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES BEFORE OTHERS SOURC</b> | <u>(314,532)</u>        | <u>(2,133)</u>                   | <u>151,212</u>                          | <u>53,774</u>                                    | <u>16,618</u>                         | <u>(95,061)</u>                         |
| <b>OTHER SOURCES (USES)</b>   |                         |                                  |   |  |                                       |   |
| Transfer-Community Development Corp.  | 29,815                  | 0                                | 0                                       | (29,815)   | 0                                     | 0                                       |
| Transfer-Crime Control District   | 11,109                  | 0                                | 0                                       | 0  | (11,109)                              | 0                                       |
| Proceeds from Capital Lease   | 43,176                  | 0                                | 0                                       | 0  | 0                                     | 43,176                                  |
| <b>TOTAL OTHER SOURCES (USES)</b>   | <u>84,100</u>           | <u>0</u>                         | <u>0</u>                                | <u>(29,815)</u>                                  | <u>(11,109)</u>                       | <u>43,176</u>                           |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b>                     | <u>(230,432)</u>        | <u>(2,133)</u>                   | <u>151,212</u>                          | <u>23,959</u>                                    | <u>5,509</u>                          | <u>(51,885)</u>                         |
| <b>FUND BALANCE - BEGINNING</b>   | <u>673,602</u>          | <u>8,249</u>                     | <u>59,714</u>                           | <u>253,246</u>                                   | <u>17,430</u>                         | <u>1,012,241</u>                        |
| <b>FUND BALANCE - ENDING</b>  | <u>\$ 443,170</u>       | <u>\$ 6,116</u>                  | <u>\$ 210,926</u>                       | <u>\$ 277,205</u>                                | <u>\$ 22,939</u>                      | <u>\$ 960,356</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, 2012*

|   |           |                         |
|---|-----------|-------------------------|
| Net Change in Fund Balance - Governmental Funds   | \$        | (51,885)                |
| 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   |           | 82,730                  |
| Depreciation expense on capital assets  |           | (322,118)               |
| The issuance of debt is revenue in the governmental funds, but increases long-term liabilities in the statement of net assets:  |           |                         |
|   |           | (43,176)                |
| Repayment on debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:  |           |                         |
|   |           | 191,524                 |
| 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  |           | (6,557)                 |
| 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  |           | 1,934                   |
| 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  |           | (188)                   |
| Compensated Absences  |           | (2,150)                 |
| <b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>  | <b>\$</b> | <b><u>(149,886)</u></b> |

# TOWN OF BARTONVILLE

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

### 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, 2012

#### **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, 2012

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.

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

# TOWN OF BARTONVILLE

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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, 2012. 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. 65, *Items previously reported as Assets and Liabilities*
- Statement No. 66, *Technical Corrections--2012--an amendment of GASB Statements No 10 and no. 62*

New pronouncements not yet in effect as of September 30, 2012, 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 2012, as required.

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

**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, 2012**

- 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, 2012 expenditures exceeded appropriations for the following departments and amounts:

|                |           |
|----------------|-----------|
| Public Works   | \$ 11,584 |
| Capital Outlay | \$ 82,730 |



**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

**NOTE 2: COMMITTED CASH:**

By Town Council resolution certain funds held in the “General Fund Money Market” account at a local bank are committed to be held as an operating reserve to be used in an emergency situation as determined by the Town’s Council. At September 30, 2012 the Town had committed operating reserve funds totaling \$202,033.

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, 2012 the Town had committed road improvement funds totaling \$183,998.

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, 2012 the Town had committed road improvement funds totaling \$210,927.

**NOTE 3: DEPOSITS:**

At September 30, 2012 the carrying amount of the Town’s cash accounts were \$938,121, made up of petty cash of \$300 and \$937,821 held in checking accounts at a local financial institution. The Town did not own any investments at September 30, 2012.

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, 2012 the Town's bank balances (per bank) totaled \$958,988. Of the bank balances, \$250,000 was covered by federal depository insurance and \$2,000,000 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, 2012.

Securities pledged by the Town's depository institution at September 30, 2012 are as follows:

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

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

(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, 2012 is as follows:

| CAPITAL ASSETS<br>GOVERNMENTAL ACTIVITIES | BEGINNING               | ADDITIONS               | DELETIONS/<br>TRANSFERS | ENDING                  |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Land                                      | \$ 497,276              | \$ 0                    | \$ 0                    | \$ 497,276              |
| Building & Improvements                   | 369,475                 | 0                       | 0                       | 369,475                 |
| Equipment                                 | 26,766                  | 3,545                   | (1,919)                 | 28,392                  |
| Police Equipment                          | 182,733                 | 54,285                  | (2,992)                 | 234,026                 |
| Infrastructure                            | 4,440,519               | 24,900                  | 0                       | 4,465,419               |
| <b>TOTAL AT HISTORICAL COST</b>           | <u>5,516,769</u>        | <u>82,730</u>           | <u>(4,911)</u>          | <u>5,594,588</u>        |
| <br>LESS ACCUMULATED DEPRECIATION         |                         |                         |                         |                         |
| Land                                      | 0                       | 0                       | 0                       | 0                       |
| Building & Improvements                   | 68,873                  | 16,317                  | 0                       | 85,190                  |
| Equipment                                 | 26,547                  | 1,861                   | (1,919)                 | 26,489                  |
| Police Equipment                          | 158,365                 | 25,149                  | (2,992)                 | 180,522                 |
| Infrastructure                            | 2,245,198               | 278,791                 | 0                       | 2,523,989               |
| <b>TOTAL ACCUMULATED DEPRECIATION</b>     | <u>2,498,983</u>        | <u>322,118</u>          | <u>(4,911)</u>          | <u>2,816,190</u>        |
| <br><b>TOTAL CAPITAL ASSETS, NET</b>      | <br><u>\$ 3,017,786</u> | <br><u>\$ (239,388)</u> | <br><u>\$ 0</u>         | <br><u>\$ 2,778,398</u> |

DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL ACTIVITIES AS FOLLOWS:

|                                   |                   |
|-----------------------------------|-------------------|
| General Government                | \$ 18,178         |
| Police                            | 25,149            |
| Public Works                      | 278,791           |
| <b>TOTAL DEPRECIATION EXPENSE</b> | <u>\$ 322,118</u> |

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

**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 | \$ 470,000        | \$ 0             | \$ 95,000         | \$ 375,000        | \$ 100,000        |
| Series 2009 Tax Notes             | 470,000           | 0                | 85,000            | 385,000           | 90,000            |
| Capital Lease-First Financial     | <u>0</u>          | <u>43,176</u>    | <u>11,524</u>     | <u>31,652</u>     | <u>9,942</u>      |
| <b>TOTAL BONDS/LEASES</b>         | <u>940,000</u>    | <u>43,176</u>    | <u>191,524</u>    | <u>791,652</u>    | <u>199,942</u>    |
| Compensated Absences              | <u>20,100</u>     | <u>15,777</u>    | <u>13,627</u>     | <u>22,250</u>     | <u>0</u>          |
| <b>TOTAL GOVERNMENTAL</b>         | <u>\$ 960,100</u> | <u>\$ 58,953</u> | <u>\$ 205,151</u> | <u>\$ 813,902</u> | <u>\$ 199,942</u> |

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

**General Obligation Bonds:**

Series 2004 General Obligation Bonds, dated May 2004. The bonds are payable from an ad valorem tax to be levied by the Town. The bonds bear interest at 3.75% and are redeemable by the Town at any time. The bond proceeds were used to fully refund the Town's Series 1997 General Obligation Bonds which will benefit the Town by resulting in a gross debt service savings of \$154,465 and a net present value debt service savings of \$97,097.

Annual debt service requirements to maturity for general obligation debt is:

| YEAR ENDING<br>SEPTEMBER 30, | PRINCIPAL         | INTEREST         | TOTAL             |
|------------------------------|-------------------|------------------|-------------------|
| 2013                         | \$ 100,000        | \$ 14,062        | \$ 114,062        |
| 2014                         | 100,000           | 10,312           | 110,312           |
| 2015                         | 105,000           | 6,562            | 111,562           |
| 2016                         | <u>70,000</u>     | <u>2,626</u>     | <u>72,626</u>     |
| <b>TOTALS</b>                | <u>\$ 375,000</u> | <u>\$ 33,562</u> | <u>\$ 408,562</u> |

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

**Tax Notes:**

Series 2009 Tax Notes, dated November 17, 2009. The notes are payable from an ad valorem tax to be levied by the Town. The notes bear interest at 4.46% and are redeemable by the Town at any time. The note proceeds are to be used for road improvements.

Annual debt service requirements to maturity for tax note debt is:

| YEAR ENDING<br>SEPTEMBER 30, | PRINCIPAL         | INTEREST         | TOTAL             |
|------------------------------|-------------------|------------------|-------------------|
| 2013                         | \$ 90,000         | \$ 17,171        | \$ 107,171        |
| 2014                         | 95,000            | 13,157           | 108,157           |
| 2015                         | 100,000           | 8,920            | 108,920           |
| 2016                         | 100,000           | 4,460            | 104,460           |
| <b>TOTALS</b>                | <b>\$ 385,000</b> | <b>\$ 43,708</b> | <b>\$ 428,708</b> |

**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.

| YEAR ENDING<br>SEPTEMBER 30, | PRINCIPAL        | INTEREST        | TOTAL            |
|------------------------------|------------------|-----------------|------------------|
| 2013                         | \$ 9,942         | \$ 1,898        | \$ 11,840        |
| 2014                         | 10,539           | 1,302           | 11,841           |
| 2015                         | 11,171           | 670             | 11,841           |
| <b>TOTALS</b>                | <b>\$ 31,652</b> | <b>\$ 3,870</b> | <b>\$ 35,522</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).

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

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<br>2011 | Plan Year<br>2012 |
|--|-------------------|-------------------|
| 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%                | 100% transfers    |
| Annuity increase (to retirees)                                     | 0% of CPI         | 70% 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 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:

|   | 2010      | 2011      | 2012      |
|---|-----------|-----------|-----------|
| Annual required contribution rate                   | 8.20%     | 8.72%     | 9.60%     |
| Annual required contribution (ARC)                  | \$ 30,451 | \$ 33,635 | \$ 36,547 |
| Interest on net pension obligation                  | \$ 0      | \$ 0      | \$ 0      |
| Adjustment to the ARC                               | \$ 0      | \$ 0      | \$ 0      |
| Annual pension cost                                 | \$ 30,451 | \$ 33,635 | \$ 36,547 |
| Contributions funded                                | \$ 30,451 | \$ 33,635 | \$ 36,547 |
| 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      |

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

The required contributions rates for 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011 are as follows:

|  |               |               |               |
|--|---------------|---------------|---------------|
| Actuarial valuation date                 | 12/31/09      | 12/31/10      | 12/31/11      |
|  | Projected     | Projected     | Projected     |
| Actuarial cost method                    | Unit Credit   | Unit Credit   | Unit Credit   |
|  | Level % of    | Level % of    | Level % of    |
| Amortization method                      | payroll       | payroll       | payroll       |
|  | 24 years;     | 17.3 years;   | 16.4 years;   |
| Remaining amortization period            | closed period | closed period | closed period |
| Amortization period for new gains/losses | 25 years      | 12 years      | 12 years      |
|  | 10-year       | 10-year       | 10-year       |
|  | Smoothed      | Smoothed      | Smoothed      |
| Asset valuation method                   | Market        | Market        | Market        |
| Actuarial assumptions:                   |               |               |               |
| Investment rate of return                | 7.50%         | 7.00%         | 7.00%         |
|  | Varies by age | Varies by age | Varies by age |
|  | & years of    | & years of    | & years of    |
| Projected salary increases               | service       | service       | service       |
| Inflation factor                         | 3.00%         | 3.00%         | 3.00%         |
| Cost-of-living adjustments               | 0.00%         | 0.00%         | 2.10%         |

Funding Status and Funding Progress - The funded status as of December 31, 2011, the most recent actuarial valuation date, is as follows:

|   |                 |
|---|-----------------|
| Actuarial valuation date                          | <u>12/31/11</u> |
| Actuarial valuation of assets                     | \$ 341,150      |
| Actuarial accrued liability                       | \$ 682,522      |
| Funded ratio                                      | 49.98%          |
| Unfunded (overfunded) actuarial accrued liability | \$ 341,372      |
| Annual covered payroll                            | \$ 382,910      |
| UAAL as percentage of covered payroll             | 89.15%          |

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.

**TOWN OF BARTONVILLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2012**

**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.

**NOTE 9: SUBSEQUENT EVENTS:**

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through January 15, 2013 (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, 2012*

|   | <b>ORIGINAL<br/>BUDGET</b> | <b>FINAL<br/>BUDGET</b> | <b>ACTUAL<br/>AMOUNTS</b> | <b>VARIANCE<br/>WITH FINAL<br/>BUDGET</b> |
|---|----------------------------|-------------------------|---------------------------|---|
| <b>RESOURCES (INFLOWS)</b>                  |                            |                         |                           |   |
| Property Taxes                              | \$ 264,760                 | \$ 264,760              | \$ 260,667                | \$ (4,093)                                |
| Sales & Beverage Taxes                      | 159,850                    | 159,850                 | 132,442                   | (27,408)                                  |
| Franchise Fees                              | 157,200                    | 157,200                 | 158,148                   | 948                                       |
| Permits & Fees                              | 152,050                    | 152,050                 | 100,959                   | (51,091)                                  |
| Municipal Court                             | 62,000                     | 62,000                  | 71,593                    | 9,593                                     |
| Other Income                                | 4,136                      | 4,136                   | 3,712                     | (424)                                     |
| Interest Income                             | 9,749                      | 9,749                   | 5,388                     | (4,361)                                   |
| Transfer-Community Development Corp         | 0                          | 0                       | 29,815                    | 29,815                                    |
| Transfer-Crime Control District             | 0                          | 0                       | 11,109                    | 11,109                                    |
| Proceeds from Capital Lease                 | 0                          | 0                       | 43,176                    | 43,176                                    |
| <b>TOTAL RESOURCES</b>                      | <b>809,745</b>             | <b>809,745</b>          | <b>817,009</b>            | <b>7,264</b>                              |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b> |                            |                         |                           |   |
| General Government:                         |                            |                         |                           |   |
| Wages                                       | 185,520                    | 185,520                 | 179,738                   | 5,782                                     |
| Payroll Taxes                               | 3,400                      | 3,400                   | 3,189                     | 211                                       |
| Retirement                                  | 17,500                     | 17,500                  | 16,984                    | 516                                       |
| Employee Medical Insurance & HSA            | 31,500                     | 31,500                  | 30,909                    | 591                                       |
| Contract Labor                              | 1,200                      | 1,200                   | 680                       | 520                                       |
| Accounting & Auditing Services              | 3,400                      | 3,400                   | 3,500                     | (100)                                     |
| Appraisal & Tax Collection Services         | 5,050                      | 5,050                   | 5,428                     | (378)                                     |
| Codification Services                       | 3,500                      | 3,500                   | 2,665                     | 835                                       |
| Elections                                   | 2,600                      | 2,600                   | 1,224                     | 1,376                                     |
| Engineering Services                        | 16,000                     | 16,000                  | 7,726                     | 8,274                                     |
| Legal Services                              | 120,000                    | 120,000                 | 76,213                    | 43,787                                    |
| Municipal Court                             | 15,000                     | 15,000                  | 17,145                    | (2,145)                                   |
| Building, Park & Equip. Maintenance         | 20,000                     | 20,000                  | 51,622                    | (31,622)                                  |
| Copier Lease & Supplies                     | 3,600                      | 3,600                   | 3,686                     | (86)                                      |
| Dues, Subscriptions & Public Notices        | 5,700                      | 5,700                   | 4,111                     | 1,589                                     |
| Insurance                                   | 3,200                      | 3,200                   | 2,723                     | 477                                       |
| Supplies, Postage & Printing                | 15,400                     | 15,400                  | 18,511                    | (3,111)                                   |
| Town Meetings & Events                      | 7,800                      | 7,800                   | 8,269                     | (469)                                     |
| Travel & Training                           | 19,200                     | 19,200                  | 18,582                    | 618                                       |
| Utilities                                   | 18,000                     | 18,000                  | 20,789                    | (2,789)                                   |
| <b>Total General Government</b>             | <b>497,570</b>             | <b>497,570</b>          | <b>473,694</b>            | <b>23,876</b>                             |
| Public Safety:                              |                            |                         |                           |   |
| Inspection & Code Enforcement               | 55,850                     | 55,850                  | 52,206                    | 3,644                                     |
| Animal Control                              | 2,700                      | 2,700                   | 2,275                     | 425                                       |
| <b>Total Public Safety</b>                  | <b>58,550</b>              | <b>58,550</b>           | <b>54,481</b>             | <b>4,069</b>                              |

TOWN OF BARTONVILLE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2012

|  | ORIGINAL<br>BUDGET  | FINAL<br>BUDGET     | ACTUAL<br>AMOUNTS   | VARIANCE<br>WITH FINAL<br>BUDGET |
|--|---------------------|---------------------|---------------------|----------------------------------|
| <b>Police:</b>   |                     |                     |                     |                                  |
| Wages  | 208,220             | 208,556             | 208,114             | 442                              |
| Payroll Taxes  | 3,635               | 4,435               | 4,674               | (239)                            |
| Retirement   | 19,500              | 19,500              | 19,653              | (153)                            |
| Employee Medical Insurance & HSA                           | 31,500              | 31,500              | 31,087              | 413                              |
| Insurance  | 9,770               | 9,339               | 9,339               | 0                                |
| Vehicle Fuel   | 12,000              | 16,040              | 14,061              | 1,979                            |
| Vehicle Maintenance  | 6,000               | 9,000               | 7,737               | 1,263                            |
| Supplies   | 26,000              | 17,538              | 17,051              | 487                              |
| Dues & Memberships   | 1,500               | 776                 | 776                 | 0                                |
| Criminal Investigations                                    | 1,500               | 1,000               | 408                 | 592                              |
| Telephone  | 4,200               | 3,700               | 3,406               | 294                              |
| Uniforms   | 4,800               | 4,400               | 4,147               | 253                              |
| Travel & Training  | 7,500               | 11,500              | 11,159              | 341                              |
| Debt Service   | 13,000              | 11,841              | 11,841              | 0                                |
| <b>Total Police</b>  | <b>349,125</b>      | <b>349,125</b>      | <b>343,453</b>      | <b>5,672</b>                     |
| <b>Public Works:</b>                                       |                     |                     |                     |                                  |
| Street Signs   | 1,500               | 1,500               | 1,217               | 283                              |
| Road Maintenance Projects                                  | 80,000              | 80,000              | 91,867              | (11,867)                         |
| <b>Total Public Works</b>                                  | <b>81,500</b>       | <b>81,500</b>       | <b>93,084</b>       | <b>(11,584)</b>                  |
| <b>Capital Outlay:</b>                                     |                     |                     |                     |                                  |
| Police   | 0                   | 0                   | 54,285              | (54,285)                         |
| Court  | 0                   | 0                   | 3,545               | (3,545)                          |
| Public Works   | 0                   | 0                   | 24,900              | (24,900)                         |
| <b>Total Capital Outlay</b>                                | <b>0</b>            | <b>0</b>            | <b>82,730</b>       | <b>(82,730)</b>                  |
| <b>TOTAL APPROPRIATIONS</b>                                | <b>986,745</b>      | <b>986,745</b>      | <b>1,047,442</b>    | <b>(60,697)</b>                  |
| <b>EXCESS OF RESOURCES OVER<br/>(UNDER) APPROPRIATIONS</b> | <b>\$ (177,000)</b> | <b>\$ (177,000)</b> | <b>\$ (230,433)</b> | <b>(53,433)</b>                  |
| <b>BEGINNING FUND BALANCE</b>                              | <b>\$ 177,000</b>   | <b>\$ 177,000</b>   | <b>\$ 673,602</b>   |                                  |
| <b>ENDING FUND BALANCE</b>                                 | <b>\$ 0</b>         | <b>\$ 0</b>         | <b>\$ 443,169</b>   |                                  |

**TOWN OF BARTONVILLE**

**BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND**

*For the Year Ended September 30, 2012*

|  | <b>ORIGINAL<br/>BUDGET</b> | <b>ACTUAL<br/>AMOUNTS</b> | <b>VARIANCE<br/>WITH FINAL<br/>BUDGET</b> |
|--|----------------------------|---------------------------|---|
| <b>RESOURCES (INFLOWS)</b>                                 |                            |                           |   |
| Property Taxes   | \$ 217,587                 | \$ 215,471                | \$ (2,116)                                |
| Interest Income  | 1,000                      | 917                       | (83)                                      |
| <b>TOTAL RESOURCES</b>                                     | <b>218,587</b>             | <b>216,388</b>            | <b>(2,199)</b>                            |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>                |                            |                           |   |
| Debt Service:  |                            |                           |   |
| General Obligation Bonds, Series 2004                      | 112,625                    | 112,578                   | 47  |
| Tax Notes, Series 2009                                     | 105,962                    | 105,943                   | 19  |
| <b>TOTAL APPROPRIATIONS</b>                                | <b>218,587</b>             | <b>218,521</b>            | <b>66</b>                                 |
| <b>EXCESS OF RESOURCES OVER<br/>(UNDER) APPROPRIATIONS</b> | \$ <b>0</b>                | \$ <b>(2,133)</b>         | <b>(2,133)</b>                            |
| <b>BEGINNING FUND BALANCE</b>                              | \$ <b>8,249</b>            | \$ <b>8,249</b>           |   |
| <b>ENDING FUND BALANCE</b>                                 | \$ <b>8,249</b>            | \$ <b>6,116</b>           |   |

**BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT FUND**

*For the Year Ended September 30, 2012*

|  | <b>ORIGINAL<br/>BUDGET</b> | <b>ACTUAL<br/>AMOUNTS</b> | <b>VARIANCE<br/>WITH FINAL<br/>BUDGET</b> |
|--|----------------------------|---------------------------|---|
| <b>RESOURCES (INFLOWS)</b>                                 |                            |                           |   |
| Interlocal Revenues  | \$ 150,000                 | \$ 150,000                | \$ 0                                      |
| Interest Income  | 1,500                      | 1,212                     | (288)                                     |
| <b>TOTAL RESOURCES</b>                                     | <b>151,500</b>             | <b>151,212</b>            | <b>(288)</b>                              |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>                |                            |                           |   |
| Capital Improvements:                                      |                            |                           |   |
| Capital Projects   | 0                          | 0                         | 0   |
| <b>TOTAL APPROPRIATIONS</b>                                | <b>0</b>                   | <b>0</b>                  | <b>0</b>                                  |
| <b>EXCESS OF RESOURCES OVER<br/>(UNDER) APPROPRIATIONS</b> | \$ <b>151,500</b>          | \$ <b>151,212</b>         | <b>(288)</b>                              |
| <b>BEGINNING FUND BALANCE</b>                              | \$ <b>59,714</b>           | \$ <b>59,714</b>          |   |
| <b>ENDING FUND BALANCE</b>                                 | \$ <b>211,214</b>          | \$ <b>210,926</b>         |   |

**TOWN OF BARTONVILLE**

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

*For the Year Ended September 30, 2012*

|  | <b>ORIGINAL<br/>BUDGET</b> | <b>ACTUAL<br/>AMOUNTS</b> | <b>VARIANCE<br/>WITH FINAL<br/>BUDGET</b> |
|--|----------------------------|---------------------------|---|
| <b>RESOURCES (INFLOWS)</b>                                 |                            |                           |   |
| Sales Taxes  | \$ 20,400                  | \$ 22,220                 | \$ 1,820                                  |
| Interest Income  |                            | 34                        | 34  |
| <b>TOTAL RESOURCES</b>                                     | <u>20,400</u>              | <u>22,254</u>             | <u>1,854</u>                              |
| <b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>                |                            |                           |   |
| <b>Police:</b>   |                            |                           |   |
| Accounting & Auditing Services                             | 500                        | 300                       | 200                                       |
| Dues & Memberships   | 400                        | 0                         | 400                                       |
| Insurance  | 0                          | 140                       | (140)                                     |
| Legal Services   | 1,000                      | 0                         | 1,000                                     |
| Supplies, Printing & Postage                               | 2,977                      | 5,196                     | (2,219)                                   |
| Training   | 5,000                      | 0                         | 5,000                                     |
| Transfer to General Fund for<br>Capital Purchases          | 25,577                     | 11,109                    | 14,468                                    |
| <b>TOTAL APPROPRIATIONS</b>                                | <u>35,454</u>              | <u>16,745</u>             | <u>18,709</u>                             |
| <b>EXCESS OF RESOURCES OVER<br/>(UNDER) APPROPRIATIONS</b> | \$ <u>(15,054)</u>         | \$ <u>5,509</u>           | <u>20,563</u>                             |
| <b>BEGINNING FUND BALANCE</b>                              | \$ <u>17,430</u>           | \$ <u>17,430</u>          |   |
| <b>ENDING FUND BALANCE</b>                                 | <u>\$ 2,376</u>            | <u>\$ 22,939</u>          |   |

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

**For the Year Ended September 30, 2012**

**DEFINED BENEFIT RETIREMENT PLAN**

|   | 12-31-11   | 12-31-10 | 12-31-09 |
|---|------------|----------|----------|
| Actuarial Valuation Date                |            |          |          |
| Actuarial Value of Assets               | \$ 341,150 | 262,213  | 192,698  |
| Actuarial Accrued Liabilities (AAL)     | 682,522    | 576,819  | 355,008  |
| Unfunded (Overfunded) AAL (UAAL)        | 341,372    | 314,606  | 162,310  |
| Funded Ratio                            | 49.98%     | 45.46%   | 54.28%   |
| Covered Payroll                         | 382,910    | 370,810  | 330,273  |
| UAAL as a Percentage of Covered Payroll | 89.15%     | 84.84%   | 49.14%   |

## **OTHER SUPPLEMENTARY INFORMATION**

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

September 30, 2012

| TAX YEAR                             | 2011           | 2010           | 2009           | 2008           |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Assessed Value                       | \$ 246,127,812 | \$ 235,095,470 | \$ 229,478,975 | \$ 230,947,212 |
| Tax Rate per \$100 of Assessed Value | 0.19294        | 0.19294        | 0.19294        | 0.19294        |
| Total Tax Levy                       | \$ 474,879     | \$ 453,593     | \$ 442,757     | \$ 445,590     |
| Collections During Fiscal Year       | \$ 469,435     | \$ 450,752     | \$ 438,928     | \$ 442,113     |
| % of Current Taxes Collected         | 98.85%         | 99.37%         | 99.14%         | 99.22%         |

**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, 2012**

**RESTRICTED FUNDS:**

**GENERAL, DEBT SERVICE & CIP FUNDS**

|   |           |                             |
|---|-----------|-----------------------------|
| Interest & Sinking Debt Service Funds             | \$        | 6,116                       |
| Security & Technology Funds                       |           | <u>4,182</u>                |
| <b>TOTAL GENERAL, DEBT SERVICE &amp; CIP FUND</b> | <b>\$</b> | <b><u><u>10,298</u></u></b> |

**SPECIAL REVENUE FUNDS**

|                                    |           |                              |
|------------------------------------|-----------|------------------------------|
| Community Development Funds        | \$        | 267,761                      |
| Crime Control District             |           | <u>20,918</u>                |
| <b>TOTAL SPECIAL REVENUE FUNDS</b> | <b>\$</b> | <b><u><u>288,679</u></u></b> |

**COMMITTED FUNDS:**

|                              |           |                              |
|------------------------------|-----------|------------------------------|
| Designated for Roads         | \$        | 183,998                      |
| Capital Improvements         |           | 210,927                      |
| Operating Reserves           |           | <u>202,033</u>               |
| <b>TOTAL COMMITTED FUNDS</b> | <b>\$</b> | <b><u><u>596,958</u></u></b> |

|   |           |                              |
|---|-----------|------------------------------|
| <b>TOTAL RESTRICTED &amp; COMMITTED FUNDS</b> | <b>\$</b> | <b><u><u>895,935</u></u></b> |
|---|-----------|------------------------------|



**TOWN OF BARTONVILLE  
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS  
GOVERNMENTAL LONG - TERM DEBT**

September 30, 2012

**Series 2004 General Obligation Refunding Bonds**

|                                      |                            |                               |                                |                               |
|--------------------------------------|----------------------------|-------------------------------|--------------------------------|-------------------------------|
| Original Amount                      | 1,100,000                  |                               |                                |                               |
| Interest Rate                        | 3.750%                     |                               |                                |                               |
| <b>YEAR ENDING<br/>SEPTEMBER 30,</b> | <b>FEB 15<br/>INTEREST</b> | <b>AUGUST 15<br/>INTEREST</b> | <b>AUGUST 15<br/>PRINCIPLE</b> | <b>TOTAL<br/>REQUIREMENTS</b> |
| 2013                                 | \$ 7,031                   | \$ 7,031                      | \$ 100,000                     | \$ 114,062                    |
| 2014                                 | 5,156                      | 5,156                         | 100,000                        | 110,312                       |
| 2015                                 | 3,281                      | 3,281                         | 105,000                        | 111,562                       |
| 2016                                 | 1,313                      | 1,313                         | 70,000                         | 72,626                        |
| <b>TOTALS</b>                        | \$ <u>16,781</u>           | \$ <u>16,781</u>              | \$ <u>375,000</u>              | \$ <u>408,562</u>             |

**Series 2009 TAX NOTES**

|                                      |                            |                               |                                |                               |
|--------------------------------------|----------------------------|-------------------------------|--------------------------------|-------------------------------|
| Original Amount                      | 500,000                    |                               |                                |                               |
| Interest Rate                        | 4.460%                     |                               |                                |                               |
| <b>YEAR ENDING<br/>SEPTEMBER 30,</b> | <b>FEB 15<br/>INTEREST</b> | <b>AUGUST 15<br/>INTEREST</b> | <b>AUGUST 15<br/>PRINCIPLE</b> | <b>TOTAL<br/>REQUIREMENTS</b> |
| 2013                                 | \$ 8,585                   | \$ 8,586                      | \$ 90,000                      | \$ 107,171                    |
| 2014                                 | 6,579                      | 6,578                         | 95,000                         | 108,157                       |
| 2015                                 | 4,460                      | 4,460                         | 100,000                        | 108,920                       |
| 2016                                 | 2,230                      | 2,230                         | 100,000                        | 104,460                       |
| <b>TOTALS</b>                        | \$ <u>21,854</u>           | \$ <u>21,854</u>              | \$ <u>385,000</u>              | \$ <u>428,708</u>             |

**Capital Lease - First Financial**

|                                      |                             |  |                              |                               |
|--------------------------------------|-----------------------------|--|------------------------------|-------------------------------|
| Original Amount                      | 43,176                      |  |                              |                               |
| Interest Rate                        | 6.000%                      |  |                              |                               |
| <b>YEAR ENDING<br/>SEPTEMBER 30,</b> | <b>MARCH 1<br/>INTEREST</b> |  | <b>MARCH 1<br/>PRINCIPLE</b> | <b>TOTAL<br/>REQUIREMENTS</b> |
| 2013                                 | \$ 1,898                    |  | \$ 9,942                     | \$ 11,840                     |
| 2014                                 | 1,302                       |  | 10,539                       | 11,841                        |
| 2015                                 | 670                         |  | 11,171                       | 11,841                        |
| <b>TOTALS</b>                        | \$ <u>3,870</u>             |  | \$ <u>31,652</u>             | \$ <u>35,522</u>              |

**TOTAL ALL GOVERNMENTAL LONG-TERM DEBTS**

|                                      |                  |                  |                   |                               |
|--------------------------------------|------------------|------------------|-------------------|-------------------------------|
| <b>YEAR ENDING<br/>SEPTEMBER 30,</b> | <b>INTEREST</b>  | <b>INTEREST</b>  | <b>PRINCIPLE</b>  | <b>TOTAL<br/>REQUIREMENTS</b> |
| 2013                                 | \$ 17,514        | \$ 15,617        | \$ 199,942        | \$ 233,073                    |
| 2014                                 | 13,037           | 11,734           | 205,539           | 230,310                       |
| 2015                                 | 8,411            | 7,741            | 216,171           | 232,323                       |
| 2016                                 | 3,543            | 3,543            | 170,000           | 177,086                       |
| <b>TOTALS</b>                        | \$ <u>42,505</u> | \$ <u>38,635</u> | \$ <u>791,652</u> | \$ <u>872,792</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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January 15, 2013

To the Mayor & Town Council  
Town of Bartonville

I have audited the financial statements of the governmental activities and the major funds of the Town of Bartonville for the year ended September 30, 2012, and have issued my report thereon dated January 15, 2013. Professional standards require that I provide you with the following information about my responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated February 11, 2012. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Bartonville are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was :

Management's estimate of depreciation expense is based on the estimated useful lives of the related assets. I evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated January 15, 2013.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

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

Very truly yours,

*William C. Spore*

Certified Public Accountant

**WILLIAM C. SPORE, P.C.**  
**Certified Public Accountants**  
**200 N. Rufe Snow Dr., Ste 116**  
**Keller, TX 76248**  
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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, 2012, 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 15, 2013